



★ The connection performance effect

Making the human drivers of
long-term performance visible





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Executive Summary

Why is it that organisations with similar strategies, resources and market conditions often deliver markedly different long-term results? Traditional business metrics help leaders understand outcomes after they happen, but they can provide limited visibility into the underlying organisational conditions shaping consistent performance over time.

This research explores organisational connection as a measurable factor associated with how reliably organisations execute, adapt and sustain performance under pressure.

Using Thomas' AI-powered Connection Index, we analysed over 25 million workforce and organisational data points across 170 FTSE 250 companies over a five-year period (2021–2025). We compared connection levels against key performance measures, including compound annual growth rate (CAGR) and total shareholder return (TSR), to examine whether connection is associated with long-term business outcomes.

Key findings



Connection predicts execution consistency

Organisations with stronger connection demonstrated a statistically significant positive relationship with long-term performance.



Measurable impact on growth

Connection explained over 5% of variance in CAGR and over 3% in TSR—a meaningful advantage in complex market systems.



Substantial growth gap

Companies in the top 25% of connection achieved average five-year growth of +4.9%, compared to –3.9% for those in the bottom quartile—an 8.8 percentage point difference.



Key drivers of connection

The strongest relationships with performance were found to correlate to three of the six dimensions of the Thomas Connection Measure:

- Belonging (most influential)
- Appreciation
- Trust



What this means for leaders

- Connection is not simply a cultural or engagement concept. It is a structural organisational condition that shapes how consistently strategy is translated into execution.
- Stronger connection improves coordination, trust, adaptability and management effectiveness - factors that directly influence how organisations perform under pressure and during change.
- While connection does not override external market forces, it increases the probability of reliable execution within them, compounding into meaningful long-term advantage.

Strategic implication

These findings suggest that performance variation is often not simply a capability issue, but a visibility issue. Organisations may be managing outcomes effectively, while lacking visibility into the underlying conditions shaping execution consistency over time.

Organisations that can better understand and monitor connection gain earlier visibility into emerging execution risk - enabling more proactive intervention, stronger management consistency, and more resilient organisational performance.

In this context, connection moves beyond a “soft” cultural concept. It becomes a measurable organisational condition influencing coordination quality, adaptability under pressure and the consistency with which strategy is converted into results.





The Connection Performance Effect

Making the human drivers of long-term performance visible

Why do companies with similar strategy, resources and market conditions deliver materially different long-term results?

That is a question many organisations still struggle to answer.

Traditional business metrics explain outcomes after they happen, and engagement surveys measure how employees feel at a point in time. But neither fully explain the underlying conditions shaping how consistently organisations execute, adapt and perform over time.

Using the Thomas Connection Index, we analysed more than 25 million data points across 150,000+ public workforce and organisational signals to identify the factors most closely linked to growth across 170 FTSE 250 companies.

The findings point to a missing structural layer in organisational performance: **Organisational connection.**

Organisational connection is a measure developed by Thomas that reflects the quality of the relationships, trust, communication and management conditions shaping how work happens across teams and organisations. Built on six core dimensions — Appreciation, Belonging, Cohesion, Contribution, Trust and Wellbeing — it provides insight into how connected people feel at work.

Our findings suggest that organisational connection plays a critical role in how reliably organisations execute under pressure, how resilient they are through change and how consistently they convert strategy into outcomes over time.





The research

To explore whether organisational connection has a measurable relationship with long-term business performance, we analysed growth in 170 FTSE 250 companies over a five-year period (2021–2025).

Using Thomas' AI-powered Connection Index, we examined large-scale publicly observable organisational and workforce signals aligned to the six dimensions of the Thomas Connection Model — including indicators linked to trust, leadership sentiment, workforce stability, cohesion, adaptability and belonging.

We then compared these organisational connection scores against long-term financial performance measures, including:

- Five-year CAGR (Compound Annual Growth Rate)
- Total Shareholder Return (TSR)

Our objective was not to prove that connection alone determines financial performance, but to test a broader hypothesis:

Organisational connection functions as a measurable structural condition influencing the consistency and reliability of performance over time.





Inside the execution gap

Across large organisations, differences in outcomes rarely reflect differences in strategy or intent. Instead, they emerge in execution. Teams with similar budgets and capability often produce divergent results. Growth slows without clear operational cause. Leadership effectiveness becomes uneven. Execution breaks down in pockets within of the organisation.

For senior leaders, this often presents as a subtle but persistent shift: the organisation is still “doing the right things,” but outcomes are less predictable than they should be. At Thomas, we’ve found that this pattern consistently points to one underlying driver: **Disconnection in the organisational system.**

The Connection-Performance Effect examines whether these differences in connection explain variation in long-term performance across FTSE 250 organisations. Not quarter to quarter, but year after year.



Key Insight

Performance variance is often a visibility problem, not a capability problem.



Results

Connection predicts long-term execution outcomes

Across 170 FTSE 250 organisations, stronger organisational connection **showed a statistically significant positive relationship** with long-term shareholder growth.

When measured using five-year compound annual growth rate (CAGR), connection explained just over 5% of variance in performance. For total shareholder return, it explained just over 3%.

In complex market systems shaped by hundreds of variables, effects of this magnitude are meaningful — particularly when they persist over multiple years. In practical terms, we saw that organisations with stronger connection consistently outperformed those with weaker connection over the long term.



Core implication

Connection does not override market forces. It improves the probability of consistent execution within them.





The long-term growth gap

To test this thinking we grouped organisations by connection strength, and confirmed that the performance difference becomes operationally significant: Companies in the top 25% of connection scored an average five-year CAGR of **+4.9%**, while those in the bottom 25% recorded **-3.9%**.

This represents an **8.8 percentage point performance gap** over five years, with a statistically significant and moderate effect size (Hedges' $g = 0.57^*$).

In commercial terms, organisations with stronger connection are not just “performing better”; they are following fundamentally different growth trajectories over time. This suggests connection is not just a soft organisational attribute, but a **structural driver of sustained value creation and execution consistency**.



Core implication

Small differences in connection compound into materially different long-term growth trajectories.

*Hedges' g is a standardised measure of effect size that indicates the magnitude of difference between two groups. As a guide, values around 0.2 are considered small, 0.5 moderate and 0.8 large. A value of 0.57 indicates a moderate and practically meaningful difference between high- and low-connection organisations.



What drives connection differences

The strongest performance relationships were observed in three areas:



Belonging

Strongest and most consistent relationship with long-term growth



Appreciation

Sustained positive association with performance outcomes



Trust

Particularly impactful when moving from low to moderate levels

Belonging stands out as particularly significant. It suggests that sustained performance depends less on individual effort, and more on whether people feel meaningfully anchored in a shared direction they trust.

This becomes critical in environments characterised by change, pressure and transformation, where organisations rely on discretionary effort and cross-functional coordination.



Core implication

Connection is not an intervention. It is an organisational climate condition that compounds over time.





Why these effects matter

These findings suggest that connection is not simply a cultural or engagement concept. Instead, it is a **measurable factor linked to how consistently organisations execute over time.**

Organisations with stronger connection appear better able to coordinate effectively, adapt under pressure and maintain performance consistency across teams and leadership layers. In practical terms, connection influences how reliably organisations turn strategy into execution; particularly during periods of complexity, growth or change.

Because connection shapes the underlying conditions behind communication, trust, management effectiveness and collaboration, it operates upstream of many of the outcomes leaders already manage, including engagement, retention, resilience and long-term performance.

In complex systems, small advantages accumulate. The value of connection is not that it guarantees performance, but that it strengthens the conditions under which execution becomes more reliable.

In today's operating environment — defined by overload, friction and constant change — even small improvements in execution consistency compound into material long-term advantage.





How disconnection shows up in practice

Spotting disconnection

Disconnection is rarely experienced as a single-facet problem. Usually, it manifests as a pattern of multiple challenges:

- slower decision velocity
- fragmented cross-functional execution
- rising change fatigue
- inconsistent leadership alignment
- increased coordination overhead
- local optimisation over enterprise outcomes
- stalled transformation efforts
- hidden attrition and burnout risk
- reduced discretionary effort under pressure

Individually, these are often treated as operational issues. Collectively, they are signals of a deeper system condition.

When connection is strong, fairness becomes visible.

Highly connected organisations behave differently in how value is distributed. They are more likely to:

- distribute rewards more broadly
- maintain stronger signals of organisational trust
- avoid short-term extraction behaviours
- demonstrate more balanced allocation of opportunity and responsibility

Connection is therefore not only experienced internally, but also reflected structurally in how organisations allocate value. These allocation patterns often remain invisible until they begin to erode trust, retention, or performance outcomes.



Key takeaways

What leaders should take from this

- Performance variation is often a visibility problem, not a capability issue
- Connection has a measurable relationship with long-term performance outcomes
- The effect may seem modest, but is structurally meaningful over time
- Small differences compound into materially different trajectories
- Connection operates upstream of execution and financial outcomes

In other words, from a leadership perspective, connection is not a cultural consideration: it is a **management condition that shapes execution reliability.**

These findings suggest that connection is not simply a cultural or engagement concept - it has a measurable relationship with long-term organisational performance.

While the effect size may appear modest in isolation, small differences in organisational connection compound over time into materially different performance trajectories.

This matters because connection influences many of the conditions leaders already rely on for execution: trust, coordination, management consistency, adaptability and team effectiveness.





In practical terms, organisations with stronger connection appear better able to execute consistently under pressure and sustain performance over time.

For leaders, this reframes connection from a soft cultural consideration into something more operational: a measurable condition influencing execution reliability and organisational resilience.

Because connection can be measured earlier, organisations gain greater visibility into emerging execution risk before it becomes visible in outcomes such as disengagement, attrition or financial underperformance.

Leaders may not be able to control market volatility, but they can influence how resilient and coordinated their organisation is in response to it.

Connection and organisational scale

As organisations grow, connection naturally becomes harder to maintain. Complexity increases. Decision-making becomes more fragmented. Communication weakens across teams and management layers. Visibility declines. This creates greater execution risk over time - particularly in fast-moving or high-pressure environments.

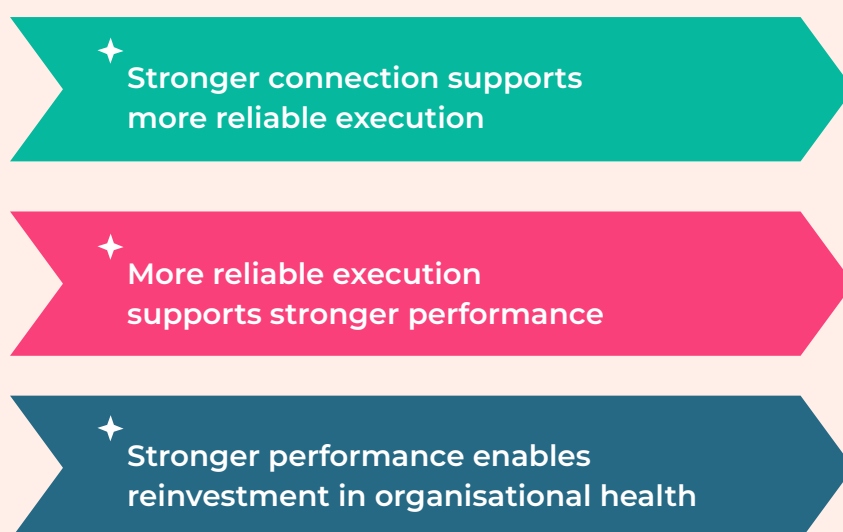
High-performing organisations appear to solve this differently. Rather than relying on culture alone, they build systems, management practices and organisational structures that preserve trust, clarity, coordination and visibility as scale increases.

That may be one of the most important strategic implications of these findings.



What this research does and does not show

The FTSE Connection Index does not suggest that connection is the sole driver of performance. Market outcomes are shaped by many interacting forces. However, the evidence indicates a reinforcing cycle:



The reverse cycle also exists and is often where organisations degrade over time. This makes connection particularly critical during periods of uncertainty and transformation.



Conclusion

Connection shapes performance – can you see it in your organisation?

Most organisations track outcomes. Few can see the organisational conditions producing them. When those conditions remain invisible, leaders are forced into reactive management: responding to disengagement, attrition and execution issues only once business impact is already underway. **Connection Intelligence changes that.**

By making the human drivers of performance measurable and actionable, Connection Intelligence gives organisations earlier visibility into how performance is functioning across managers, teams and the employee lifecycle — helping leaders identify emerging risks, strengthen management consistency and improve execution under pressure. In increasingly volatile operating environments, that visibility is not a cultural advantage. It is a strategic one.

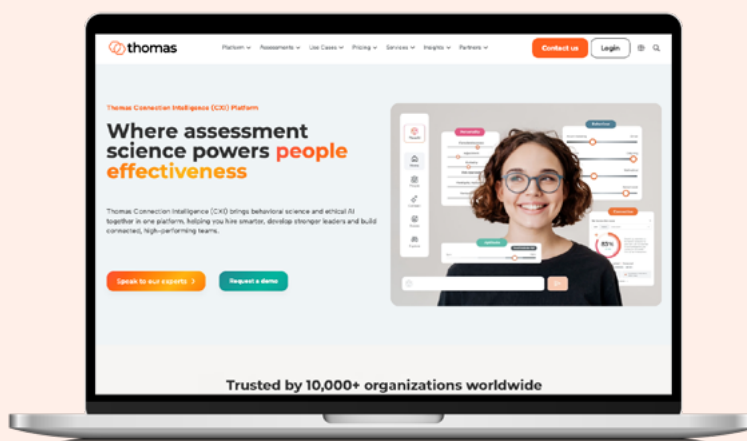
This is where Thomas CXI comes in.

Thomas CXI operationalises Connection Intelligence by combining psychometric insight, connection measurement and AI-guided manager support into a continuous system for turning people insight into everyday action.

Because organisations do not improve performance by measuring outcomes alone. They improve it by understanding and strengthening the conditions shaping them.

Discover Thomas Connection Intelligence (CXI)

[DISCOVER CXI →](#)





Appendix: Methodology

Overview

This analysis examines the relationship between organisational connection and long-term financial performance across FTSE 250 companies using Thomas' AI-powered Connection Index.

The objective was to test whether differences in organisational connection — derived from large-scale, publicly observable organisational signals — are associated with variation in sustained performance outcomes over time.

This study is not designed to explain all drivers of financial performance. Rather, it explores whether connection represents a measurable structural variable that contributes to differences in execution reliability and long-term value creation.

Sample

The analysis included a sample of **170 FTSE 250 companies**, selected based on data completeness and consistency across the study period.

Companies span multiple industries and operating environments, providing a broad cross-sector view of performance and organisational conditions under comparable market constraints.

Timeframe

Financial and organisational data were analysed over a **five-year period (2021–2025)**. This multi-year horizon was selected to reduce sensitivity to short-term market volatility and to better reflect sustained organisational performance rather than episodic or cyclical effects.

Performance measures

Two primary financial outcome measures were used:

- **Five-year compound annual growth rate (CAGR)** — used as the primary indicator of sustained performance
- **Total shareholder return (TSR)** — used as a secondary validation metric

CAGR was selected due to its ability to reflect consistent growth trajectories over time, rather than short-term market fluctuations.



Connection measurement approach

Organisational connection was measured using the **Thomas Connection Index**, an AI-powered model that aggregates and interprets large-scale, publicly available organisational signals.

Connection indicators are derived from observable workforce and organisational data aligned to the six dimensions of the Thomas Connection Model, including signals associated with:

- trust and leadership sentiment
- recognition and appreciation patterns
- workforce stability and retention signals
- organisational responsiveness and adaptability
- perceived contribution and value distribution
- indicators of cohesion and belonging at scale

These signals are processed through a structured modelling approach to generate a composite connection score at company level.

This enables consistent comparison across organisations without relying on self-reported survey data alone.

Analytical approach

The relationship between organisational connection and financial performance was examined using statistical modelling techniques designed to assess correlation and variance explanation across the dataset.

Key outputs included:

- strength and direction of relationship between connection and performance outcomes
- variance explained in CAGR and TSR
- distributional differences across high- and low-connection groups
- effect size estimation (including Hedges' g for group comparisons)

The analysis focused on identifying consistent structural patterns rather than predicting individual company performance outcomes.



Key comparison design

To test whether performance differences were meaningfully distributed across connection levels, companies were grouped into:

- **Top 25% (high connection)**
- **Bottom 25% (low connection)**

Average five-year CAGR was then compared between groups to assess whether systematic differences in long-term growth trajectories existed between high- and low-connection organisations.

Validation and interpretability

While the Connection Index is based on externally observable data rather than internal survey instruments, independent validation research in organisational science supports a key assumption underpinning this approach:

Externally observable workforce and organisational signals are meaningfully correlated with internal employee experience measures and can act as reliable proxies for organisational health at scale.

Prior research also indicates that such signals can demonstrate predictive validity for outcomes such as turnover risk and organisational stability when analysed at scale.

This supports the use of externally derived datasets as a valid input for macro-level organisational analysis, particularly when comparing large samples over extended time periods.

Limitations

This analysis has several important limitations:

- It identifies associations, **not causal relationships**
- It does not account for all external drivers of financial performance (e.g. macroeconomic shocks, sector-specific dynamics, regulatory shifts)
- Connection scores are derived from **observable external signals**, which may not fully capture all internal organisational dynamics
- The model is designed for **system-level insight**, not individual company diagnosis or prediction

As such, findings should be interpreted as evidence of structural relationship patterns rather than deterministic performance drivers.



Interpretation

The purpose of this analysis is to examine whether organisational connection operates as a measurable structural variable associated with long-term performance variation.

The findings suggest that connection is not simply a cultural or sentiment-based construct, but may function as an underlying condition that influences the consistency and reliability of execution over time.

In this context, the Connection Index should be understood as a decision-support lens for identifying system-level organisational conditions, rather than a standalone performance predictor.

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