

## Selected Research Citations on Progressive People Practices

The Relationship between Progressive People Practices and Firm Economic Performance	
Watson Wyatt (2005)	A seven-year global study of more than 2,000 organizations confirmed that “companies with superior human capital practices can create substantially more shareholder value than companies with average human capital practices.” The study also reported that progressive people practices prevail, regardless of the economy. “The same key practices that are associated with higher value show up in bull, bear, and flat markets.” These findings highlight the fact that organizations can indeed measure and maximize the value of their investment in employees.
Levering (2004)	From the period of 1997 to 2003, the stock of the companies identified in <i>Fortune Magazine’s</i> “100 Best Companies to Work for in America” list outperformed that of the Standard and Poor’s 500 by over 430%.
Gittel (2003)	A eight-year MIT/Sloan Foundation study of Southwest Airlines, renowned for its progressive and innovative people practices, found that the airline had the highest profitability of any U.S. carrier, had a total market value that exceeded that of all other U.S. airlines combined, and had the highest employee productivity of any major U.S. carrier, despite the fact that it was the most highly unionized airline in the industry, and its employees were paid only at or below the industry wage average.
Harter (2002)	In a nationwide meta-analysis of firms, business units with high employee satisfaction outperformed units with low employee satisfaction by over 103%, based on profitability, productivity, customer loyalty, and other measures of business performance.
Watson Wyatt (2001)	A study of more than 500 publicly-traded companies found that the stock price of companies with progressive workplace cultures increased over twice as much over a five-year period as did the stock price of companies with the least enlightened people practices.
Becker, Huselid, Ulrich (2001)	A study of more than 400 U.S. publicly held companies found that companies with the most progressive people practices experienced close to 50% less employee turnover, 4 times greater sales per employee, and more than 3 times greater market value to book value of their shares than companies with less progressive human resource practices.
Pfeffer (1999)	“[D]rawing on extensive empirical research, an irrefutable business case can be made that the culture and capabilities of an organization—derived from the way it manages its people—are the real and enduring sources of competitive advantage.”

Pfeffer (1998)	“ ‘Prior empirical work has consistently found that use of effective human resource management practices enhances firm performance.’ Moreover, the effects are large and managerially important.”
Huselid (1997)	A 1996 study of 702 firms found that a one standard deviation improvement in a firm’s people management practices was associated with an increase in shareholder value of over \$41,000 per employee. As the average stock market value per worker of firms in the study was \$300,000, firms with the best people practices realized a market value premium of nearly 14%.
Heskett (1997)	A 1997 study by three Harvard Business School professors found that over a ten-year period, the stock price of companies that made substantial investments in employee loyalty and satisfaction increased over 147%, almost double the increase in stock prices of their closest competitors.
Bilmes (1997)	A study of more than 100 companies operating in 10 industrial sectors found “a strong link between investing in employees and stock market performance.” Indeed, “companies which place workers at the core of their strategies produce higher long-term returns to shareholders than their industry peers.” Significantly, the research also found that companies that focused on their people not only delivered superior returns to their stockholders but also created significantly more jobs than firms that did not.
Kravertz (1996)	A ten-year study of 200 <i>Fortune</i> 500 companies found that companies with the most progressive people practices had 118% higher sales growth, 314% higher profit growth, 94% higher profit margins, 128% higher growth in earnings per share, and 116% higher total return on investment than did companies with less progressive human resources practices. In addition, companies that improved their people practices over a period of three years realized an additional profit of \$200 million per company per year. Finally, the stock price of companies that improved their people practices over three years increased 53% more than the value of stock in companies that did not improve their employee management practices, and almost 245% over companies whose people practices worsened.
Delery (1996)	A study of nearly 200 banks found that differences in people management practices “are associated with rather large differences in financial performance....” Specifically, that study found that banks with more progressive work cultures were significantly more profitable than were banks without these environments: “[F]inancial performance was estimated to be approximately 30 percent higher for banks one standard deviation above the mean...than it was for those banks at the mean.”
Wellborne (1996)	A major study of 136 companies that initiated public offerings in 1988 found that firms that placed significant value on their people management practices and that treated employees well were significantly more likely to survive five years following their initial public offering than were companies that did not.

## The Relationship between Progressive People Practices and Customer Satisfaction

GolinHarris (2005)	Corporate social responsibility begins in the workplace and attracts customers. Customers prefer companies that are considered socially responsible. For example, 40 percent of respondents to a survey of 3,500 Americans said that good corporate citizenship made them more willing to do business with a company. Moreover, a majority of respondents – 85 percent – said that the No. 1 factor in determining whether a company was a good corporate citizen was how the company treated its employees.
Rucci (1998)	A major study at Sears, Roebuck & Co. found that an increase in employee satisfaction of 4% lead to an identical increase in customer satisfaction, which in turn led to an increase of over \$200 million in revenues. The researchers further found that at their current after-tax margin and price-earnings ratio, those extra revenues increased Sears' market capitalization by nearly one-quarter of a billion dollars.
Schmit (1995)	A study on Ford Motor Credit Corporation found that employees' satisfaction with their workload, team, job, and the company overall were statistically correlated to the level of customers' satisfaction with the company's services.
Moeller (1986)	A study of securities companies found that customers' satisfaction and perceptions of service quality were significantly related to employee's attitudes regarding (a) the fairness of their pay, (b) the extent to which they felt management was concerned about their welfare and treated people fairly, and (c) the extent to which supervisors encouraged an open and participative work environment.

**Winning Workplaces** is a non-profit consulting firm located in Evanston, Illinois. Its mission is to help small and midsize organizations to improve their profitability and growth by developing effective people management practices. The firm was founded by the former owners of Fel-Pro, Inc., a company nationally renowned for its innovative and progressive workplace practices as well as its profitability and business success.

Winning Workplaces offers a wide range of services designed to help small and midsize organizations to build high-performing workplaces. Its services include employee opinion surveys, general workplace consulting services, training and workshops, a free website containing an extensive collection of information on improving workplace quality, and a monthly e-newsletter.

For further information about how we might assist you to improve your organization's workplace and effectiveness, visit our website at [www.winningworkplaces.org](http://www.winningworkplaces.org), or call Diane Stoneman, Director of Consulting and Training, at (847) 328-2819.