

## THE AMERICAN WORKER: EMPLOYEE LOYALTY

By Steven Einhorn

Norval Glenn's observations on the "master trend" from communalism to individualism (*Public Perspective*, May/June 1990) were extremely insightful. His review of the dissolution of social bonds did, however, omit one important area: corporate life has also been affected, with important implications in the area of changing employee values. Employee loyalty and long-term commitment to companies has declined, posing serious challenges for business in the coming decades. Demographic shifts may accelerate this condition.

### The Employee and the Company

Researchers have explored workers' commitment to their firms for a number of years, but have found these ties difficult to define and measure. The terms, "loyalty" and "commitment," generally refer to a linkage between the individual and an organization, including his or her identification with its values and dedication to its goals. Commitment also includes a desire to remain a member of the organization and willingness to exert oneself on its behalf. In practice, the latter may mean a willingness to make sacrifices for the company—for example, sometimes putting work ahead of other commitments such as family, working long hours, and sticking with the company rather than job-jumping.

Both individual attributes and status, and organizational behavior, influence workers' commitment. On the individual side are factors referred to as "side-bets," which include investments employees make in a company—many of which are passive in nature but tend to build over the years. They include salary, pensions or fringe benefits that would be sacrificed if the employee left the company; specialized skills that may not be applicable elsewhere; and less tangible items such as friendships that might be given up. On the organizational side are such factors as the company's performance in treating workers equitably, meeting their claims for recognition, and giving them opportunities to develop.

Sociologists who study the workplace argue that an implicit "psychological contract" exists between an employee and the company, separate from any formal and explicit agreement on reciprocal rights and obligations. This psychological contract involves a host of implicit expectations concerning fair treatment and the fulfillment of the worker's needs in exchange for his efforts on the company's behalf. The big increase in corporate takeovers and restructurings in recent years seems to have eviscer-

ated the psychological contract and signaled a reduction in corporate commitment to employees—even though not many employees have actually lost their jobs due to takeovers, according to the Bureau of Labor Statistics.

### Changing Values

Unlike its predecessor, which emerged from the Depression hungry for job security and easily inclined to the Organization Man model, the baby boom generation rebelled against the whole ethos of corporate America in the 1960s and 1970s. Twenty years later, many of those who rejected the old value order have made their peace with it, while at the same time altering those values. The notion of giving one's all to the company has not been fully restored. Instead, many workers seek a balance between work, family and other interests. Sometimes this new balance means spending less time at the office, and being less willing to relocate at the company's request.

Roper Organization polls over the past 15 years suggest that attitudes toward the relative value of work and leisure have shifted. In 1989, 41% said the function of work is to provide leisure through which we can enjoy life (up from 36% in 1980), while only 33% took the opposing position that work is the important thing in life, and leisure helps us recharge in order to do a better job (down from 48% in 1980). Not surprisingly, these responses varied with age: Those under 30 were most likely to view leisure as primary (45%), while those 60 and over were least likely (36%) to do so. The 45 to 59 year old cohort shifted the most over the decade: in 1980, 52% emphasized work and 31% stressed leisure, while in 1989, only 38% favored work and 40% favored leisure. The deemphasis on work is also noted in the Wyatt Company's 1989 "WorkAmerica" study, which found that only 36% of employees nationwide think of their companies as more than "just a place to work."

Leaving one company for another is often seen as the quickest way to advance one's career. A readership survey conducted by Industry Week found almost two-thirds of the 3,000 respondents of the opinion that periodically changing employers advances one's career. Salary increases also are seen to come more quickly if one changes jobs, rather than accepting an incremental pace within the same company.

### The Expectations Gap

Corporate executives don't always seem to have a clear picture of employee aspirations, which may help explain the breakdown in the psychological contract and erosion of reciprocity. A 1989 Harris study for the Steelcase Institute showed some significant discrepancies between what top executives believe are office workers'

values regarding their companies, and workers' actual values. While 84% of the office workers said it was very important to them to have an opportunity to develop their skills, less than two-thirds of the executives surveyed understood this to be very important to their workers. Similarly, more than three-fourths (79%) of the workers said that having a challenging job was very important, while just 55% of the executives thought employees felt this way. Making a significant contribution to the company was seen as very important to 77% of the office workers; only 51% of the executives believed their employees felt strongly about this. The Harris survey showed big gaps between employees' values and their sense of company performance in areas concerning trust. The vast majority (87%) of office workers maintained that honesty and ethical behavior by management is very important, but only 39% felt their management met this standard. More than three-fourths (76%) thought it very important that management care about employees as individuals, but only 27% said their own management actually did.

### Baby Busters

The latest cohort of workers, those born after 1964 and sometimes called the "baby bust generation," is often described as "adrift." Part of the explanation offered for their supposedly having no clear purpose is that they haven't had to struggle against grand socioeconomic and political forces, like a major depression or a divisive war, which imposed a collective identity on previous generations.

Today's newcomers to the workforce have grown up in relative affluence, during a period without major social upheaval in the United States or significant international conflict. The absence of a common outlook drawing them together was recently summed up by Ralph Whitehead of the University of Massachusetts, who described them as "having no glue." Some observers also think that developments in the media, once a unifying force for shared values, contribute to increased differentiation within this age group. The greater variety now provided by cable TV and specialized publications appeals to and reinforces more varied tastes and values. Others note that members of the new generation are more likely to have come from single-parent homes, or homes where both parents work. According to this view, lack of confidence in basic institutions such as marriage and the absence of models of commitment and intimacy contribute to the alleged tendency of the generation to avoid intimacy and interpersonal commitment. These ideas are intriguing but, it should be noted, are not established by persuasive research findings.

The new generation appears less anxious to enter the job market. Recent data from the Department of Educa-

tion indicates that the majority of college students no longer graduate in four years; about 40% take six years to complete their bachelor's degrees. In addition, their job expectations are quite high. According to a recent poll by Yankelovich Clancy Shulman for Time/CNN, a majority (58%) believe there's no point in staying in a job unless one is completely satisfied.

At the same time, many of those entering the work force are unprepared to meet corporate needs and expectations with respect to their skill levels. A recent study by the National Alliance of Business (NAB) indicates that employers already find it difficult to hire qualified workers for entry-level positions. The NAB survey of human resource managers at major corporations found both the overall quality of the nation's work force and the educational level of entry-level workers wanting.

### A Seller's Market

The Hudson Institute's Workforce 2000 report and Labor Department studies point to a coming labor shortage, with the majority of job entrants being women, minorities and new immigrants. The combination of a general scarcity of labor and the demand for higher skill levels in new workers will create a "seller's market" for the relatively small pool of skilled job candidates. The resulting competition among corporations to attract and retain these valuable employees will be intense.

Since this younger generation appears to have little historical experience with loyalty and commitment, corporations will find building these orientations among them a real challenge. It will be particularly difficult during the baby bust generation's early years of employment, before "side-bets" have been accumulated and options thus made more limited.

### Regenerating Commitment

While pay and benefits will naturally remain key tools for attracting and retaining employees, other incentives will become more important as competition for skilled workers increases. Benefits such as on-site child care now offered by far-sighted employers, will become the norm rather than the exception. Other benefits will have to be provided to address changing employee needs. Ultimately, less tangible benefits such as challenging work, and worker autonomy and recognition, will take on increasing importance. In order to build a sense of community in its workforce, the company may be asked to provide more by way of "meaning" — demonstrating both the value of the individual to the company, and of the company to society.

Companies are going to have to demonstrate, and communicate, their loyalty to employees — and not only to those they find exceptionally valuable. Workers draw conclusions about the company's values by observing how it treats others. And companies must find ways to let employees know they are valued as individuals and their views are sought and respected, in order to create a sense of participation and ownership. When the time comes for

them, sacrifices must be shared equitably. Forcing some to bear a disproportionate share of the burden creates a fundamental mistrust that erodes loyalty.

All in all, loyalty among employees has become an increasingly valuable asset — and one that in the present environment, is hard to achieve. Companies will have to make major efforts if they are to gain the necessary commitment, but the results will be worthwhile.

---

*Steven Einhorn is vice president/director of research, Burson-Marsteller, New York*

## **THE AMERICAN WORKER: HOW WE FEEL ABOUT OUR JOBS**

**By Laura Kalb and Larry Hugick**

Overall job satisfaction levels have actually been quite stable over the past three decades: More than three-fourths of those employed in 1949, 1963, 1973 said they were satisfied with their job. Today, four in five employed adults are either very satisfied or mostly satisfied (General Social Survey, 1990). In a recent Gallup survey for the Ricoh Corporation, most office workers claimed they had it as good or better than their peers — half believing they are as happy as other people working in their profession, and four in ten thinking they are happier.

Most Americans, however, do not regard their work situation as ideal, and don't feel they have chosen a profession that suits them perfectly. Many fell into their current work situation almost by chance. Only two in five working adults say they made a conscious choice and followed a definite plan when getting started in their present career or job (National Career Development Association, 1989). The most recent Gallup Poll on work issues found that, while 89% expressed some level of satisfaction with their work, only 28% were completely satisfied. Furthermore, half say that if they were just starting out and could choose their life's work over again, they would choose a different line of work (Accountants on Call, 1988).

Job satisfaction varies by age. Older workers tend to be more committed to working and more established in their careers and are, then, more satisfied. Nearly twice as many workers over the age of 50 as under 30 report being completely satisfied with their present job (Gallup Poll, 1989). In a recent Time/CNN survey of 18 to 29 year olds only about half (47%) claimed to be completely or very satisfied. But greater job discontent among younger workers is nothing new. Throughout recent history surveys have found the lowest levels of job satisfaction among the youngest segment of the working population.

The steady increase in the number of women joining the workforce has been the most significant employment trend of the past two decades, yet it is striking how similar women workers' attitudes are to those of their male colleagues. Equivalent proportions of men and women report complete satisfaction with their job, even though women generally earn less than men who work in similar occupations.

Looking beyond overall job satisfaction, large majorities of American workers are generally satisfied with the company they work for, the kind of work they do, and their boss or supervisor. More report being completely satisfied with their work (41%) and their boss (40%) than with their company (30%). Once again, older workers are more content with their working situation. Fully half say they are completely satisfied with their choice of work. Slightly fewer claim an equally high level of satisfaction with their direct supervisor (46%), and their current employer (42%) (Gallup Poll, 1989).

### **Sources of Satisfaction**

What is it that makes work rewarding? Why do seven in ten tell us that they would continue to work, even if they could obtain enough money to live comfortably without having to work? Almost everyone has a sense of pride in the work he or she does — regardless of what that work is. More than four in five manual laborers and people who only work part-time say they have a great deal of pride in their work. Fully half say that the most important thing in a job is that the work be important and give a feeling of accomplishment. High salaries and chances for advancement are the top priority only half as often (General Social Survey, 1990). Money surely isn't unimportant. But the extent to which doing worthwhile work is given a priority over salary considerations suggests that, unless pay is unreasonably low, the perceived importance of one's work and the sense of accomplishment it brings are key. A majority get some sense of personal identity from working, fewer think of their job as just a living.