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Culture and Capability Index
APJ Edition 2026

The Hidden Number



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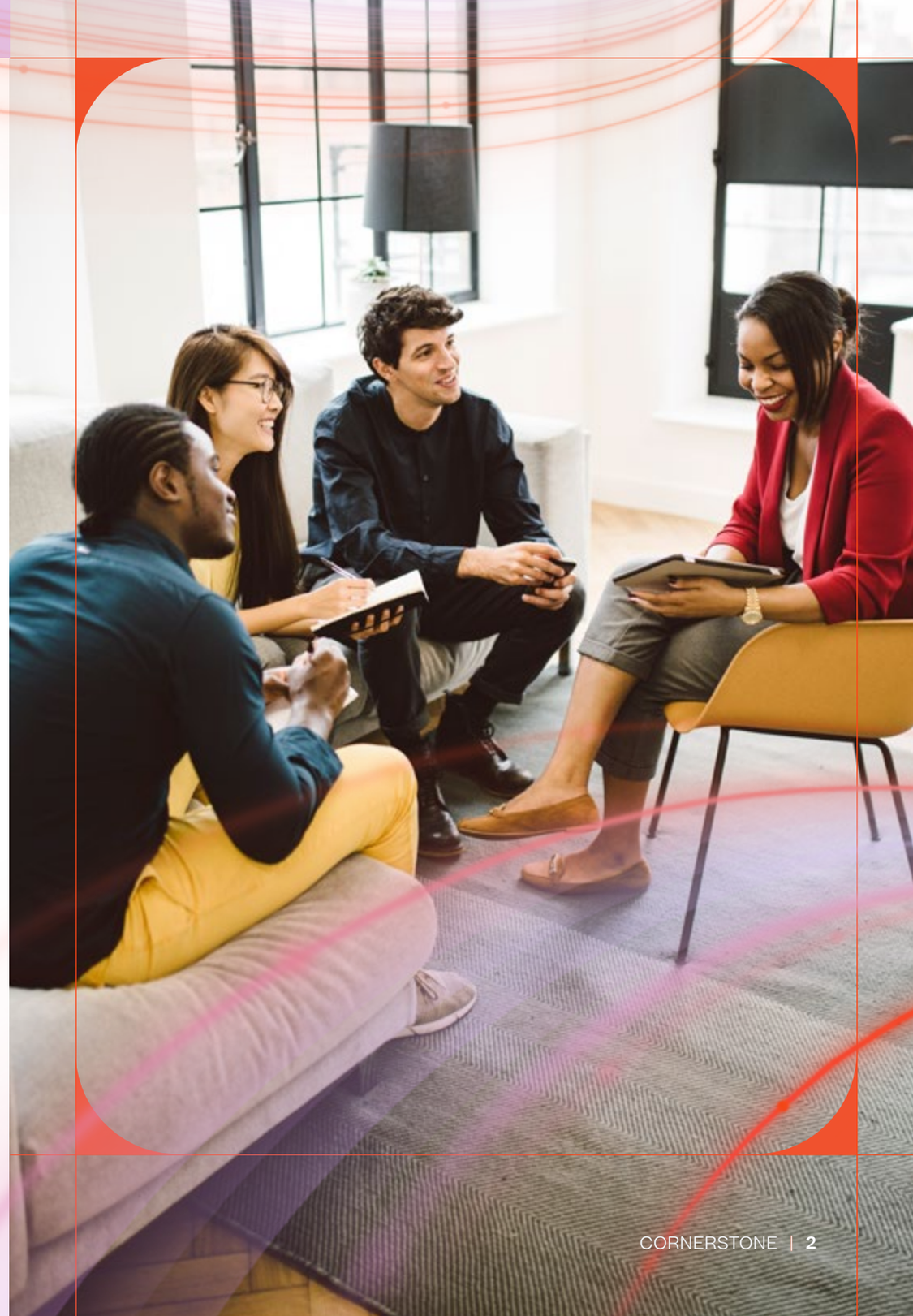

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1 Executive Summary

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 economic 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 could unlock significant annual value per 1,000 employees:

- **AUD 1.64M in Australia**
- **NZD 1.33M in New Zealand**
- **INR 7.03M in India**
- **IDR 836.7M in Indonesia**
- **SGD 1.25M in Singapore**
- **JPY 62.38M in Japan**
- **KRW 492.87M in South Korea**
- **PHP 4.46M in the Philippines**

While the scale of impact varies by market, the drivers of value are consistent:

- **43% from reduced attrition, as organisations retain more talent**
- **21% from reduced absenteeism, reflecting stronger engagement and productivity**
- **13% from hiring efficiency, including lower cost-to-hire and faster time-to-fill**

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.

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



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

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 challenge is not simply a lack of investment. It is a lack of visibility into whether workforce investment is translating into the conditions that drive measurable outcomes: skills visibility, relevant learning, clear career pathways, trusted leadership, engagement and effective workforce planning.

Together, these conditions shape whether organisations can build capability internally, support mobility, retain talent and improve workforce performance over time.

When they 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.

The data reveals several points of tension across the region:

- **Career confidence does not eliminate retention risk.** Younger employees are more confident in their ability to grow within their organisations, with **56%** reporting clear career opportunities compared with **38%** of older generations. Yet **69%** of Gen Z employees say they would consider leaving for better development opportunities, compared with **45%** of older cohorts. This points to a growing disconnect between expectation, opportunity and retention.
- **Future readiness is uneven.** Only **52%** of employees feel equipped to adapt to AI and automation, with wide variation across markets, from **74%** in India **to 30%** in Japan. Readiness is also higher among younger employees than older cohorts, **59%** vs. **36%**, and varies significantly by industry, with **69%** of employees in IT and telecommunications feeling prepared compared with **31%** in retail.
- **Skills development confidence is inconsistent.** While **65%** of employees believe their organisation is helping them build skills for the future, confidence drops sharply in some markets, including **39%** in Japan. The same pattern appears across generations and industries, with higher confidence among Gen Z than older cohorts, **75%** vs. **60%**, and among employees in IT and telecommunications compared with retail, **74%** vs. **47%**.

As a result, workforce capability can no longer be viewed as a purely HR concern. It is a CEO-level performance lever, with direct implications for cost, productivity and long-term competitiveness.

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.

About this report

The Cornerstone Culture and Capability Index measures workforce capability across six dimensions in 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
India	178	356	534
Indonesia	123	220	343
Singapore	105	223	328
Japan	166	370	536
South Korea	126	237	363
Philippines	147	249	396
APJ Total	**1,297**	**2,435**	**3,732**



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2 Introducing the Culture and Capability Index

The Culture and Capability Index measures what has historically been difficult to quantify: the underlying workforce conditions that determine organisational performance.

Built from the perspectives of **1,297 HR leaders** and **2,435 employees** across APJ, the Index assesses capability across six critical pillars, from skills visibility and learning activation to leadership, culture, and workforce planning. Together, these pillars show whether organisations have the systems, behaviours and experiences needed to build skills, engage people, lead through change and prepare for the future.

The Index turns culture and capability from abstract concepts into measurable performance drivers, showing where value is being created, protected or lost.

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 validated survey 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.

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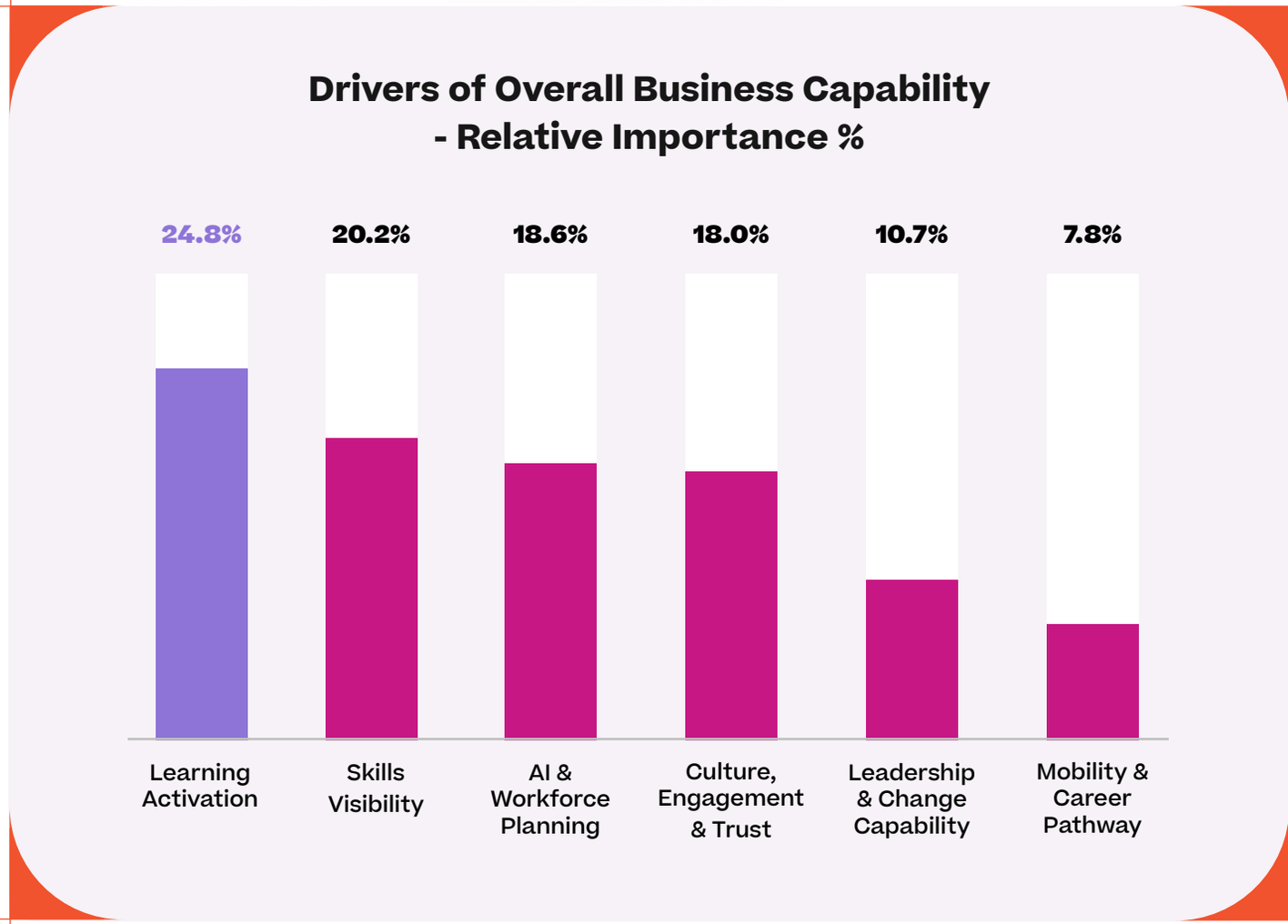
3 Identifying what matters most

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 APJ, 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.

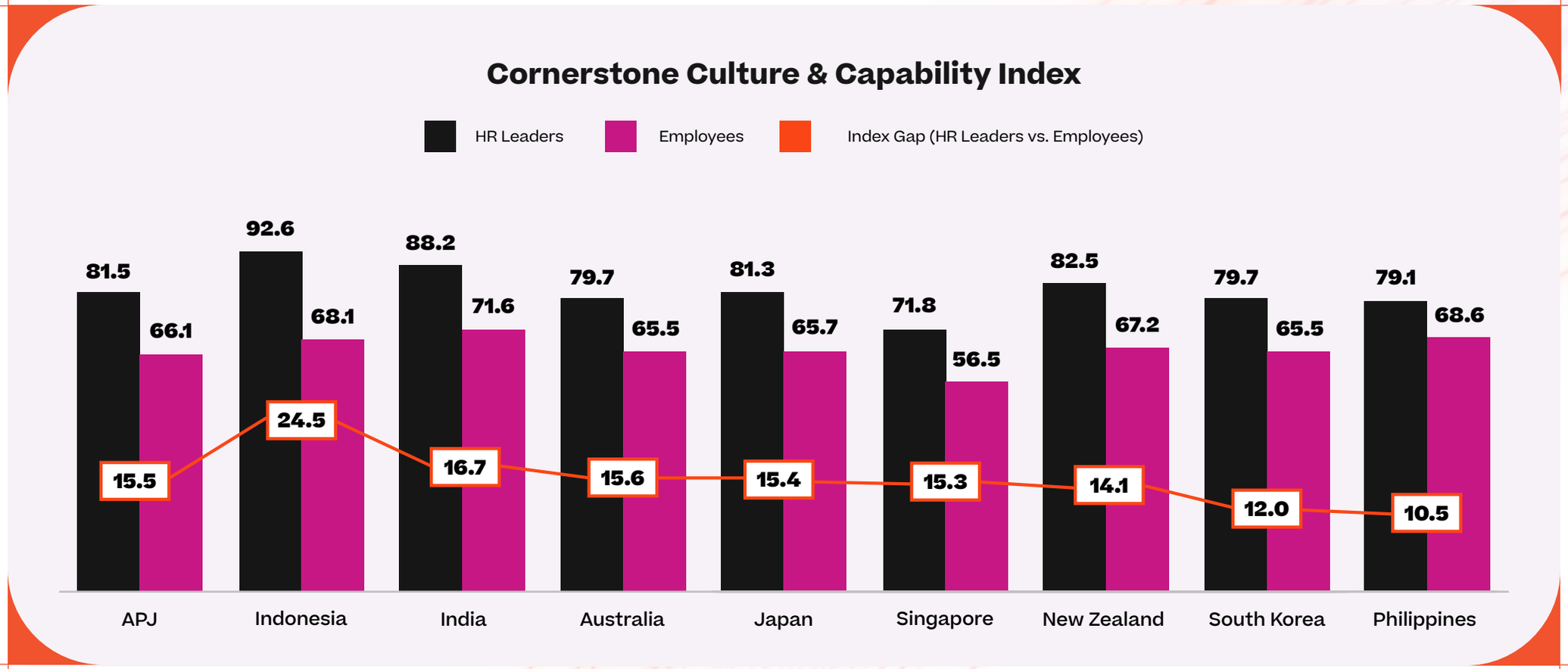


Source: YouGov Stage 2. Regression model. R-square 0.57. APJ sample, n=1,297 HR leaders.

What the Index reveals across APJ

Across APJ, organisations operate within the **Progressing capability band (81.5)**, based on HR leaders' assessments of workforce capability.

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



Three structural patterns emerge across the region:

1. **A consistent capability gap between leaders and employees:** Across all markets, HR leaders rate capability more than 15 points higher than employees. This indicates that capability systems may be well-designed but not consistently delivered or experienced across the workforce. This gap between intent and reality is where performance risk sits.

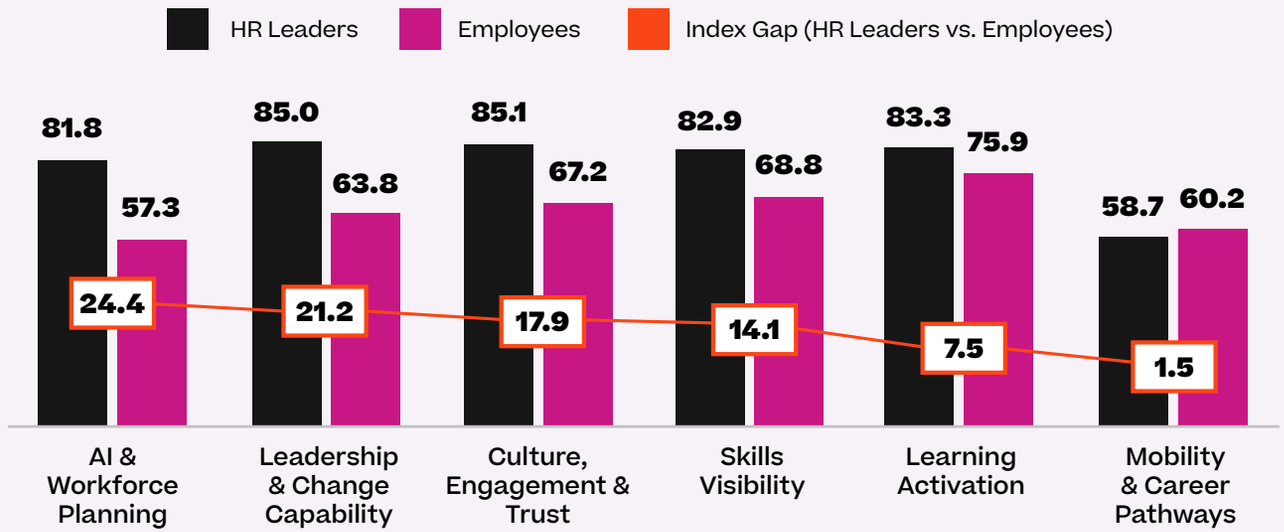
Leaders believe capability is strong. Employees experience it in gaps.

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 better at designing capability than activating it at scale.

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 required to deliver transformation, maintain workforce stability and sustain productivity.



Pillars (index) of HR Leaders vs. Employees



Capability maturity varies, but patterns are consistent

While capability levels differ by market, the underlying patterns are remarkably consistent:

- **High-confidence markets** (e.g. India, Indonesia) report strong capability but large gaps with employee experience
- **Mid-band markets** (e.g. Australia, Singapore) show solid foundations but uneven execution
- **Lower-confidence markets** (e.g. Japan) report lower capability but closer alignment

Capability bands applied in this report:

- **Leading 88-100**
- **Progressing 75-87**
- **Emerging 60-74**
- **Lagging <60**

These bands reflect **HR Leaders' assessment of organisational capability maturity** across the six pillars.

APJ HR Leaders vs. Employees Index Gap

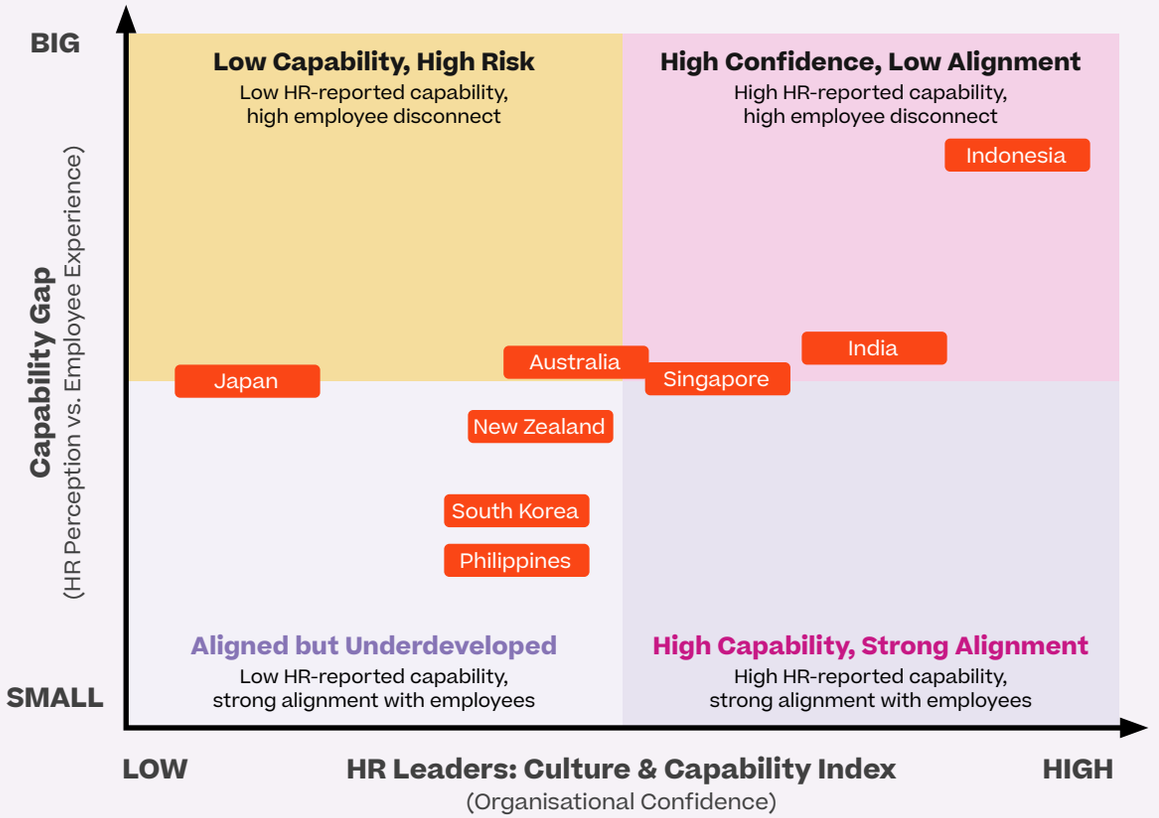
(Organisational Confidence vs. Workforce Experienced)

	Indonesia	India	Australia	Japan	Singapore	New Zealand	South Korea	Philippines
PILLAR 1 Skills Visibility	22.6	15.0	12.4	15.9	14.3	10.6	12.7	8.7
PILLAR 2 Learning Activation	14.7	11.2	5.2	10.8	6.4	3.0	9.2	3.8
PILLAR 3 Mobility & Career Pathways	23.3	19.6	3.8	19.7	17.5	8.0	-11.9	3.9
PILLAR 4 Culture, Engagement & Trust	26.0	16.1	19.0	18.0	18.2	14.3	14.0	15.6
PILLAR 5 Leadership & Change Capability	32.0	18.6	22.1	15.3	20.6	20.3	21.1	20.3
PILLAR 6 AI & Workforce Planning	34.2	24.0	31.0	16.5	21.5	31.7	17.7	13.4
Culture and Capability Index Gap	**24.5**	**16.7**	**15.6**	**15.4**	**15.3**	**14.1**	**12.0**	**10.5**

Severe Disconnect | High Disconnect | Moderate Gap | Low Gap | Fully Aligned

The larger the gap, the greater the hidden risk to performance and retention.

Capability vs. Experience: Where APJ Organisations Stand



This highlights a key insight: Capability alone does not drive performance. Value is realised only when capability is consistently experienced across the workforce.

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 findings represent the **most significant drivers of workforce performance and economic value** across APJ. Together, they highlight both the capability levers organisations can act on and the workforce outcomes through which value is realised.

01. Learning Activation is the strongest driver of workforce capability

Learning Activation plays the most critical role in building workforce capability across APJ. Organisations that align learning to future skills are better able to develop talent internally and respond to changing business needs. Its impact is most strongly realised through **retention**, reducing reliance on external hiring and unlocking the largest share of economic value.

02. Skills Visibility enables workforce deployment and hiring efficiency

Skills Visibility is a foundational enabler of workforce performance, allowing organisations to identify, deploy and redeploy talent more effectively. This drives improvements in **hiring efficiency and internal mobility**, reducing time-to-fill and cost-to-hire while strengthening overall workforce agility.

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

Culture, Engagement & Trust emerges as the single largest contributor to workforce outcomes, accounting for approximately **30% of total economic impact**. Its influence is most strongly felt in **attrition and absenteeism**, making it the primary driver of workforce stability and productivity, and a critical lever for unlocking economic value.

04. Workforce value is highly concentrated in a small number of outcomes

Across APJ, economic value is not distributed evenly. Instead, it is concentrated in a small number of workforce outcomes:

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

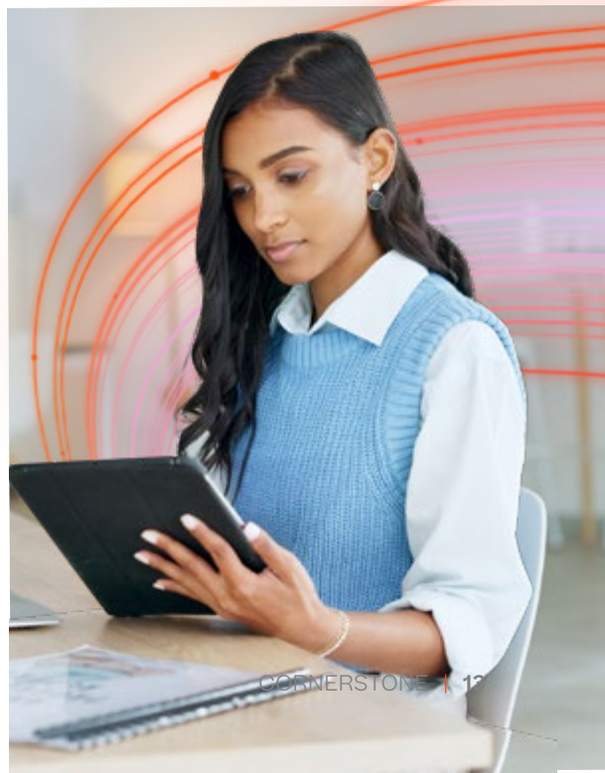
This concentration highlights that improving workforce capability delivers disproportionate impact through a few high-cost areas.

05. The AI Blind Spot: AI & Workforce Planning is the largest capability gap

Across the region, AI readiness shows the largest **HR leader-employee gap** – HR leaders are highly confident that their organisations can integrate AI and automation, while employees across APJ don't feel prepared for these changes.

This limits organisations' ability to anticipate talent needs, optimise workforce allocation and translate capability into productivity at scale, constraining the full realisation of economic value.

The AI Blind Spot is the region's most significant transformation risk and is a critical execution challenge for CIOs and business leaders.



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06. Leadership and mobility enable, but do not anchor, workforce performance

Leadership and internal mobility play important enabling roles in shaping workforce outcomes. Strong leadership supports engagement and retention, while mobility enables internal talent flow and redeployment. However, their impact is more targeted compared to other capability areas, reinforcing that workforce performance is driven by a **system of capabilities**, rather than any single lever.

07. A Mid-Career Capability Gap: Where Support Falls Behind Responsibility

Workforce capability is not experienced uniformly across generations. Based on **employee-reported scores**, a clear pattern emerges across APJ: **capability experiences are strongest among younger cohorts and decline through mid- to late-career stages**.

While Baby Boomers record the lowest level of capability experience overall **(62.3), Gen X follow closely at (63.2)**, indicating that the challenge extends beyond a single generation. In contrast, **Millennials (67.9)** and **Gen Z (67.5)** report consistently stronger capability experiences across most pillars.

The decline is most visible in areas critical to transformation and execution:

- **AI & Workforce Planning:** Gen X (54.4), Baby Boomers (44.2)
- **Leadership & Change Capability:** Gen X (60.5), Baby Boomers (63.2)
- **Culture, Engagement & Trust:** Gen X (64.0), below younger cohorts
- **Skills Visibility:** declines from Gen Z (71.7) to Gen X (65.5) and Baby Boomers (64.9)

While **Mobility & Career Pathways** remain constrained across all generations, the **gap persists for Gen X (48.7)**, limiting progression and internal redeployment at a critical career stage.

Employees in APJ	Gen Z	Millennials	Gen X	Baby Boomer / Silent
PILLAR 1 Skills Visibility	71.7	70.6	65.5	64.9
PILLAR 2 Learning Activation	76.7	77.5	73.1	72.5
PILLAR 3 Mobility & Career Pathways	44.8	49.1	48.7	54.3
PILLAR 4 Culture, Engagement & Trust	68.4	68.6	64.0	67.0
PILLAR 5 Leadership & Change Capability	64.5	65.5	60.5	63.2
PILLAR 6 AI & Workforce Planning	61.2	60.7	54.4	44.2
Culture and Capability Index	**67.5**	**67.9**	**63.2**	**62.3**

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 (APJ markets)

	Total APJ	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%	47%	42%	31%
Regrettable Attrition	**21%**	25%	18%	29%	21%	25%	10%
Absenteeism	**21%**	18%	20%	20%	20%	23%	34%
Time-to-fill	**9%**	7%	10%	9%	8%	7%	16%
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 APJ, 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%)**

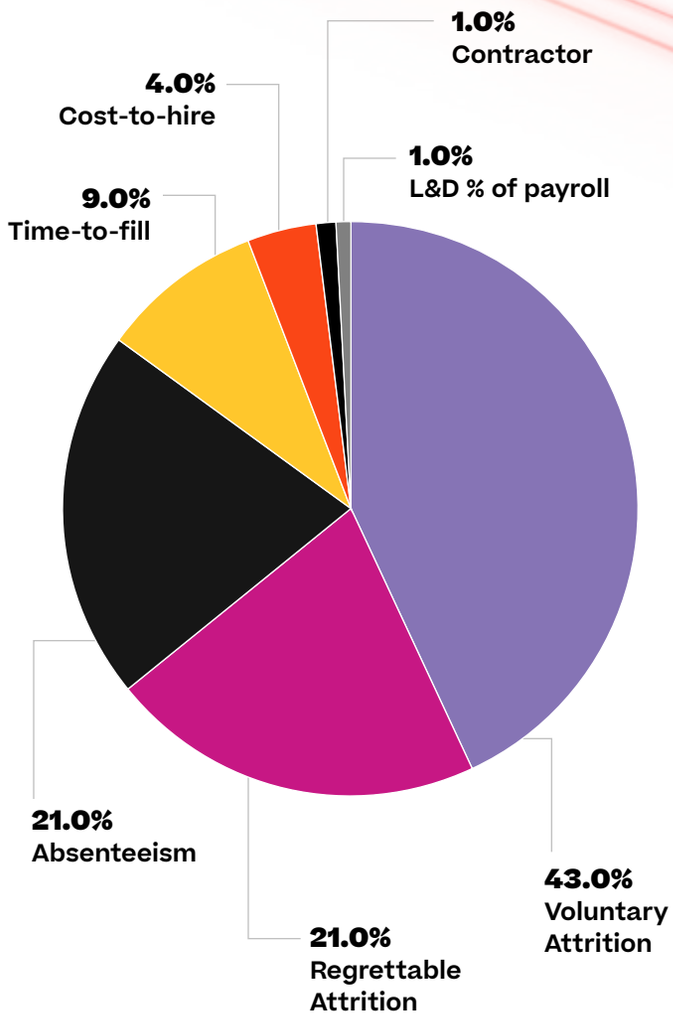
This concentration highlights a critical insight: **Workforce capability creates disproportionate value through a small number of high-cost workforce outcomes.**

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 APJ:

- **Australia: AUD 1.64M**
- **New Zealand: NZD 1.33M**
- **India: INR 7.03M**
- **Indonesia: IDR 836.7M**
- **Singapore: SGD 1.25M**
- **Japan: JPY 62.38M**
- **South Korea: KRW 492.87M**
- **Philippines: PHP 4.46M**

While absolute values vary by market due to labour cost differences, the **underlying pattern of value concentration** remains consistent.

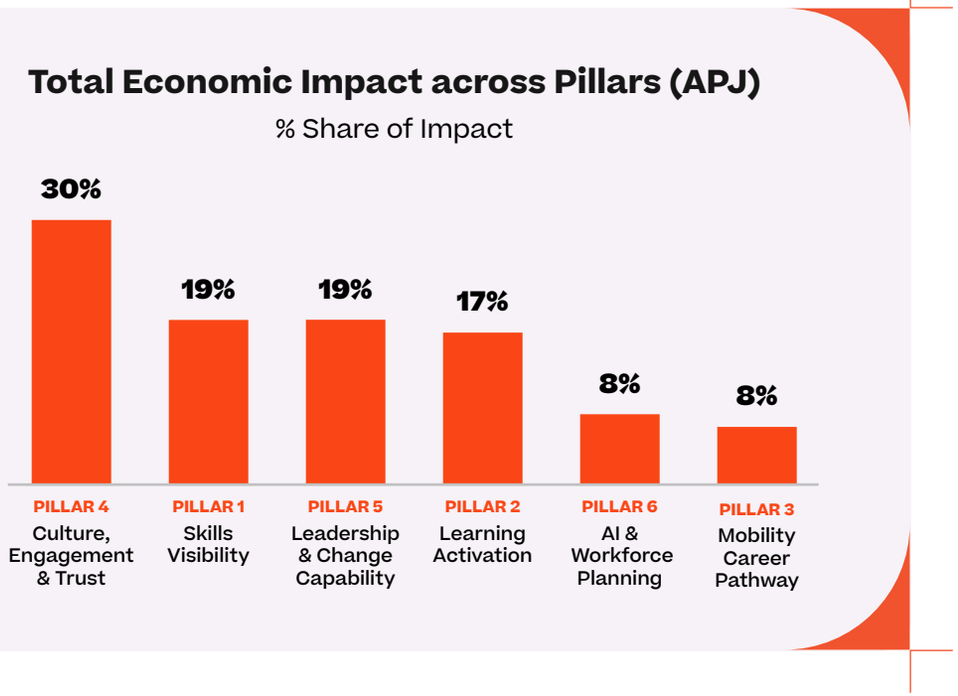
Total Economic Impact across Pillars in Local Currency

	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
India (INR)	**7,033,051**	1,359,222	1,212,633	569,034	2,085,358	1,231,848	574,954
Indonesia (IDR)	**836,698,087**	156,700,290	145,140,712	65,506,805	248,981,366	151,555,685	68,813,229
Japan (JPY)	**62,384,229**	11,152,514	10,743,560	6,218,523	18,510,011	11,185,238	4,574,382
New Zealand (NZD)	**1,331,899**	251,629	231,939	91,234	396,389	249,789	110,920
Philippines (PHP)	**4,464,601**	823,804	778,473	299,238	1,360,070	852,994	350,021
Singapore (SGD)	**1,249,966**	237,399	216,982	100,496	367,808	225,882	101,399
South Korea (KRW)	**492,872,987**	94,434,113	88,266,224	27,871,992	147,999,148	93,328,927	40,972,583

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 APJ:

- **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.



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.



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 across APJ.

- Organisations in the **Leading capability band**, as assessed by HR leaders, demonstrate more mature and integrated workforce capability systems. As a result, they are **structurally better positioned to unlock significantly greater economic value**, even where this is not yet fully reflected in workforce outcomes. This reflects the organisation's underlying capability infrastructure, which enables, but does not guarantee consistent execution and employee experience.
- For large organisations, this compounds into **multi-million-dollar annual impact per 1,000 employees**, driven primarily by stronger retention, higher productivity, and more efficient talent deployment.
- What distinguishes these organisations is not a single initiative, but a **systematic, integrated approach** to how workforce capability is built and activated across the organisation.
- Across APJ markets, leading organisations demonstrate consistent patterns in how they build and activate workforce capability, regardless of differences in labour markets or economic conditions.

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
Productivity through Workforce Conditions	Invest in engagement, culture, leadership, and wellbeing	Lower absenteeism, higher workforce capacity	**~21% of total value** from reduced absenteeism
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
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 + 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 approximately 85% of economic value is driven by the ability to retain talent and reduce absenteeism, which is directly influenced by workforce capability.

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 APJ, organisations are investing heavily in transformation. Yet a significant portion of workforce value remains hidden in plain sight, and they are embedded within attrition, absenteeism, hiring inefficiencies, and workforce deployment.

The analysis reveals a **"Hidden Number"** across all markets, representing **millions in unrealised economic value per 1,000 employees**. This is not new spend. It is cost already sitting across the P&L but not measured as a single workforce lever.

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 APJ 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.*

At Cornerstone, we believe in AI that works for people, amplifying their judgment to drive high-performing, future-ready organizations forward. The Cornerstone Workforce AI™ intelligence platform for workforce readiness delivers insights leaders want, skills people need, and AI agents that act to ~7,000 organizations, 140M+ users, across 186 countries.

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