

Loyalty in the Workplace: 2001 National Employee Benchmark Study

**Walker Information
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STUDY BACKGROUND

- Representing all U.S. (lower 48 states) workers from business, non-profit, and government organizations
- About employee perceptions of their loyalty and commitment and other perceptions of the workplace
- Participants screened to be working full-time or part-time, at least 18 years old, and from organizations of at least 50 employees
- 2,795 self-administered questionnaires returned out of 3,592 mailed, for a response rate of 78%
- Final results by industry weighted to be proportionate with U.S. labor statistics
- Survey results collected during the second quarter of 2001.

OVERALL TRENDS: EMPLOYEE LOYALTY, COMMITMENT, AND RELATED ATTITUDES

- Employee loyalty and commitment indicators have not changed notably in the past two years, despite a clear need evidenced in the 1999 study for companies to forge better employee relationships
- The incidence of True Loyalty (employees committed to the organization and planning to stay for at least two years) remains at just 24% nationally, the same as in 1999
- 34% of U.S. employees are At Risk (employees neither committed nor planning to stay) compared to 33% in 1999
- A few less employees in 2001 are considered Trapped (not committed to employer but still plan to stay for at least two years) than in 1999 (37% Trapped in 2001 compared to 39% in 1999).

SOME EMPLOYEES STAY OUT OF NECESSITY, OR FROM A SENSE OF OBLIGATION

- Some employees felt:
 - Obligated to stay (34%)
 - That it would be difficult to leave (41%)
 - That it would be hard to leave (46%)
 - That there are hardly any other jobs for me (27%)
- Nearly eight in ten employees (78%) say they would be worried about leaving without another job lined up

INDICATIONS OF EMPLOYEE COMMITMENT (OR LACK THEREOF) INCLUDE:

- Being proud to work there 64%
- Feeling like part of the family 51%
- Having a strong attachment to the organization 45%
- Feeling the company deserves my loyalty 43%

POTENTIAL BUSINESS OUTCOMES OF COMMITMENT ARE LOYALTY, MOTIVATION, AND RECOMMENDATIONS

- Three in four (75%) of U.S. workers say they would do things at work above and beyond their normal job
- The same number (74%) are motivated to do good work
- More than six in ten (62%) say they will likely still be in their organization in two years
- Only about half (53%) are willing to recommend their firm to others looking for a job

RELATIVE IMPORTANCE OF WORKPLACE ELEMENTS – BASED ON EMPLOYEE RATINGS

- Employees still place the highest priority on fairness at work, in terms of how policies and pay are handled, followed by evidence of care and concern for employees.
- Having the right resources to do their job has now become a higher priority than having a well-defined job.

<u>2001</u>	<u>1999</u>	
1	1	Fairness at work (including fair pay)
2	2	Care and Concern for Employees
3	3	Satisfaction with day to day activities
4	4	Overall reputation of the organization
5	5	Trust in employees
6	7	Work/job resources available
7	6	Having a well-defined job
8	8	Creating feelings of accomplishment

IMPORTANT WORKPLACE STRENGTHS

- Three in four workers (75%) are satisfied with their daily job duties and activities
- Not only is the perceived reputation of the firm quite important to employees, nearly two out of three (64%) appreciate their firms' reputation
- By far the most consistent strength is in clearly defining job duties, which 90% of workers feel their employer has done

IMPORTANT WORKPLACE ELEMENTS THAT OFFER SOME ROOM TO IMPROVE

- Just over half (54%) believe their organization treats employees fairly. Main concerns are about the fairness of pay (50% positive), and the way policies are carried out (45% positive).
- To a similar degree there could be more of a sense of achievement created for employees (52% positive). Fewer than four in ten (35%) believe they've been given specific job performance measures.

IMPORTANT WORKPLACE ELEMENTS DEMANDING ATTENTION AND IMPROVEMENT

- An atmosphere of genuine care and concern for employees was only experienced by 44% of the worker population. Only 45% believe that their organization cares about developing people for long-term careers, rather than just the current job.
- Another key element warranting improvement is the degree of trust in employees – only 41% see it in their companies. Considering one aspect of trust, fewer than half of all respondents (48%) feel encouraged to try new ways of doing things at work.

INDUSTRY LOYALTY

- True loyalty (committed and planning to stay) ranged from a high of 25% of retail employees and 24% of financial services and government employees, down to 19% of employees in both communications and in the technology sector.
- A couple of industries had large portions of workers classified as High Risk (neither committed nor planning to stay next two years). These were communications (46% High Risk) and technology (40% High Risk).
- Certain other sectors tended more to have people in the Trapped category (not really committed, but planning to stay next two years). These include transportation (45%), insurance (45%), government (45%), and health care services (44%).

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DIFFERENT PERCEPTIONS BY INDUSTRY

Percent of employees giving positive rating

Factors	High-scoring Industries	Low-scoring Industries
Recommending their firm as a good place to work	Financial services – 59%	Manufacturing – 47% Technology – 47% Transportation – 45%
Getting the resources they need to do their job	Financial services – 57% Insurance – 52%	Manufacturing – 41%
Believing they are compensated fairly	Communications – 68% Technology – 61%	Retail – 43% Public/Government – 42%
Fairness at work (including fair pay)	Financial Services – 63% Insurance – 62% Technology – 57%	Government – 50% Transportation – 44%
Family-friendly benefits	Financial Services – 66% Insurance – 63% Communications – 60%	Retail – 49% Manufacturing – 49%
Develops people for long term careers	Insurance – 55% Financial Services – 52%	Communication – 39% Transportation – 32%
Encouraged to try new ways of doing things at work	Technology – 63%	Retail – 41% Transportation – 38%
Having a well-defined job description	Health care services – 71%	Technology – 44%
People's ideas at work recognized and rewarded	Financial Services – 50% Insurance – 46%	Government – 31% Transportation – 27%
Excellent performance rewarded	Financial Services – 53% Insurance – 53% Technology – 49%	Manufacturing – 31% Transportation – 31% Government – 29%

DIFFERENCES BY POSITION/LEVEL OF RESPONSIBILITY

- Employee attitudes toward the organization normally stair-step positively up by position level, perhaps because senior managers tend to associate themselves closely with the organization itself.
- While seven in ten senior managers (69%) would recommend their organization as a good place to work, this compares with 60% of supervisors/middle managers and just 48% of rank and file employees.
- Believing that excellent performance gets rewarded by the organization was the case for more than half the senior managers (57%), less than half the supervisors/middle managers (45%), and just a third of the individual employees (33%).
- Over seven in ten senior managers (72%) believe that company policies affecting employees are fair, with 64% of middle managers/supervisors agreeing and only 50% of rank and file workers.

- Senior managers are more isolated on the issue of feeling that their organizations shows genuine care and concern for employees (66% believe it), while less than half of middle managers/supervisors (48%) feel the same, and just 40% of the individual employees.
- Nearly half of all senior managers (48%) are truly Loyal (committed and planning to stay) compared to 32% of middle managers/supervisors and just 19% of individual employees.
- The category of being Trapped (staying, but not committed) is fairly large even for the senior managers (25%) and middle managers (25%). First level supervisors are even more likely to be Trapped (36%) and 42% of the rank and file employees are in the same category.

WORKPLACE ATTITUDES DIFFERENCES BY SIZE OF FIRM

- In firms of less than 100 employees, more people (59%) feel their ideas and suggestions are appreciated than in firms of over 2,500 employees (only 47% feel the same).
- People are more likely to feel they are given enough time to complete their work in firms fewer than 500 employees (60%) than in firms of 2,500+ (49%).
- Firms with fewer than 500 employees tend to have more Truly Loyal workers (30%) than the largest firms of 10,000+ (21% truly loyal).
- The smaller firms of less than 500 also have fewer Trapped employees (31%) than the firms of 2,500 or more people (43% Trapped).

WORKPLACE ATTITUDES ACCORDING TO UNIONIZATION

- Union members and non-union employees diverge in their view of their company's relationship with employees. Where nearly half (47%) of non-union workers believe there has been genuine care and concern for employees shown by their employer, only 25% of union members believe this to be so.
- Where 43% of the non-union workers believe the employer organizations really trust their employees, only 26% of the union members say the same.
- Non-union workers are equally inclined to believe pay at work is fair (50%) as are the union workers (50%).
- Unionization and empowerment apparently do not go hand in hand – where 70% of non-union workers claimed control over the resources used to do their work, only 51% of union workers said the same, and where about seven in ten (69%) of the non-union workforce claims to have freedom to make their own decisions at work, just 45% of union workers claim the same freedom of decision making.
- Over half (51%) of the non-union workforce are encouraged to try new approaches on the job, compared to only 32% of the union members.
- Just one in five (19%) of union workers believe that excellent performance gets rewarded in the workplace. Non-union workers were more than twice as likely (41%) to see rewards given for excellent work.
- Union workers are less Truly Loyal (17%) than non-union employees (26%), they are also less High Risk (neither committed nor planning to stay two years) – 27% for union versus 36% for non-union. However, a majority (53%) of union workers are Trapped (not leaving but not committed), compared to just 34% of the non-union workers.

DIFFERENT WORKPLACE PERCEPTIONS BY AGE

- Older workers (55 and over) are the group most likely to believe their employer deserves their loyalty, with 56% agreeing with that statement, compared to just 40-41% in the other age groups.
- In fact, the 55 and over group is only somewhat higher in True Loyalty (29%) than the average of 24%; this may have been higher except some of the older workers would be planning their retirement.
- The workers aged 35-54 were above average in being Trapped, with 43% in that state of planning to stay, but not really committed to their employer.
- The youngest age group of 25-34 year olds stood out as above average in High Risk workers, with 43% High Risk, compared to the norm of 34%.

DIFFERENT WORKPLACE PERCEPTIONS BY GENDER

- While there were more similarities than differences between men and women across the elements in the workplace, women were more positive than men in agreeing that:

Factors	Women	Men
They are highly motivated to do their jobs	77%	70%
Performance evaluations have been done fairly	65%	58%
At work, people often ask how they are doing	74%	61%
Managers make clear what they expect	74%	68%
They have a good working relationship with their supervisor	75%	67%

- Being shown care and concern at work is rated the most important element at work among women, and much higher than among men. Men are more concerned about fairness at work (which women are equally concerned about) and the reputation of the organization (to which women attach less importance).

INITIAL CONCLUSIONS

- At a time when business leaders need to be doing more to earn employee commitment, the tendency to be Truly Loyal has not changed in the U.S. in the past two years. With over one-third of the U.S. workforce classified as High Risk by this study and another 37% as Trapped, business leaders should be counting the potential costs in terms of lost productivity and worker replacement as they devise policy for the workplace.
- Employee loyalty definitely varies by industry category, especially regarding employees being either Trapped or High Risk. Communications and Technology are sectors with relatively few who are Truly Loyal and high numbers of people ready to leave the organization.

- Executives and managers cannot underestimate the importance of fairness in the organization, which is about the implementation of compensation and policies. Fairness is not criticized in the policies themselves so much as in the way they are carried out in the day-to-day.
- In addition, the issues of wanting more care and concern given to individuals remains a priority issue that less than half can rate positively about their organizations. Whether or not people want to stay in one company for a career, they expect the firm to provide training and other development toward a long-term career. If the company wants to be viewed as caring about people, then it has to find ways to care about their future, because people are concerned about their future in the workplace.
- Senior managers may not have their “heads in the sand” regarding workplace attitudes, but at the very least they have a different view of that world. Believing that the company shows employees care and concern was not even the case for most middle managers (only 48%), not to mention the rank and file (40%), yet two in every three senior managers (66%) believe the company shows care and concern to employees. Leaders need to better understand what care and concern really means to most employees.
- Not that we need to tell them, but managers have special challenge earning the commitment of union members. Non-union workers are more likely than union members to feel:
 - they have been shown care and concern
 - trusted
 - empowered to use resources, make decisions, try new approaches
 - they will be rewarded for excellent performance

Interestingly, the non-union worker, who ostensibly is less well paid than union members, is as likely as the union worker to believe the pay is fair.

- Smaller firms have certain advantages in establishing relationships with employees that lead to commitment, and employees not feeling trapped into staying for just the compensation or other factors. The small firm worker feels more listened to, and more able to complete their work within a reasonable time. The relationships seemed to be most challenging to maintain in firms over 2,500 employees, and best maintained by the organizations fewer than 500 employees.

Additional information available upon request.

**If you want to learn how to use this tool in your organization,
contact us at 800.334.3939 or info@walkerinfo.com.**