

Success and a High-Trust Culture

There is a strong connection between a high-trust culture and business success. In fact, the connection is so strong that strategy-minded leaders, who care deeply about the financial well-being of their business, should make building a high-trust culture a top priority.

For more than 30 years, Great Place to Work® has studied and recognized organizations with high-trust cultures, in part through the Best Workplaces™ lists produced in partnership with *Fortune*.

For these companies, a defining feature of being recognized as a great workplace is a high level of organization-wide trust, as reported by employees. This research, along with findings from various independent research groups, illustrate that high levels of trust can be a critical strategic advantage for organizations across industries, sizes, and locations.

Several of the compelling business outcomes associated with a high-trust culture include:

Stronger Financial Performance

Comparative Cumulative
Stock Market Returns
1998–2015



According to independent investment firm FTSE Russell, comparative cumulative stock market returns among the publicly-held *Fortune* 100 Best Companies to Work For® are nearly **3x greater** than the market average.

Stronger Financial Performance

Additional independent research shows the bottom-line benefits associated with a high-trust culture:

- ▶ An independent study of *Fortune* 100 Best Companies to Work For® found that great workplaces achieved superior results over a several-year period across metrics including: operating income per employee, operating margin, growth rate, return on assets, and Tobin's Q (the ratio between an asset's market and replacement value).¹
- ▶ Great Place to Work® global research shows that both in the U.S. and internationally, companies with high-trust cultures lead to impressive performance records. For example, a portfolio of India's Best Workplaces outperformed India stock market indices by a factor of nearly four during a recent five-year period (2009-2013).
- ▶ A four year-research project led by Alex Edmans of the London Business School examined the link between employee well-being and financial performance across the high-trust companies recognized by Great Place to Work® and *Fortune*.² Edmans found employee well-being at these companies preceded positive financial performance, rather than the other way around. "The 100 Best Companies to Work For in America delivered stock returns that beat their peers by two to three percent per year over a 26-year period," said Edmans in a TedX Talk on the topic. "Simply put: companies that treat their workers better do better. And this fundamentally changes the way that managers should be thinking about their workers."³

Higher Customer and Patient Satisfaction

At high-trust companies, employees are empowered to make decisions that they believe will serve the customer without undue oversight or bureaucracy, and this ultimately serves the business.

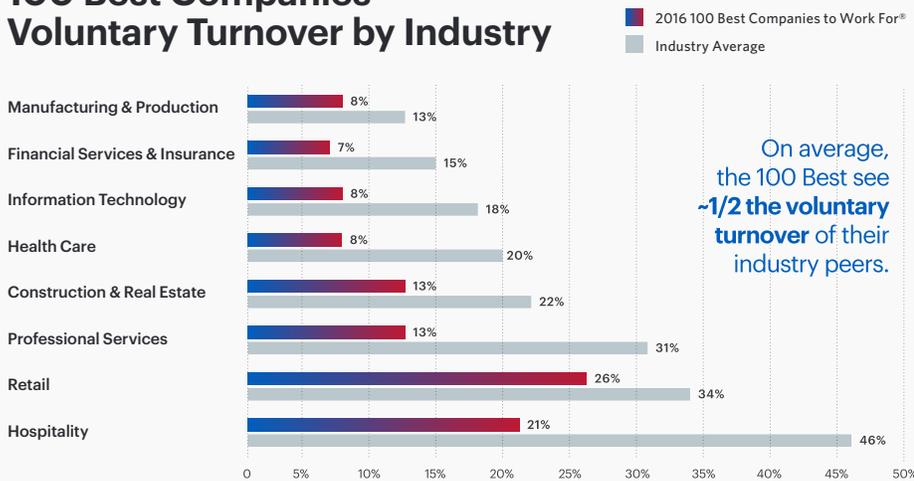
2.8 to 3.2 points higher Customer Satisfaction Rating

An eight-year study of a subset of the *Fortune* 100 Best Companies to Work For®, published by Cornell University's Industrial and Labor Relations School found that these high-trust companies earn customer satisfaction ratings that are **2.8 to 3.2 points** higher than competitors.⁴

Among the healthcare organizations on the 2016 *Fortune* 100 Best Companies to Work For® list, Hospital Consumer Assessment of Healthcare Provider and Systems (HCAHPS) patient satisfaction scores average 6.5% higher than the national average for "Overall Hospital Rating", and 9.4% higher for whether patients would "Recommend the Hospital".⁵

Lower Levels of Voluntary Turnover

100 Best Companies Voluntary Turnover by Industry



Sources: "100 Best" data provided by Great Place to Work®. Comparative data provided by BLS. "100 Best" data includes PT & FT turnover; BLS data includes the same in addition to turnover for temp/contract workers.

Each year, the Best Workplaces have substantially lower voluntary turnover than their peers—which can cost companies up to 200% of each exiting employee’s base salary. The 2016 Fortune 100 Best Companies to Work For® were no exception, reporting an average voluntary turnover rate of just 10% across employees (national average was 24% over the same period).⁶

Great Place to Work® research also shows that a high-trust culture is critical to employees across generations. Notably, Millennials who reported their company was a great workplace were **25 times more likely** to plan a long-term future with their company, as compared to Millennials who did not believe their company to be a great workplace.⁷

Trust Benefits Everyone

The impact of a high-trust culture extends far beyond a company’s performance and bottom line. By making a commitment to build trust in your workplace, you are investing in the emotional health and well-being of your employees and in the communities in which you live and work.

If over a third of our lives are spent at work, our businesses ought to be places that accommodate basic human desires for positive relationships. The Best Workplaces make a strong business case for trust. And they show that trust can make for a better kind of business.

Trust is Serious Business

Read the full “Business Case for a High-Trust Culture” Report to learn more about its impact on:

- ▶ Business Performance
- ▶ Consumer Spending
- ▶ Innovation
- ▶ Organizational Agility
- ▶ Employee Retention
- ▶ Customer and Patient Satisfaction
- ▶ Employee Engagement
- ▶ Successful Leadership

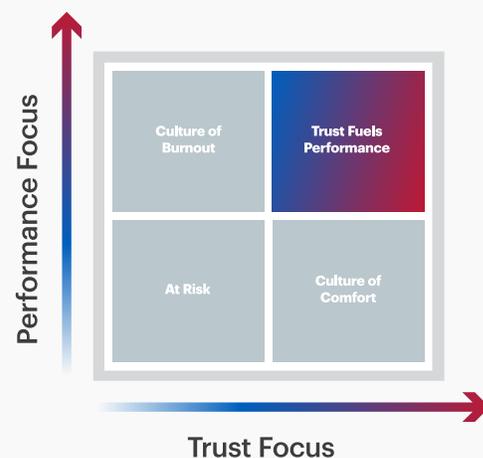
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Estimating Your Company's Current Level of Trust

Know Where You Are. Know Where You're Going.

To help you understand how much of your company's performance is fueled by trust, Great Place to Work® has developed a Culture Spectrum. Based on more than 30 years of research, the Culture Spectrum enables you to assess which of the four primary types of culture your company currently has: **Culture of Burnout**; **Culture at Risk**; **Culture of Comfort**; or a Culture where **Trust Fuels Performance**.

Directions: To determine which culture best represents your company, check the attributes that describe your organization in each culture description.



Trust Fuels Performance

In this work environment, trust fuels performance and leads to sustainable benefits for the organization.

- Transparency:** There is strong and healthy two-way communication between leaders and employees.
- Innovation:** Employees and teams are willing to take risks, and the organization treats mistakes as opportunities to learn and grow.
- Customer Satisfaction:** Employees often extend themselves for the benefit of the customer.
- Talent Attraction:** Attracting, retaining and rewarding top talent is achieved without undue effort.
- Strategic:** Employees and leaders are united in focusing on performance indicators such as speed, agility, customer service and quality.

Culture of Burnout

In this environment, performance is greatly valued, but trust is not seen as essential to success.

- Political:** Employees are motivated by fear and internal competition which creates a political environment that perpetuates mistrust among peers and a lack of collaboration.
- Self-Seeking:** Only individual high performers receive rewards and recognition.
- Dead End:** Employees lack a career path and opportunities for professional development, causing high-potential talent to seek opportunities elsewhere.
- No Work/Life Balance:** Employees' personal needs are ignored, and those who start families or desire to seek further education are given little or no support.
- High Turnover:** It is difficult to retain talent and considerable time, resources and budget are spent recruiting, onboarding and training replacements.

Culture of Comfort

Leaders in this work environment place a high value on trust, but overall company performance is low.

- Vulnerable:** Living off of past successes and lack of business discipline has put the business at risk for layoffs, takeovers and major losses to competition.
- Easy-going:** Employees and leaders consider one another friends and family and there are many employees who have been with the company a long time.
- Personal:** Leaders take time to get to know employees and are adept at creating a sense of openness and trust.
- Anti-Competitive:** Strategy, external competition and business growth are low on the priority list, putting the business at risk.
- Talent Repellent:** Career-minded talent are turned off by the company's low business performance, which leads to hiring lesser talent and perpetuates the low performance cycle.

Culture at Risk

In this work environment both trust and performance are at all-time lows.

- High Turnover:** It is difficult to retain talent and considerable time, resources and budget are spent recruiting, on-boarding and training replacements.
- Apathetic:** Leaders are disinterested in building trust with employees, or new leaders are unable to build trust due to previous conditions.
- Fear-Driven:** Employees' fear of making mistakes has led to a lack of collaboration, innovation and agility.
- Talent Repellent:** Sagging profits make recruiting and rewarding top talent difficult.
- Vulnerable:** Low performance has put the business at risk for layoffs, takeovers and major losses to competition.



About Great Place to Work®

Great Place to Work® is a global research and consulting firm that helps businesses become extraordinary by creating high-trust, high-performance cultures. Based on over 30 years of research and data analysis of Best Workplaces, we offer the tools, benchmarks, and methodology to help organizations of all sizes and industries define, measure, improve, and leverage their company culture as a strategic priority.

Our **Great Place to Work® Certification Program™** and world-renowned **Best Workplaces™ Lists**, produced in partnership with *Fortune*, offer companies of all sizes and industries the opportunity to benchmark and showcase their company culture alongside the best workplaces in the country. We also offer **High-Trust Culture Consulting Services**, where our expert team of consultants works with you to create a data-driven, customized approach to leveraging your company's unique culture to meet and exceed business goals.

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