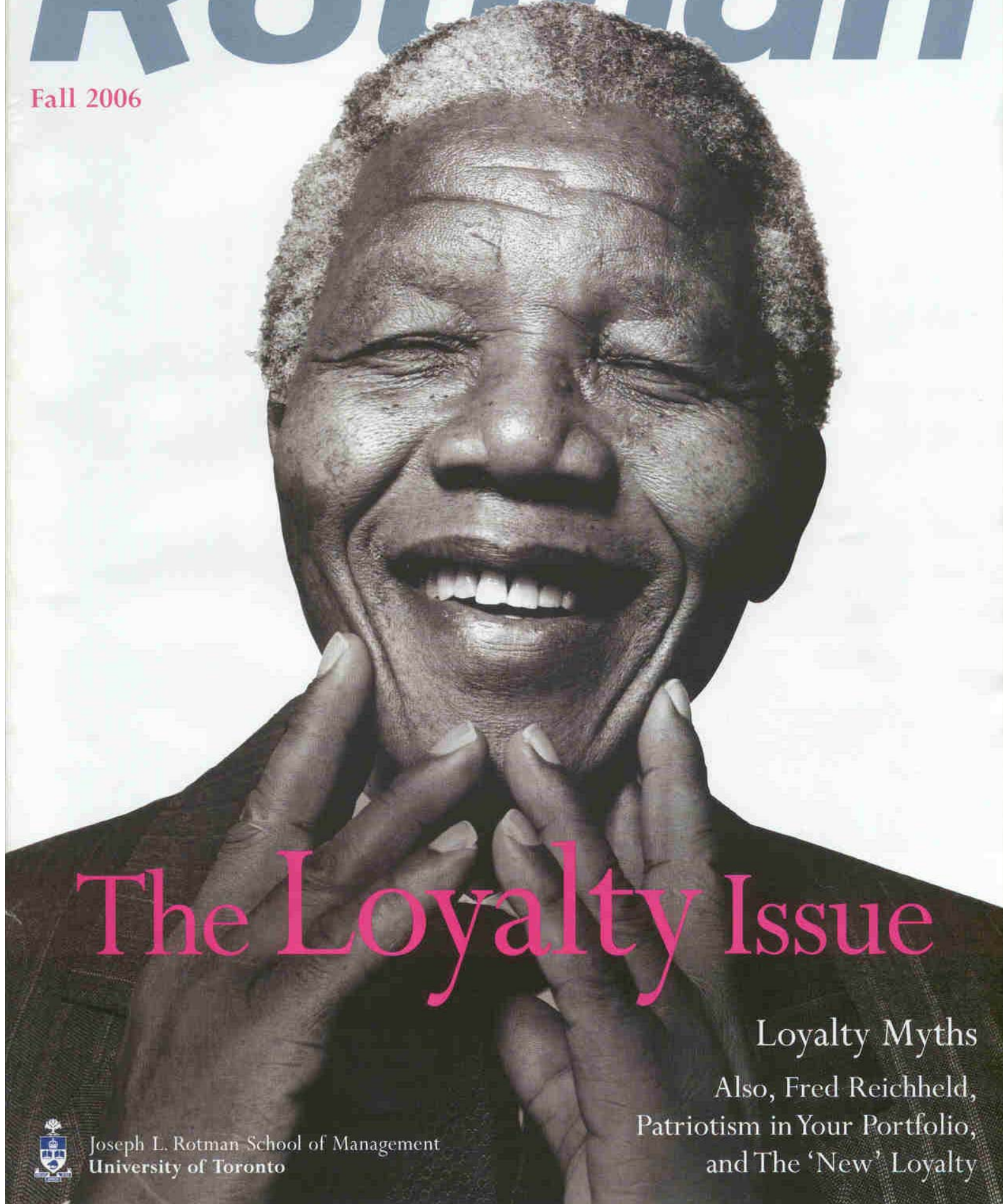


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The Loyalty Issue

Loyalty Myths

Also, Fred Reichheld,
Patriotism in Your Portfolio,
and The 'New' Loyalty



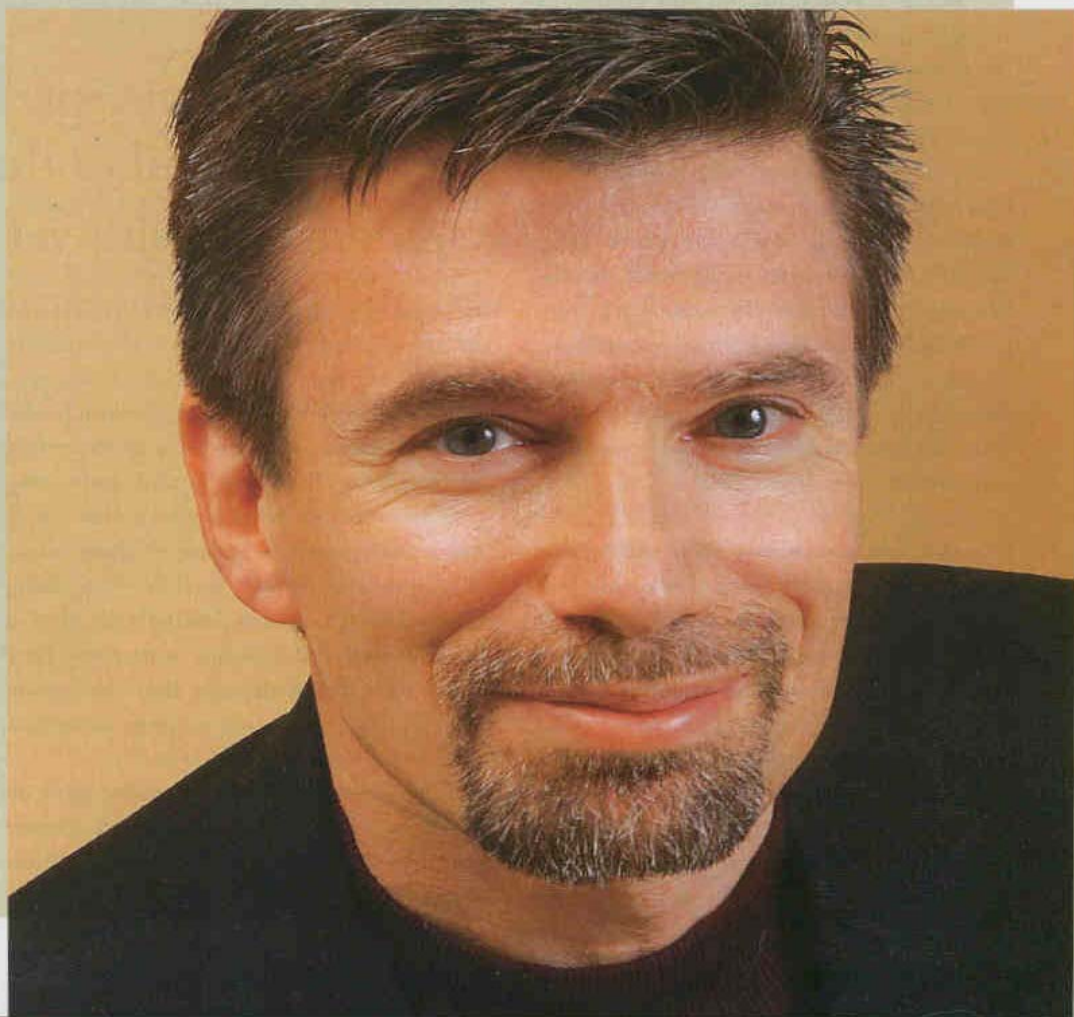
Joseph L. Rotman School of Management
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The *New* Loyalty:

An interview with John Izzo

The author and consultant discusses how today's workers are 'differently loyal'; the similarities between generations in the workplace; and the importance of standing up for what's important to you.

by Karen Christensen



Karen Christensen: A recent Watson Wyatt survey recently showed that two out three Canadians keep their resumes up to date, and less than half are committed to staying with their present employer. Despite this, you contend that "employee loyalty is not dead." Please explain.

John Izzo: A lot has been made of how employees are not loyal anymore, but what I have found is that today's employees are just 'differently loyal'. Twenty to 30 years ago, people were loyal to one employer, primarily because of security; having a secure job and a secure paycheck was at the top of their list of concerns, so people tended to stay where they felt secure. But now, in survey after survey, what we are seeing at the top of the list are different things, like career development, and whether the work itself is interesting and exciting; we are also seeing things like lifestyle, and the ability to balance work and personal life so that the two are synergistic. Pride in your employer is another very strong predictor of loyalty. So the things that make someone loyal to a company have changed fundamentally.

In our research for the new edition of *Values Shift*, we found that two out of every three workers in Canada still say that they would like to stay with one employer for their whole career – *if* they could get everything they needed. So the difference is that today, people bring a whole new constellation of needs to the workplace. They *will* be loyal, if you meet their needs. They're just not loyal in the same way: the loyalty is based on interests, on excitement, on whether a job is meeting their needs. If those things are true, they'll stay for a long time; if not, make no mistake – they will go somewhere else.

KC: We are constantly told that there are important differences between the Baby Boomers and Generations X, Y and D (for 'digital'). Does each generation really want different things from the workplace?

Ji: When we wrote *Value Shift* in 2001 [the second edition comes out this fall], one of our contentions was that there were six shifts in values that were actually shared among

most of the generations in the workplace. I believe that generally, the generations have more in common than people realize: for example, the desire for balance between work and personal life – that's common across all generations; a desire for less hierarchy, and for trust in a workplace, where you are told the truth and you can speak up – also common across all four generations. Now, there are differences, too: one that is important for employers to know is that Baby Boomers still put security in their top two concerns in terms of why they would be loyal to a particular employer – whereas job security is not even in the top five for the other three generations. So that's one significant difference between them. Another is that Generation X, in particular, is more focused on balance – on substantial family time, and time for self – than any other generation currently in the workplace. A recent survey showed that on average, Gen X parents spend *twice* as much time with their kids and families than their Baby Boomer counterparts did; yet they are only *half* as satisfied with the amount of time they have – which gives an idea of how important this is to them.

So in general, more has been made of the differences than is true, but there are

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differences. For instance, among the youngest employees, the idea of expecting work to be interesting and expecting growth opportunities early on – that's very much the case. There is a much lower tolerance amongst young workers for doing things they perceive as 'boring'; the idea of 'paying your dues' is not something they buy into. Overall though, there are many more similarities between the generations.

KC: Do 'exemplary environments' such as those in firms listed on *Fortune* magazine's 'best places to work' ranking create loyalty?

Ji: Again, we have to look at the research, which tells us what people are saying about *why* they stay. There's research for Gen X workers, for example, that only career development, interesting work and balance were strong predictors of loyalty. So what we need to remember is that not everything about a work environment will lead to loyalty in the way that it used to; but the kinds of things that we associate with the 'best places to work' are also associated with loyalty: things like balance, interesting work, and promotion from within. One of the points I like to make about loyalty today is that many people don't want to leave their company as much as they want to do something different; so the more a company promotes from within, the more it has opportunities for people to move around – the less they have to look somewhere else. And then there are the old-fashioned things that are very often part of the best places to work: feeling a part of a family, feeling cared about at work; these are time-tested truths about what keeps people in the workplace. I could give examples of companies with stellar retention rates that are related to some very old-fashioned concepts – not new add-ons like daycare or

concierge services: when people feel loved, cared about, and are proud of their employer, they will stay for a long time.

KC: Studies show that 43 per cent of junior managers value home over work time, compared with just 20 per cent of top executives. What are the implications for organizations?

Ji: There are tremendous implications. I think of law firm clients of mine, who regularly talk about the difference between their senior partners and their young recruits – even the top recruits from the

leading firms, who, during their interviews, are already asking questions like, "Am I going to have to sacrifice my personal life to become a senior partner in this firm? Because if so, I'm not interested." I hear these stories routinely. You see it in the corporate world, where the older execu-

their kids are in school, or they just don't want to work that many hours; part of it is age, and part of it is where you are in the hierarchy. There's a reason why the people at the top got to the top – often, they sacrificed other things to get there. The implications are significant, because the

KC: You have said that "each one of us creates the climate in which we work." Aren't most aspects of the work environment set before we arrive?

JL: It is both. Certainly, most companies have a climate – a culture that's been cultivated over time. Large companies in particular often have a robust culture that changes very slowly. I work with many companies that have thousands of employees, and very often there lots of 'micro-cultures' within the company. If you look at a large company like **Hewlett-Packard** or **TD Bank**, you see a lot of these micro cultures – individual managers or unit heads that run their operations quite differently; so certainly at the managerial level, managers have a tremendous ability to create sub-cultures. The head of a machinists' union recently told me about the manager of one particular maintenance facility at a major airline who had created an engaged, vital culture in the midst of a much larger culture of disengagement. So managers can make their own reality even within large companies. Of course, the

Research shows that balance, and the ability to have an integrated work and personal life, is a very strong glue in terms of loyalty.

tives have a nose-to-the-grindstone, 'we're going to do whatever it takes to make this company successful' attitude; but if you talk to the Gen X managers, the focus on balance is very strong. I think it's really starting to heat up. Every week or so, I'll hear about someone who has made a choice – a younger manager or professional – to not take a promotion or a transfer because

research on loyalty shows that balance, and the ability to have an integrated work and personal life, is a very strong glue in terms of loyalty – probably one of the top two things, along with interesting work. So if that's the case, then the more tension there is, the more likely you are to lose good people – people who are going to say, 'it's just not worth it to me'.

Measuring Worker Loyalty *by Dana Knight*

People are loyal to their spouses, their dogs and their sports teams – but their jobs? While worker loyalty has jumped 10 percentage points in the past four years, the numbers aren't good news for most employers, according to the 2005 Walker Loyalty Report, released by Indianapolis-based **Walker Information**. Despite the increase, only 34 per cent of more than 2,500 employees surveyed nationally said they are truly loyal – meaning they are devoted to the job, faithful to the company, and ready to turn down any job offer that might come their way.

In 2001, 24 per cent of workers were tagged as truly loyal. Walker's 2005 study also revealed that 31 per cent of workers are high-risk and ready to bolt at any moment. According to the survey, any

manager of 10 employees would find that nearly seven are dissatisfied, trapped, ready to bolt, or open to leaving for personal reasons. The remaining 'loyals' would be willing to recommend the company to someone else, do work above and beyond the call of duty, and limit their job searches. And just because companies are able to retain their employees, that doesn't mean those workers are loyal: trapped workers, for example, stay at their companies only because they feel they have no other options. According to the study, these employees are less likely to give 100 per cent on the job or recommend the company to others.

The national survey of more than 2,500 employees put workers in four categories:

• **Truly loyal:** 34 per cent feel positive

about their jobs and are going to stay.

- **Accessible:** six per cent feel positive about their jobs but can't say they will definitely stay due to outside influences, such as children at home or a spouse's mobility.
- **Trapped:** 28 per cent feel neutral or negative about their employer, but feel they have to stay.
- **High-risk:** 31 per cent feel negatively about their jobs and are looking to leave.

One of the top drivers of employee loyalty, according to the study, is workers believing that what they do *matters* to the company. Other factors include the company having a good reputation and a workplace where development and training are encouraged to advance careers.

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overall climate is dictated by the people at the top. At the same time, each one of us has impact on the teams that we work with, the kind of culture that we come to work in every day. I think too much is made of how the person at the top sets the whole culture. Obviously, top leaders set the overall tone in a company, and if it's very strong in a negative direction, good people will leave.

KC: You recommend that people think about their jobs with the eyes of an artist. What does this entail?

Jl: When we conducted 3,000 conversations with people about their 'best times' at work, people rarely talked about times where they were on autopilot. They never said, 'the time I remember most was that time I wasn't learning anything new.' Quite the opposite: most of the time, people talked about a time when they were learning, growing, and doing things differently than they normally did. Often in a job, if we aren't careful, we get into a routine where we're just doing it the same way we've always done it. When we deliberately think about how we could do things differently, what we want to learn, how we want to bring more excellence to it, something happens to us. I often quote **Martin Luther King, Jr.**, who said, "If you're called to sweep streets, but you sweep them the way Beethoven wrote music, you will never have an unhappy day." So at all levels, you begin to ask, 'what does it mean for me to find more excellence in my work; how do I want to grow? I think of a teacher who told me that each year for 26 years, she set a goal of one particular way she wanted to become a better teacher; and when she retired at 65, she was more vibrant as a teacher than she'd ever been. She said that part of it was, she kept looking at her work with the eyes of an artist. If we switch to autopilot, things get boring fast.

KC: What is 'the 150 per cent question', and why is it so important?

Jl: That's a question we've asked thousands of people in our research: we ask them to identify a time in their career where they feel they were at 150 per cent in terms of performance and satisfaction. In other words, times when you felt fully engaged at

work. We have discovered that almost everyone can think of one or two of these times. Answering this question allows you to begin to access what really matters to you at work. For our part, we wanted to understand what was common across thousands of people about that question; what kind of work experiences and environments brought that out in them. Our 'Four Paths' model grew out of this data. At the individual level, it's about recognizing the 'DNA', if you will, of what engages you. And you can often figure that out by looking at the experiences at work that somehow stand out.

KC: For your book *Awakening Corporate Soul*, you interviewed more than 3,000 people as to where they found 'soul' in their work. What did they tell you?

Jl: This is what led to the 'Four Paths' model. First, the path of *self*. People were happy doing work that was aligned with their gifts, things that they loved to do. It's amazing how easy it is to fall into a job that isn't aligned with your gifts. That's when the 150 per cent question helps. You begin to realize, 'when I'm doing these particular things, I am completely engaged'. The second path is the path of *contribution*, where people felt like their work was making a difference to something that mattered to them, they could see that their work had purpose, that they were making a difference in the lives of customers. Pride in your employer and the work you do enhances engagement significantly. Third is the path of *craft*, where excellence comes in, and challenge. We discovered that most of the time when people talk about a great work experience, they talk about challenging times; and most of the best places to work in the world are also high-expectation places. So craft is about excellence at the personal level, but also learning and growing and being in a place you're proud of. People told us, 'I loved working at that place, because we were good.' And finally, there's the path of *community*. When people talked about soul and work, it was about the relationships they had with other people that often revolved around three simple things: first, did I feel appreciated and cared about as a person, beyond the job function? I always tell managers that the idea of 'not getting too personal' with your employees is

ridiculous. People tell us that they like being cared about as a person, rather than just a number or a name. Second, is this a place where I can speak up and share my ideas, and my ideas count? Do we tell the truth to each other? And do I like the people I work with? Do I have a sense we are all rowing in the same direction? In that way, organizations that tolerate poor performers really diminish the soul.

KC: What advice do you have for readers who aren't happy with their current work-life balance?

Jl: The current work environment is so demanding. When I ask people, 'how are you?', I'm always surprised how, at all levels of the organization, part of the answer will be, "...but I'm so busy"; "...but there's too much". One executive at a bank, whenever I ask him, says, "John, it's like water from a fire hose. It's all good water, but I'm drowning." So I think that people have to learn to ask for what they need. I always think of a woman at a law firm, who was in a meeting one night at 6 pm - which was a regular occurrence; and she just stood up and said, "You know what, I'm not staying. I haven't been home for dinner in two weeks. I need to go home. This can wait until tomorrow." And to her surprise, two or three others said, "I agree. I'm going too." That's an example of how we have to stand up for what we want at work, because there are often others with the same desires. Another woman told me that when she looked for a new job, she negotiated an early departure time three days every week so she could spend time with her children. There's this whole culture of overwork and over-commitment that has emerged in corporations, and it's bigger than the individual, so we have to ask for what we want. And sometimes we have to take the consequences, if it's that important to us.

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John Izzo is the co-author of *Awakening Corporate Soul: Four Paths to Unleash the Power of People at Work* (Fairwinds Press 1999) and *Values-Shift: The New Work Ethic and What it Means for Business* (Fair Winds Press, 2006), and founder of The Izzo Group, an international training and consulting firm. Raised in New York City, he holds a PhD in Organizational Communication from Kent State University and lives in Vancouver with his wife and three children.