

# "For All"

# Workplaces:

## Better for Business

New research shows that organizations with a consistently great work experience— Great Places to Work For All— grow faster and outperform peers in the stock market.

*By Ed Frauenheim and Sarah Lewis-Kulin*

## Introduction

For years, Great Place to Work® has documented the way high-trust workplaces outpace business rivals. But our latest research shows organizations must clear a higher bar to reach their full potential.

The *Fortune* 100 Best Companies to Work For® that we have ranked for the past 20 years have stood out for their high levels of trust, and they have outperformed peers on a range of key business metrics. But as great as those companies are, they typically have had significant gaps in the employee experience between groups of people. For example, there are significant gaps in the work experience between men and women, salaried workers and non-salaried workers, engineers and non-engineers, physicians and non-physicians, to name just a few. These gaps mean not everyone is having a positive experience, which means they are not likely to bring their best to the organization.

At the same time, we are entering a new frontier in business. This new, largely uncharted territory is about developing every ounce of human potential, because every employee matters in an economy that is about connectivity, innovation and human qualities like passion, character and collaboration. In the emerging business climate, organizations need to create an outstanding culture for everyone.

Our new findings back the idea that organizations must create Great Places to Work For All to thrive in today's competitive marketplace. Great Places to Work For All create a consistently

great workplace experience for all their people, regardless of who they are or what they do in the organization. We have found that Great Places to Work For All grow faster than companies that simply show high levels of trust **on average**. And, in addition to enjoying accelerated revenue growth, the organizations that rank the highest on our "For All" criteria outperform peers in the stock market.

In short, Great Places to Work For All avoid wasting human potential. They minimize pockets of employees who don't feel respected, valued or heard. They bring out the best in everyone. They are better for business.

### Great Places to Work For All:



Grow Faster Than Peers



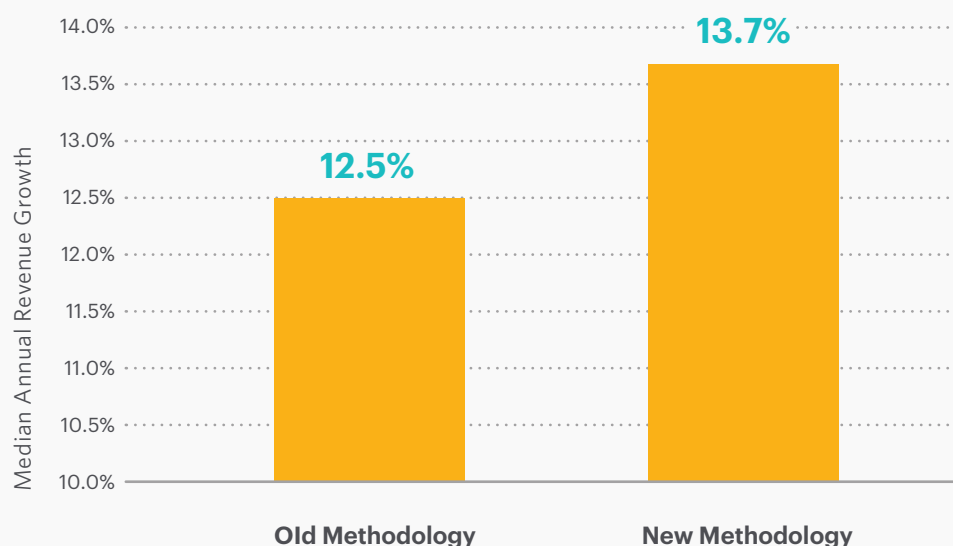
Outperform Peers in the Stock Market

# 1

## For All Accelerates Revenue Growth

Figure 1

### Great Places to Work For All Grow Faster



**Figure 1.** Bars in the chart refer to the median annual revenue growth of the top quartile of companies according to the two scoring different methods. The "Old Methodology" refers to Great Place to Work's traditional approach to measuring the employee experience. It involves examining the overall, average response to our Trust Index Employee Survey. The "New Methodology" refers to the "Great Place to Work For All Score" ("For All Score"). It is a composite measure of how consistently employees rate their workplace on metrics related to innovation, leadership effectiveness and trust, regardless of who they are and what they do within their organization.

We studied the revenue growth of companies that participated in the 2017 *Fortune* 100 Best Companies to Work For® competition, applying both our new "Great Place to Work For All Score" ("For All Score") methodology as well as our traditional approach to measuring the employee experience. The new For All Score is a composite measure of how consistently employees rate their workplace on metrics related to innovation, leadership effectiveness and trust, regardless of who they are and what they do within their organization.

Our traditional approach to measuring the employee experience involved examining the overall, average response to our Trust Index Employee Survey. The traditional approach—which has been the foundation of our ranking of the *Fortune* 100 Best Companies to Work For list for the past 20 years—didn't take into account statistically significant gaps that may exist between demographic groups, such as front-line employees vs. managers, women vs. men, and full time vs. part-time employees.

## 1. For All Accelerates Revenue Growth



The organizations that ranked highest according to the new For All methodology proved to be a different set of companies than those that ranked highest when using the traditional methodology. And this new top tier of "For All" companies grew faster than the best companies according to our traditional methodology. In particular, the top quartile of companies on the For All Score ranking posted median annual revenue growth of 13.7 percent. That compares with annual revenue growth of 12.5 percent for the top quartile of companies ranked by our traditional approach. (See Figure 1.)

What's more, a company's relative For All ranking is a more significant predictor of revenue performance than their ranking based on the traditional methodology.

Using the For All ranking, we found that the top quartile of companies had 3.6 times the median revenue growth of the bottom quartile. In contrast, the difference between the top and bottom quartiles using our traditional method that simply reported the average experience across employees was much smaller. There, the top quartile recorded median revenue growth of 2.3 times that of the bottom quartile.

In effect, our new research reaffirms that a high level of trust overall fuels growth, but it also shows that a For All workplace accelerates that growth.

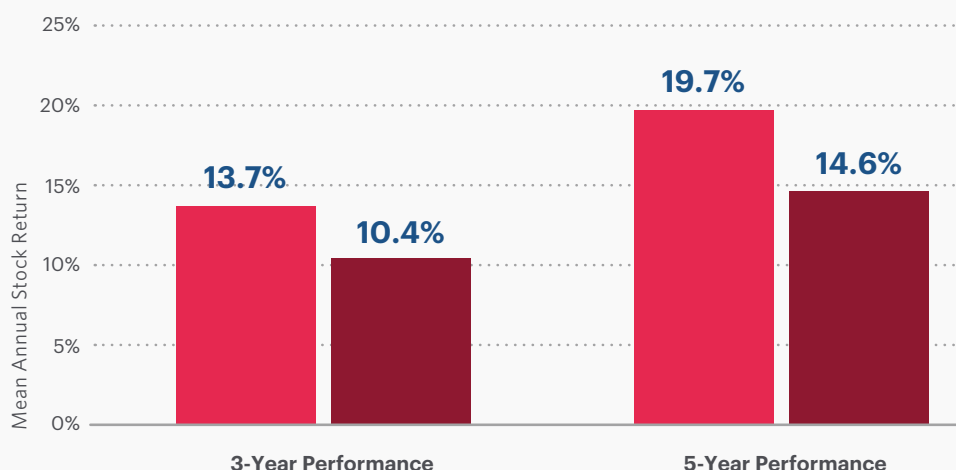
## 2

# For All Fuels Stock Market Out Performance

Figure 2

## Great Places to Work For All Beat the S&P 500

Publicly Traded For All 100 Companies  
S&P 500 Index



**Figure 2.** Mean annual stock return for S&P 500 Index includes dividends. Mean annual stock return for Publicly Traded 100 For All Companies does not include dividends.

We also studied the stock performance of publicly traded companies that participated in the 2017 Fortune 100 Best competition, applying the "Great Place to Work For All Score" methodology.

We found that Great Place to Work For All publicly traded companies beat the overall stock market. We created a stock portfolio of the publicly traded companies that ranked in the top 100 "For All" organizations (the "For All 100") and assessed their performance against the S&P 500 Index. Over the past three and five years, the publicly traded For All 100 significantly outperformed the S&P 500.

The average annual return for the publicly traded For All 100 over the past three years was 13.7 percent—32 percent better than the S&P 500 performance over the same period. (See Figure 2 above.)

The publicly traded For All 100 did even better against the S&P 500 over the past five years. With a mean annual return of 19.7 percent, the publicly traded For All 100 performed 35 percent better than the S&P 500. (See Figure 2.)

These out performance metrics against the S&P 500 are conservative. Our For All 100 calculations do not take into account stock dividends, while the S&P 500 stock returns include dividends. This means the publicly traded For All 100 likely did even better against the S&P 500 if dividends were included for both sets of stocks.





# Report

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## Conclusion

Our new findings regarding revenue growth and stock performance are evidence that what was good enough to be "great" 10 or 20 years ago is not good enough now. The Best Workplaces—and all companies—must create Great Places to Work For All.

Our economy has evolved through agrarian, industrial and knowledge phases to the point where the essential qualities of human beings are the most critical, where a culture of innovation is vital to sustainable success and where everyone's contributions count. At the same time, societal and technological changes are creating new opportunities and challenges for organizations in the competition for talent. The Millennial generation, in particular, is a highly diverse group that expects meaning, growth and balance at work. A reputation for developing employees and for welcoming people from all backgrounds and walks of life is increasingly crucial to attracting and retaining the best team possible.

In this new business frontier, businesses will reach their full potential only when they realize all their human potential. That means organizations need to create an outstanding culture for everyone, no matter who they are or what they do for the organization.

Leading companies, including many Fortune 100 Best Companies, are working to build diverse, consistently great workplaces. To close the gaps and stop wasting human potential. They realize that Great Places to Work For All are better for business. And they are seeing For All accelerate their performance.

## About the Authors

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## About Us

For 30 years, Great Place to Work® has worked with leading companies from around the world to identify and build high-trust, high-performance workplace cultures. Our research has proven that building great workplaces to work for all isn't just the right thing to do, it's better for business.

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## Press

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