The Social Dimension of Organizations: Recent experiences with Great Place to Work® assessment practices

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ABSTRACT. This paper elaborates on conceptual, empirical and practical arguments why corporations need to focus on their social dimensions, in order to further enhance organizational performance. The paper starts with an introduction on the general trend towards inclusiveness and connectedness. It then elaborates on the phase-wise development of cultures and organizational structures. Managing corporate improvement by building cultures of trust is the central focus of this contribution. By showing the cultural dimensions of Great Places to Work and their workplace practices, worthwhile experiences leading to organizational improvement and superior financial performance are demonstrated.

KEY WORDS: organizational culture, trust, Great Place to Work, best companies to work for

ABBREVIATIONS: CA – Cultural Audit©; CEO – Chief Executive Officer; GPTW – Great Place to Work; LC – life conditions; NGO – Non Governmental Organization; TI – Trust Index©; UK – United Kingdom; USA – United States of America

Introduction

Inclusiveness and connectedness

June 2004, on behalf of an international consortium, the Erasmus University Rotterdam formally delivered the outcome of its research – the European Corporate Sustainability Framework (ECSF) – to the European Commission/European Social Fund. In order to develop and test this new generation management framework it thoroughly studied management concepts, system dynamics, evolutionary development and the current state of the CSR debate. In designing practical ways to managing complexity and corporate transformation towards higher performance levels as sustainable and responsible operating organizations, ECSF researchers have come across interesting trends, robust concepts and innovative tools and assessment methods that were included into the research.

The general trends, so they concluded, are increasing inclusiveness and connectedness. As evolution reveals more and more complex solutions (Wilber, 1995; Van Marrewijk, 2003) to ever changing Life Conditions (Beck and Cowan, 1996), individuals, groups as well as societies learn to transcend traditional approaches that can no longer solve their problems. The mere act of transcending inadequate approaches demonstrates the trend towards inclusiveness, since innovative ways are build on existing foundations and thus include them. Inclusiveness is also manifested in the sequence of concepts of Corporate Sustainability and Corporate Responsibility (van Marrewijk, 2003). These concepts reflect the transition between organizations that where first oriented towards a single scale of reference – most often profits – and than to a multiple scale, including the organizations' impact on social and environmental aspects (triple bottom line). In the former development level, organizations could ignore specific interests, by referring to legislation in which minimal requirements were (democratically) settled. But those with a "stake" increased their countervailing power. Labor unions gave the employees a voice and, with increasing buyers-markets, consumers realized their spending

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power and made companies at least sensitive to their reputation. The world of organizations grew: literally globalization increased, but also figuratively, managers included more aspects into their business operations in order to cope with these new stakeholders. They had to adopt new values, learn new competences, apply new leadership styles, design more effective decision methods and structure their organization accordingly. Hierarchies loosened up and business excellence, entrepreneurship, risk management, brand strategies and human resources were examples of the new business area that still has a dominance world-wide. With growth rates, profits and reputation as its main drivers, the capitalistic way of doing business today encounters more and more criticism that eventually will jeopardize their existence. Consumerism, enormous waste and elitism are only a few of the complains international NGO's express at world business fora. Leading organizations have already experienced internally their limits to growth. Combining processes into a company wide approach; managing the supply chain; improving speed and team work and enhancing customer service are all challenges which can hardly be met with traditional approaches. We will shortly elaborate on these developments.

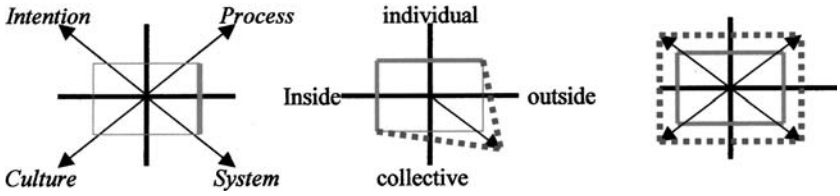
For a long time, the most effective way to improve business excellence was – and for many still is – enhancing process management. Most companies turned to managerial, rather technical approaches, such as Business Process Redesign, Six Sigma and Just in Time management. In a hierarchically managed organizations with loyal and obedient employees these techniques have brought significant successes. However, over the years, more and more efficiency campaigns failed for their lack of a supporting culture and personal commitment of those directly involved.

As a next step in business improvement many companies tried to boost speed and improve teamwork. Increasing speed implied the integration of processes up to a company-wide system, which requires the dedication to cooperate between departments, disciplines, affiliates, etc. Engaging and collaborating with employees and stakeholder groups in general demand new, social competences within organizations and above all a culture of trust. It is no longer employee satisfaction that matters, but a perception of mutual respect, credibility and fairness, as we will discuss in this paper. Increasing numbers of professional workers are no longer inspired by hierarchical commands and bonuses alone. In order to bring their ''whole selves'' to work, being creative, dedicated and committed, employees need to match their values, their personal drivers, capacities and ambition with their work environment. The alignment of personal and collective interests has become essential to contemporary business. No longer can companies treat their employees as resources, as numbers, as costs, but as human beings. Already in 1953, Peter Drucker stated: *If an employer hires a worker, he always hires a ''whole man''*. So, in addition to muscles and brain power, employees also bring in their social, emotional and even spiritual being. Once entrepreneurs consider their employees as assets instead of liabilities and regard them as the ultimate source of corporate success, workplace culture becomes a competitive parameter. Since costs can be cut over night, building trust in the workplace might turn out a timely affair which is not easy to copy by competitors.

This paper will elaborate on conceptual, empirical and practical arguments why corporations need to focus on their social dimensions, in order to further enhance organizational performance. In Section ''Phase-wise orientation to (cultural) development'' a selection of theories will be introduced shortly, for three reasons: (1) to align processes and systems with cultures and intentions, (2) to introduce a phase-wise orientation to (corporate) development and (3) create a scale of reference in order to position the world wide standard of assessing workplace practices. This method, the Great Place to Work® Trust Index© will be introduced in Section ''The best company to work for'' and their benchmark results summarized in the last section.

Phase-wise orientation to (cultural) development

Wilber (1995) demonstrated elegantly the connectedness of the various manifestations of Reality (see also Van Marrewijk 2003, 2004). He distinguished four domains or quadrants who are ''intimately related and indeed dependent upon all others, but none of which can be reduced to the others''



Graph 1. Wilber's Four Quadrant Model.

(Wilber, SES, p. 125). The axes of the graphs below are individual–communal (vertical) and interior–exterior (horizontal). With science and management traditionally focusing on the empirical character (*it-world*), processes and systems are reasonably attended to. They often take for granted, or worse, fail to include or like to ignore the cultural dimension of groups (*we-world*) and intentions, awareness, values and perceptions of individuals (*I-world*). A well balanced transition, capable of reproducing or maintaining itself, needs to be anchored in all four corners. see Graph 1.

In discussing organizations, the focus is often on structures, schemes, procedures, financial results and operational indicators. Wilber's approach shows that the social dimension of organizations (left-hand side) is as important as the elements of the right hand side of his model. A supporting culture is needed to back up production processes and systems. Vice versa, a dedicated workforce will positively influence work procedures and production systems. In a well balanced organization ''left'' and ''right'' are aligned as well as the upper and lower side of the model. All four relationships connecting the quadrants ought to be part of a transition process, transcending towards more complex levels.

Wilber's approach is perfectly compatible with Clare W. Graves' Emerging, Cyclical Levels of Existence Theory (1976), or Spiral Dynamics (1996) as his successors, Cowan and Beck, have labeled it. Individual persons, as well as companies and societies, undergo a natural sequence of phase-wise orientations. So far mankind developed eight different levels of existence, with each emerging level transcending and including the previous ones. Each level offers a consistent arrangement of institutions such as a worldview, a value system, a belief structure and organizing principles, reflecting the four corners of Reality. Individuals and groups develop and apply values and the supporting institutional structures, in order to cope with the prevailing challenges or *life conditions* (LC). These LC consist of historical *Times,* geographical *Place*, existential *Problems* and societal *Circumstances.* At each emerging level, relating challenges can be solved adequately at the expense of increased complexity. The more advanced levels are therefore not better, but more adequate in coping with specific environmental circumstances. Less complex challenges are naturally confronted with more traditional approaches.

The concept of the *shareholder* approach – most common within business – can be described by the pairing of two levels from Spiral Dynamics: the ones labeled as *Order* and *Success.* The *stakeholder* approach can be described by combining *Community* and *Synergy.* Elsewhere in this journal these levels are extensively described. Here, we briefly summarize them. The *shareholder* approach focuses mainly on (short term) financial results, especially for the owners. The managerial way emphasizes rules and procedures, a step by step execution of policies and budgets and is supported by values such as clarity, discipline, duty, conformity, obedience and orderliness. In order to adequately respond to the many viable alternatives for progress, prosperity and material gain, the shareholder approach also cherishes entrepreneurship. These skills are supported by values such as result-orientation, competitiveness, reward, image, quality, productivity and control. Their aim is to improve continuously and seek activities, including CSR, that will contribute to the financial bottom line, reduce risks or enhance their reputation or personal esteem. Hierarchies are important instruments to implement their policies and ambitions. Despite the enormous progress made, the stakeholder approach can be exploitative towards human and natural resources, create waste and result in elitism. It has natural limits to growth due to its inadequacy to cooperate and bring out the best of its human resources.

The *stakeholder* approach includes the above repertoire, but balances the interests of financial entities and owners with the interests of other stakeholders. Organizations that are stakeholder oriented strive towards win–win solutions with their stakeholders and therefore need to understand their perceptions and situations. Social skills such as dialogue, engagement, transparency are essential and supported by community values as trust, respect, fairness, harmony and care. The stakeholder orientation place a lot more emphasis to the social dimensions of organizations, but also seeks to enhance its intellectual capacity. By developing sophisticated long term strategies, organizations are better able to work, systemically and including ecological and social interests in their decision-making and business operations. Stakeholder oriented organizations tend to have flat organization structures, or function in networks and have often servant leaders who support the professionals that are vital to the success of the organizations as well as engage with the external stakeholders such as suppliers, customer groups, owners and societal representatives (NGO's, neighborhood).

These two ideal type descriptions represent an enormous variety of practical examples, but this is not the point. It is the transition between the two that is interesting. When an organization is committed to move to a more people oriented strategy, while including the interests of various stakeholders, for whatever reason, it implies this corporations have to realign all their business institutions (such as mission, vision, policy deployment, decision-making, reporting, corporate affairs, etc.,) to this new orientation. Otherwise it remains lip service or hobbyism in the periphery of the organization, in both cases not impacting its core business.

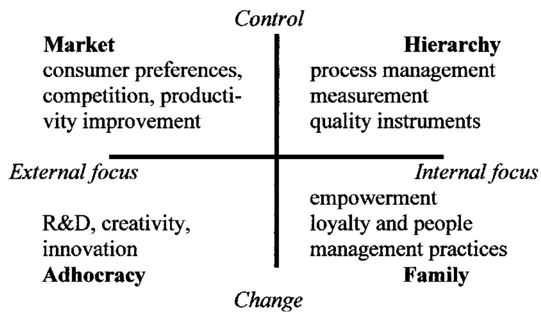
Since, shareholders are so prone to the business case of social activities, they don't mind to "treat" employees better as long as they function more productively. According to Barrett (2000) "financial success is strongly correlated with employee fulfillment – 39% of the variability in corporate performance is attributable to the employee fulfillment. Employee fulfillment is also strongly correlated with leadership – 69% of the variability in employee fulfillment is attributable to qualities of leadership of the manager or supervisor." Studies also show that motivated personnel has a phenomenally higher productivity than employees who have taken "mental dismissal," but are nevertheless present from 9 a.m. until 5 p.m. Barrett (1998) names a factor 12 higher productivity!

Since social values pays off, shareholders oriented companies start building trust in the workplace and adopt good workplace practices. Furthermore, the transition from Shareholder to Stakeholder orientation, is not something that can be done overnight. There are many intermediate positions observable. We will further elaborate on the intermediate zone between shareholder and stakeholder management and finally introduce an assessment method which can measure the progress made.

Managing the cultural dimension

The stakeholder approach includes and transcends the shareholder approach, which implies that the stakeholder approach is more complex and containing sub-systems belonging to different ideal-type cultures. Quinn and Cameron (1999) studied the parallel existence of sub-cultures within one organization. They pictured managing companies as juggling with four balls: in order to continually improve business performance four elements with contradicting cultural backgrounds have to be combined in an integral approach. see Graph 2 below:

The same graph structure is used by Hardjono (1995), generating four ideal type strategic orientations. These orientations, so he proved, tend to shift clockwise in a natural sequence. However, it appears



Graph 2. After Quinn and Camaron (1999).

that dominant shareholder organizations have difficulty with the lower two sub-cultures as they often oscillate between market and hierarchy. Because the stakeholder orientation demands organizations to develop social competences, the bottom cultures are more apparent. In a stakeholder orientation, companies are better able to combine the four aspects of business, or better, focus on these aspects in a certain sequence. Failing to do so is a shortcut to disappointing results (Hardjono, 1995).

We will further elaborate on the cultural dimension, by focusing on the people management activities. Timmers & Van Marrewijk (2003) concluded, that the traditional Human Resource (HR) policies are often implicitly based on the notion that the organization can influence (assign, seduce, provoke, manipulate) and thus manage its human resources to do what is in the interest of the firm. Via contracts, pay and benefit schemes, bonuses, training programs and a satisfactory work environment, employees are supposed to keep to their part of the bargain: work and be productive! HR's objective is to recruit, retain and rouse employees. Their instrumental repertoire does not focus on culture, which apparently is not a policy objective, but a mere byproduct of its functional approach.

Barrett (2000) quoted Kotter and Heskett's study "Corporate Culture and Performance" showing that companies with strong adaptive cultures based on shared values outperformed other companies by a significant margin. Over an eleven year period, companies that emphasized all stakeholders – employees, customers and stockholders, and focused on leadership development grew four times faster than companies that did not. They also found that these companies had Job creation rates seven times higher, had stock prices that grew twelve times faster and profit performance that was 750 times higher than companies that did not have shared values and adaptive cultures. Similar results were demonstrated by Collins and Porras. Their classic "Built to Last" showed that companies that consistently focused on building strong corporate cultures over a period of several decades outperformed companies that did not by a factor of 6 and outperformed the general stock market by a factor of 15.

Evidently, it makes sense to build a workplace culture, based on common values, core competences and a shared mission and vision. The question then becomes: what values? When a corporate environment challenges the company to meet for instance short term financial goals, it would most adequately adopt a set of shareholder values, based on the value systems labeled as Order and Success & Entrepreneurship. If the focus is on social engagement and triple bottom line investing, stakeholder values, related, to Community and Synergy, and complementing competences and institutional structures are more effective. (Van Marrewijk and Werre, 2003)

The relatively new values cannot be supported by traditional HR approaches, since top–down structures jeopardize the nature of these values. New developments in people management acknowledges the saying: "you can bring a horse to the water, but you can't make them drink". Nowadays, an increasing number of employees strive to balance their personal growth and professional needs with the corporate workplace cultures. In the words of Barrett (2000), "in order to retain the best people, organizational values need to meet the needs of existing employees so that they feel fully aligned with the organization's vision, mission and values and feel they are able to bring their whole selves to work".

The general trend in most modern companies is from authoritarian control to individual self-motivation (van Marrewijk and Timmers, 2003). Evidently, the institutional development of people management departments and their policies have changed accordingly. Employees are less considered as resources, but more and more regarded as their main assets and worthwhile subjects to invest in. Instead of re-engineering and downsizing – the traditional approach – companies are starting to build human capital, supported by a cultural transformation.

Furthermore, companies are beginning to recognize that intellectual capital is also dependent on cultural capital. The degree to which employees are dedicated, motivated, committed and "willing to share their creativity and knowledge is dependent on how aligned they feel with the organization and the relationship they have with their direct supervisor. When there is a lack of alignment between employees" values and the organization's values, employees are less willing to share their ideas. When there is fear, control, bureaucracy, territorial behavior, and manipulation, employees, are reluctant to go the extra mile (Barrett 2000).

It is clear that this new organizational reality also calls on new competencies from the Human Resources department and management in general (Buyens & De Stobbeleir, in press). Where in the past, the major focus of the human resources department was on training and development in order to improve the intellectual capital, we now see that increasingly more importance is attached to the internal consistency of HRM practices (Huselid, 1995), in order to optimize cultural capital. We will now turn to a method, with which the cultural dimension, or specifically the workplace culture can be assessed: the Great Place to Work® Model.

The best company to work for

Great Place to Work® Model©

Robert Levering spend over 20 years of his active life in researching ''trust'' as he quickly discovered its significance for employee well-being and corporate success. As best selling (co-)author of books, such as *A Great Place to Work: What makes some employers so good – and most so bad* (newly edited in 2000) and *The 100 Best Companies to Work for in America* (1984), he founded the Great Place to Work Institute in 1991 together with Amy Lyman. Since 1997, Levering is co-author of the Fortune annual list of the *100 Best Companies to Work for in America*. In 2004, their media partners, such as *Financial Times, Exame*, *Het Financieele Dagblad*, *Vacature* and *Capital* publish national lists in 25 countries worldwide, including 15 European Union member states.

Having interviewed employees of over thousand organizations Levering and his team selected the distinctive features of truly great workplaces. Eventually, they defined a great workplace as a place where employees *trust the people they work for, have pride in what they do, and enjoy the people they work with*. Trust and especially its sub-dimensions Respect, Credibility and Fairness, and Pride and Camaraderie appeared as the set of values that often makes the difference between corporate success and failure.

The common features of the best companies to work for are:

- Strong commitment from CEO and Sr management on being a Great Place to Work, among others by supporting a ''people's first'' strategy manifesting their belief that people are indispensable to the success of the business;
- Active communication forums between employees and management: a truly two-way communication allowing the flow of negative information without fear for disseminating it;
- The division between management and labor fades away and turning the workplace into a community and creating a perception of a special and unique culture; ''we are not like others''; and
- Employees take pride in their job, their team, and their company. They feel that they can be themselves at work. They celebrate the successes of their peers and cooperate with others throughout the organization. People take pleasure in their work – and in the people they work with – in a deep and lasting way. They want to stay around for their careers.

These findings can be interpreted as manifestations of the Community Value System, discussed before. With the majority of organizations centered in Order and Success (shareholder orientation) an including number is challenged to meet the requirements for better cooperation, dialogue and understanding. In this transition process Trust, and thus Respect, Fairness and Credibility, plays a vital role.

Great workplaces are measured by the quality of the following three, interconnected relationships:

- The relationship between employees and management;
- The relationship between employees and their Jobs/company; and
- The relationship between employees and other employees.

For gathering the required data, the GPTW-institutes use two surveys, the Cultural Audit© and the employee-driven Trust Index© (TI), The TI is a standard set of 55 questions related to the five dimensions of the Great Place to Work® (GPTW)

Model. The text below is based on various articles, reports, books, best practices and websites that belong to Great Place to Work® Institute.

Dimensions of a Great Place to Work

Credibility

Credibility consist of communication, competence, and integrity which are essential to promoting trust in the workplace. Good communication skills invite two-way dialogue. Managers are both clear and informative in the information they volunteer; and they are accessible to employees, affording them the opportunity to begin conversations about the information they might need or want to share. Positive communication skills will allow managers to hear about and address rumors before they get started. If employees know their managers are up front with them and feel they can ask questions freely when there are concerns, there will be no need to fill in information gaps with guesses. Clear communication allows employees to meet managers' expectations, choose their priorities carefully and, thus, be more productive.

Displaying management competence involves the ability to coordinate people and resources effectively, the ability to oversee employees' work, and the ability to clearly articulate and enact a vision for a company or for individual departments. Employees who feel management is competent are more willing to trust management's decisions and follow management when they are leading employees through changes or uncertainty. Management's Integrity depends on honest and reliable daily actions. Managers are consistent: whatever they say, they do; and promises are kept. Additionally, employees are certain their managers run the business ethically. Clearly, performance on these skill sets creates employees' perceptions of management's credibility, and this sense of credibility is essential to maintaining trust in the workplace.

Employees appreciate being kept informed of important issues and changes in the work-place. Doing so helps employees to understand where the organization is headed and how they fit into the overall plan. This allows them to work most effectively, and to proactively address potential misinformation and rumors. When managers make their expectations clear, employees are able to set their goals, choose priorities appropriately, and, trust that they know where they stand in their managers' eyes. Management's display of honest and ethical business practices indicates to employees the standard of behavior that is expected in the business. Managers lead the way in setting the tone for all interactions with employees and customers.

Respect

Respect consist of support, collaboration, and caring, and represent another essential element to creating an atmosphere of trust in the workplace. Professional support is shown to employees through the provision of training opportunities and the resources and equipment necessary to get work done. Appreciation of professional accomplishments and extra effort supports the individual professional development of employees. Collaboration between employees and management requires management outreach by genuinely seeking and responding to employees' suggestions and ideas, as well as involving people in the decisions that affect them. Managers demonstrate caring by providing a safe and healthy working environment, and by showing an interest in people's personal lives. Caring managers are also aware of the impact that work has on employees' personal lives. Showing respect for employees improves employees' perceptions of how they are treated by management and increases their trust. A respectful environment fosters increased productivity and smoother execution of procedures by creating an atmosphere in which decisions are made with the support of staff, and ideas for improving the workplace can be shared. Employees are more enthusiastic about their work when they feel they are seen as people, not just employees.

Fairness

Fairness consist of equity, impartiality, and justice, and represent the third element contributing to trust in the workplace. A sense of equity is conveyed through balanced treatment for all people in the distribution of intangible and tangible rewards. Manager impartiality is displayed through an avoidance of favoritism in hiring and promotion practices, and an absence of politicking in the workplace. The statements assessing impartiality reflect the very human interpersonal interactions that occur within a workplace when people are promoted, tasks are assigned, or requests for assistance are made to facilitate some aspect of work that needs to be accomplished. Justice is seen as a lack of discrimination based on people's personal characteristics, and the presence and utilization of a fair process for appeals. An environment that supports the fair treatment of all employees enables people to focus on their work contributions rather than spending time on politics or defending themselves personally. A fair work environment reduces the distractions of inequity, politics and prejudice and allows people to make their greatest contributions.

Pride

Employees can feel pride in their personal jobs; in the work that is produced by their own team or work group; and in their corporate reputation, which is made up of its services and its standing in the community. In general, high levels of pride in these three areas favorably affects employees' engagement in their jobs, thus increasing productivity, teamwork, and commitment to their organization. Pride in one's personal job is developed from the sense that, one's specific contributions are special and unique to the organization – that one makes a difference. This feeling of pride in one's contribution can lead to employees making long-term commitments to their company. People's pride in the accomplishments of their teams is both a reflection of the good work that the team is able to do, and the explicit recognition by management that the success of the organization often comes from teamwork and not just from individual contributions. Finally, people's pride in their association with the organization and its public image come from the reputation of the firm within its industry or service areas, its ability to meet client needs, and its commitment to be of service to the communities in which it is located.

Camaraderie

Employees experience camaraderie in the workplace through the level of intimacy they find, or the ability they have to be themselves; the hospitality people engage in, or the extent to which the environment is friendly and welcoming; and the sense of community, or the degree to which staff feels like a team or a family. Fostering feelings of hospitality and intimacy, and underscoring the importance of a sense of community in the workplace all contribute to employees developing relationships, cooperating with others, and enjoying their work. The teamwork, cooperation and commitment that is a byproduct of camaraderie positively affect quality, productivity, profitability, and employees' morale.

GPTW assessments

Most business lists are quantitative, derived by size or by share performance, and many are generated by opinion surveys in which executives are asked to identify companies or CEOs they admire. But the GPTW-lists published are all employee-driven. A representative sample of employees at each candidate company was surveyed to answer 52 workplace related questions. Companies also had to fill out an extensive questionnaire about their people policies and practices, though that was weighted less in the overall scoring than employee opinions. Based on these outcomes, GPTW researchers can draft datasheets, including 27 demographic and functional indicators, performance reports and benchmark reports. Performances can be benchmarked against segments of lists worldwide of theme based such as industry, size, region, etc. In the next Section ''Experiences with GPTW in Europe'' we elaborate on the experiences with Great Place to Work® assessment services.

Experiences with GPTW in Europe

In March 2003, for the first time, Great Place to Work Europe published a list of the Top 100 Best Workplaces in the EU. More than 210,000 employees from all 15 member states evaluated their workplace environments. The 100 Best Workplaces List is based on national List of Best Workplaces in all EU member states. Great Place to Work® Europe Institute, located in Denmark, has developed the list for the European Commission, which seeks to raise workplace standards throughout the EU by recognizing organizations that provide their employees with superior work environments. Beside the Top 100 Best List, the European Commission has awarded prices for best practices within the areas of Lifelong Learning, Diversity and Gender Equality.

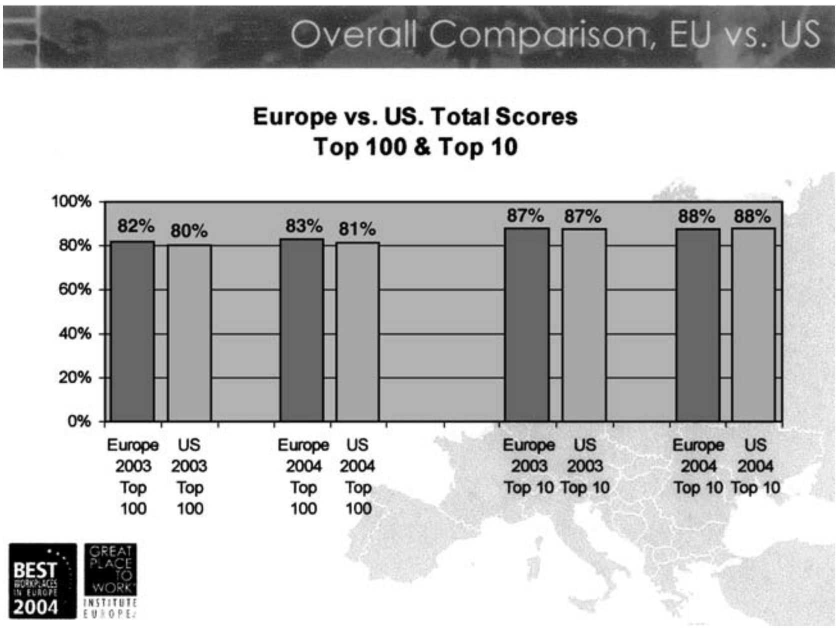
Top 100's compared

The comparison of American/USA and European/EU14 companies that made the top 100 is based on an article by Milton Moskowitz and Robert Levering published in Fortune Magazine, and a presentation of Kim Møller[2] at the Gainsborough Studio, London, presenting the second European Top 100. About 1000 organizations competed to be listed in the 2004 edition of the European top 100. Employee surveys were sent out to 176,500 employees, of whom 114,000 have responded. Since GPTW uses sample techniques, these survey represented 1,540,000 employees, which was six times as many as in 2003!

Europe's 100 Best Workplaces rate favorably when compared with similar lists in the U.S. and Latin America. see Graph 3. This is the most striking result of this second annual survey of employees in 100 workplaces throughout Europe. While there was less than a percentage point's difference in the overall scores of the 100 Best Workplaces on each continent, employees at Europe's 100 Best scored highest on several factors including the lack of favoritism and politics in the workplace and the solicitation of suggestions and ideas from employees.

There is one significant area in which Europe's 100 Best Workplaces rated their companies lower than the comparable list in the U.S. They rated them 7% points lower on a question about whether they feel they can "take time off from work when I think it's necessary". This may be a reflection of the fact that most major U.S-based firms have been seriously addressing work-family balance issues for more than a decade now, while it is a much more recent issue in Europe. The good news is that the scores on the European survey 2004 were a full 5 points higher than the previous year, a good indication of the growing concern about this issue throughout Europe.

When the U.S. and European lists are placed side by side, the major difference is size of company. In the U.S. a company is ineligible to participate if it does not have at least 1000 employees. If such a standard were used in Europe, it would eliminate most of the companies on these lists. About 60% of the Europe's 100 Best Workplaces have fewer than 500 employees. The striking consequence it its



Graph 3. Comparison USA-EU (Source: Kim Møller).

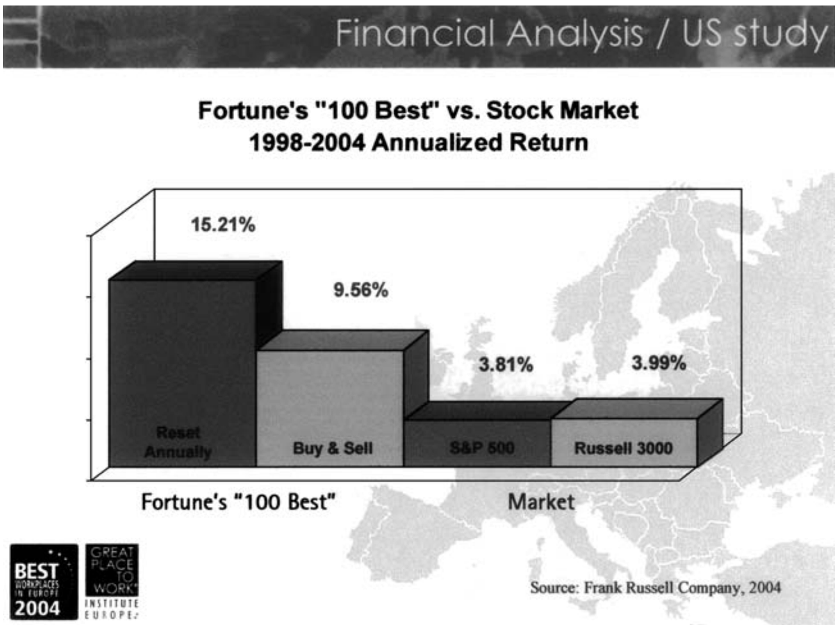
diversity. Both big and small companies vie to become employers of choice. Some companies are traded on stock exchanges, but the majority of the organizations on these lists are not publicly traded. Indeed, a strong minority includes non-profits such as Friends of the Earth in the U.K. and Vorarlberger Kinderdorf, Austria.

The European lists are far more diverse in their international makeup than the U.S. list. Of the 100 companies on the U.S. list, only three are foreign-owned. Of the 50 companies on the U.K. list, 18 are non-British organizations. In the Netherlands 50% is owned by foreign companies and throughout Europe all lists have a similar international character. There are also some differences in composition of the lists. The current U.S. list of 100 companies includes 12 retailers; there are only five retailers among Europe's 100 Best Workplaces. Only three drug companies appear on the 2004 U.S. list while the Europe's 100 Best includes 11 pharmaceutical manufacturers. Of Europe's 100 Best Workplaces, 15 are domiciled in the UK, 15 are German, 9 are Irish, 9 are Danish and 7 are Dutch.

There is no denying the strong phalanx of American companies on these lists. Of Europe's 100 Best Workplaces, 25 have American parents. On the U.K. list 44% and in the Netherlands 40% of the listed companies have American parents. Also of the 10 companies selected as the best in the Europe, four are American-owned.

The company that was the absolute leader in multiple listings was the American software giant Microsoft, which made the list in 12 countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Sweden and the U.K. So the company that is the scourge of the European Commission has certainly won the hearts of its European employees. Microsoft has been on all of the U.S. lists since 1993.

In addition to careful and procedural policies, competence improvement schemes and alignment activities all meant to support building cultures of trust, companies also develop innovative and outstanding examples of workplace practices. The chairman of Timpson, No. 2 on the U.K. list, invited all newly acquired employees of Minit shoe repair at his home. The Spanish affiliate of Danone, ranked in the Top 10 on the European list, organized summer camps of the children of their employees. Employees at Happy Computer, No. 12 on the U.K. list, are able to choose their own title. The concierge service of the Swedish television station Kanal 5 takes care of the grocery shoppings and house cleaning while the employees are at work.



Graph 4. Financial impact of being selected as a great place to work.

The Danish Pfizer's even does the Christmas shoppings for their employees. Both companies are also on Europe's Top 10 list.

Financial returns

A recent analyses by Frank Russell Company among the listed companies in the U.S.A top 100 Best Companies to Work, show extraordinary results. With lists published by Fortune Magazine since 1997, financial analysts have significant data to determine a relationship between rankings at the Best Company lists and their financial performance. They concluded that these organizations showed consistently superior results compared to the Standards and Poor 500 or Russell 3,000. Bought in 1997 and kept in stock resulted in an almost 2.5 times higher performance rate and if reset annually, the listed best companies to work for outperformed the Standard and Poor benchmark by 4 times! see Graph 4.

Further research is needed to establish a more sophisticated understanding of the relationships between corporate policies and financial results. Researchers of the business Schools of Esade, Vlerick and Erasmus and GPTW researchers have proposed follow up research to further investigate the datasets and the social dimensions of organizations.

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Notes

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