
Is Loyalty Dead?

Adapted from a Briefing to Clients

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Employee Loyalty to the Organization

The Question We All Wonder About: 'For Whom Do You Work?'

“ ...in today’s new economy, we work for ourselves...because companies have taught us a lesson, which is we can no longer afford to work for them...They can’t even guarantee we’ll have a job a year, or two years, or five years from now. Career moves used to be the province of the ambitious, the upwardly mobile. Now, anybody who isn’t pondering his or her career options is living the life of an ostrich, head planted firmly in the sand...

As for loyalty -- well, loyalty these days means not looking for your next job on company time. If I’m blindly loyal to an organization that won’t be -- can’t be -- loyal to me, then I’m a fool.”

(John Case in *Boston Globe*, 29 December 1993)

Employee Loyalty to the Organization

■ Is loyalty truly dead? It depends how you define it

- How you define loyalty has implication for the management of employees
 - Four Approaches to the Management of Employees

Management Style:

- Paternalism
(pampering them)
- Adversarial
(fight them)
- Transactional
(ignore them)
- Partnership
(ally with them)

Employees as:

- Children
- Enemies
- Transactions
- Partners

Loyalty is:

- dead if loyalty means pampering employees
- dead if you expect it from an adversarial relationship
- dead if you expect it from employees treated as invisible
- alive and active when you treat employees as partners

Employee Loyalty to the Organization

■ Partnership, in the employer-employee relationship, involves:

- Treating employees with concern for their basic interests
- A strong and clear performance-orientation
- Helping employees perform
- Open and honest communications to employees
- Listening and responding to employees
- Sharing with employees the financial gain that their performance has generated

■ The partnership relationship is:

- Grounded in mutual obligations and performance
- Fosters mutual loyalty and, in the long run, is advantageous to both management and employee

Employee Loyalty to the Organization

Management Styles (vis a vis Employees)

<u>Employee Responses</u>	<u>Partnership (Win/Win)</u>	<u>Paternalistic (Parent/Child)</u>	<u>Transactional (\$\$/Unit Cost)</u>	<u>Adversarial (Win/Lose)</u>
Loyalty	Many	Some	Very Few	Very Few
Mod. Satisfaction	Some	Many	Few	Few
Indifference	Few	Few	Many	Some
Anger	Very Few	Very Few	Some	Many

Long-term
Company
Success



Overall Views

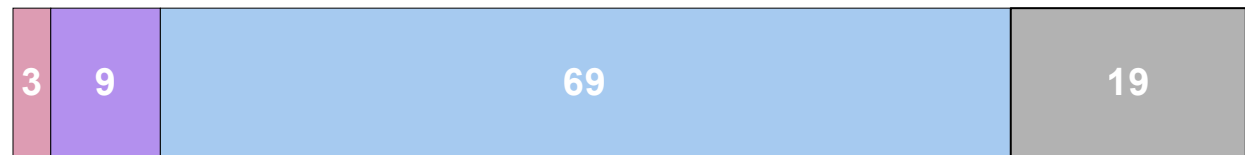
Companies can define their relationships with employees in different ways.
Which of the following statements would you say comes closest to . . . :

- % As members of a family, to be taken care of and looked after
- % As adversaries or opponents
- % As the means of simply getting the work done, with no real obligation beyond pay and benefits
- % As respected partners, working together for the success of the company, and sharing in the rewards

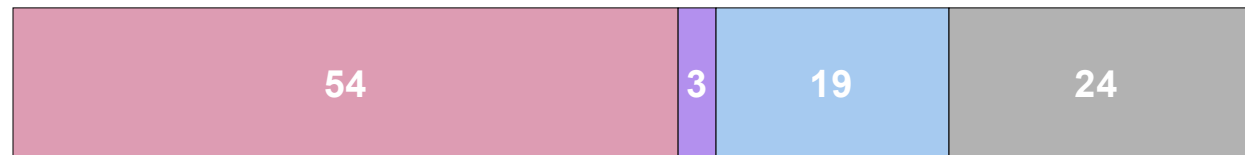
Q.123 How Co. should define its relationship with its people



Q.124 How Co. defines its relationship with its people these days



Q.125 How Co. defined its relationship with its people five years ago



...and many companies are fighting the good fight!

Impact of Employee Attitudes on Customer Loyalty[©]

Employee Responses (vis a vis Management Practices)

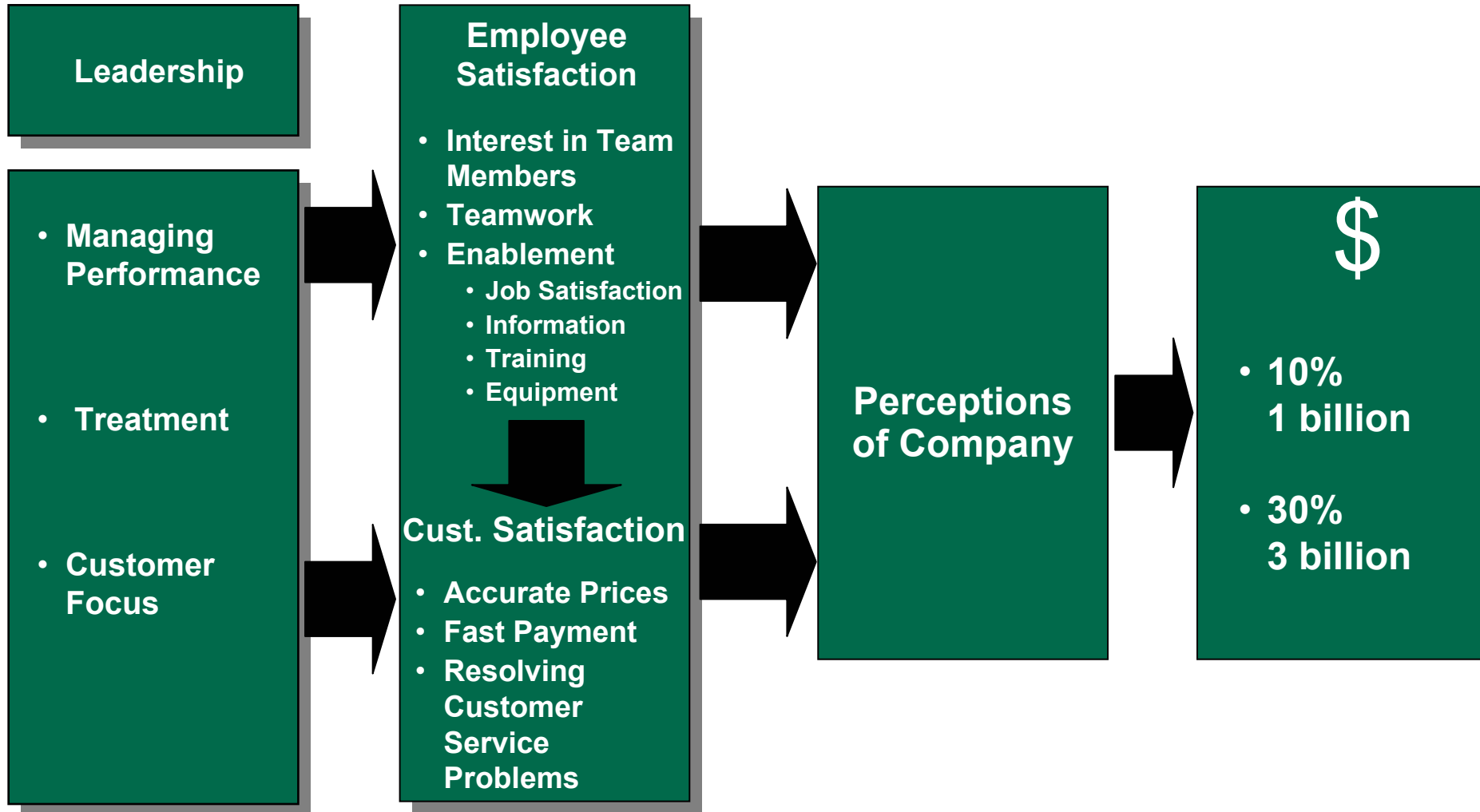
Customer Responses

	<u>Loyalty</u>	<u>Mod. Satisfied</u>	<u>Indifference</u>	<u>Anger</u>
Loyalty	Many	Some	Very Few	Very Few
Mod. Satisfaction	Some	Many	Few	Few
Indifference	Few	Few	Many	Some
Anger/Defection	Very Few	Very Few	Some	Many

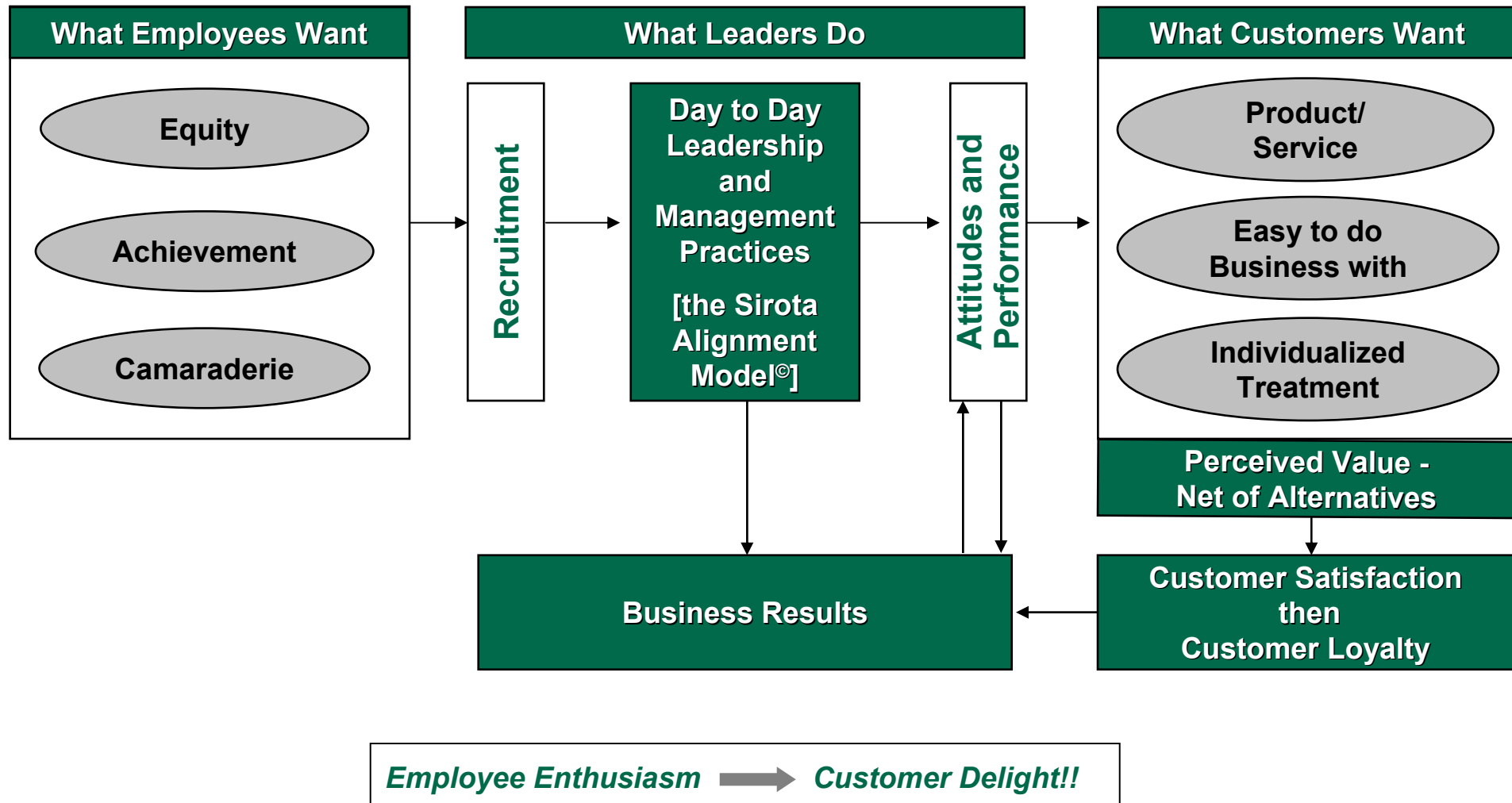
**Long-term
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Example of Impact of Attitudes on Performance



The “Big” Picture[©]



About the Authors

Jeffrey M. Saltzman has 20 years experience as an Industrial/ Organizational Psychologist. He has been applying his experience to developing and conducting research on organization effectiveness. He has made significant contributions to understanding the linkage between employee and customer attitudes and bottom-line business performance.

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