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## Loyalty not dead, merely ailing

### *Executive View*

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Business is at a crossroads in its challenge to develop committed workers, but not enough executives are taking notice. Or if they do, they may not be addressing the most serious root cause.

Gary Topchik, author of the book, *Managing Workplace Negativity*, says employees who are on a positive career path and believe the top management cares about them in concrete ways, are very loyal to the company. In his notable book, *A Brand Called You*, management guru Tom Peters argues loyalty is not blind loyalty to the company. Rather, it's loyalty to an employee's colleagues, to the team, to the project and to themselves. Carol Kinsey Goman, author of *This Isn't the Company I Joined*, outlined factors affecting employee loyalty. She even proves examples of how organizations such as the Royal Bank are addressing loyalty problems. Diane Arthur, author of *The Employee Recruitment and Retention Handbook*, says employers should worry more about giving loyalty than getting it. Jim Harris, in his book, *Getting Employees to Fall in Love with Your Company*, shows how such companies as Southwest Airlines have developed tremendous employee loyalty.

In an article in the *Harvard Business Review's Working Knowledge* (September, 2005), Lauren Keller Johnson explains how the death of the lifetime employment contract has altered the concept of loyalty. She says the best-practice executives practice the following strategies to maximize employee loyalty:

1. Align the employee's career growth the company's goals;
2. Design work with variety and employee autonomy; and
3. Focus on relationships

A number of factors have caused employees to turn off the corporate strategic roadmap:

- The transformation of industrial economies such as those of the U.S., Canada, Japan and Germany to knowledge and information-based economies
- Management changes: mergers, right-sizing, globalization and outsourcing have affected

traditional expectations of lifetime employment as a reward for loyalty

- Labor force changes, such as competition for scarce talent, have encouraged productive workers to see greener pastures and more personal time
- General societal changes, such as fewer and fewer people having unqualified loyalty to authority figures or name brands. They ask: "What is in it for me?" or "How does this improve my life or the world?"

So what is the root cause? It starts with the executives themselves. Frederick Reichheld, author of *Loyalty Rules!* argues that loyalty is still the fuel that drives financial success—even, and perhaps especially, in today's volatile, high-speed economy—but that most organizations are running on empty. Why? Because leaders too often confuse profits with purpose, taking the low road to short-term gains at the expense of employees, customers, and ultimately, investors. In a business environment that thrives on networks of mutually beneficial relationships, Reichheld says, it is the ability to build strong bonds of loyalty—not short-term profits—that has become the "acid test" of leadership.

The workplace has changed. The old social contract is a distant memory. Organizations must learn that their needs and the needs of their employees are interrelated. In our modern global economy, it is not capital assets that will determine the success of an organization, but rather the intensity of motivation of its employees to continually change and improve to meet or set the next standard. Employees who are emotionally involved with the organization are far more productive than those who are emotionally withdrawn.

Organizations must view employees as an asset rather than an expense. They must provide employees with an opportunity to grow in value to the organization, recognize the importance of the personal needs of employees, help them balance work and family and focus on satisfying the customer or client. In progressive organizations, a new kind of relationship, grounded in

mutual trust and respect, is emerging. This new social contract is developed out of realistic expectations on both sides. Paternalism is changing to partnerships. Employees expect to be treated fairly, to deliver professionally, and to have meaningful, challenging work. In return, employees owe the organization their willingness to participate in business growth, ideal development, customer service and organizational transformation. So, no, is the answer to the question: Is employee loyalty dead? But it is sick and ailing and in need of some serious attention to sustain and develop better business results.



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