



SHRM Hawaii's Workplace Excellence Initiative reveals 'People Equity' is key to high performance

Want to improve customer satisfaction and retention, productivity, bottom-line results? Start by building your People Equity - the net value that human resources add to business results. "Companies that rate highly on People Equity tend to be industry standouts," stated JT Kostman, Ph.D., at yesterday's Annual Conference of the Society for Human Resource Management of Hawaii (SHRM-Hawaii). Dr. Kostman, representing Metrus Group, a Somerville, NJ consulting firm specializing in organization research and strategic measurement, was the conference's featured speaker.

Metrus Group and SHRM-Hawaii teamed up to study 40 Hawaiian companies of all sizes and from a variety of industries. "We found a wide range of performance, but with a very clear pattern," commented Dr. Kostman. Those organizations where employees had a clear understanding of company strategy and customer expectations; where technology, information, and resources to execute the strategy were readily available; and where employees felt commitment both to and from the company outperformed others.

The study was part of SHRM-Hawaii's Workplace Excellence initiative, which helps Hawaiian organizations identify strengths and opportunities and provides tools that will make them better employers. By focusing on the three key factors of People Equity - employee alignment, capabilities, and engagement - companies not only become more attractive places to work, improving recruitment and retention, but they also achieve significant bottom-line improvements, according to the study results.

Companies with exceptional People Equity rated highly in their industry for financial performance, customer satisfaction, and productivity, in contrast to low-People Equity firms. High-People Equity companies were also far more likely to report gains in profitability over the last 12 months.

Participating companies received a confidential report on their company, which highlighted areas of strength, along with those requiring additional improvement. As participants in the Workplace Excellence 2006 program, companies receive recognition for providing an environment of excellence for their employees and customers.

Improving People Equity is not about reaching for the corporate checkbook to support some costly new initiative. As Dr. Kostman pointed out, the study found that small, medium, and large companies all excelled - companies of every size found room to grow. Dr. Kostman recommended that companies begin by focusing on the early-warning predictors of People Equity. For example, employees of those companies that scored higher on People Equity also had a higher rate of intention to remain with their employer. "Reducing turnover is one of the key ways to manage costs and provide high customer satisfaction - growing People Equity is one of the paths to that goal," Dr. Kostman observed.

A number of factors showed a correlation with the People Equity scores, including customer satisfaction. Research in Hawaii and nationally has shown that engaged employees tend to create engaged customers, provided that employees are also aligned with the company's brand promise and are armed with the critical skills and tools.



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