Category: Commercialisation & KM
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People create intellectual property. This requires reciprocal loyalty by employees, independent contractors and those who engage them.

Loyalty can be eroded by mismanagement. It is also being eroded it seems by the way people today find jobs, change jobs, and work. From CEO down, employees are shifting jobs at a faster rate than ever.

Declining Employee Loyalty: A Casualty of the New Workplace tries to address this topic. It is published by a credible source, an MBA business school at the University of NSW. It has flashes of promise in its content. But I wanting more, expecting interesting questions really cracked into, and indeed some suggested solutions.

This appetite for news on loyalty led me to test the subject with an expert in human resources management, David Neyle of Lightship People Systems. David has been a long-term collaborator with our firm and has proofed some of our employment law and forms documentation.

He emailed promptly back with confirmations, perceptions and a suggested solution.

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I note that it's written from the perspective of the USA - not that there's necessarily anything all that different her in Australia.

I suppose I consider myself to be reasonably across the topic, so there wasn't a lot of new stuff in it for me. But as you say Noric, a bit light on in terms of any solutions.

It is disappointing that organisations don't try to measure loyalty in a more quantitative way. In a reactive way, they can collect exit interviews and stats on employee turnover, but by then it's often too late.

I've been conducting employee surveys for a few organisations. One of the measures is 'Employee Engagement' .

If the survey results show that the workforce is disengaged (but are still employed) then it does provide an opportunity to turn it around.

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My overall sense of the issue is that it comes down to leadership. We know that employees in organisations believe the message that comes from their immediate manager (or whatever you call that role). If there's enough leaders that are respected in the organisation it builds a positive culture. The positive culture makes people decide they want to keep working there - it becomes the motivator - not the salary (or even the other token employee conditions).

This might sound simplistic, and it is a multi-factorial equation, but an essential ingredient is that employees must respect the person they work for. Then that is the relationship that ties them to the company.

I was also very interested in the point about contractor loyalty and employee loyalty. I'm currently doing a project for a public sector department in Canberra where there are lots of contractors mixed in with the regular staff. I'd agree - in terms of loyalty or engagement - not much difference.

Reflecting on your own experience as a former employee, I have been in tight teams where there was no movement of people leaving for many years. Then one day a significant member of the team (often the leader) announced a decision to move on. Within a very short period of time those teams dispersed to the four winds.

I continue to advocate that employee surveys are an excellent barometer to the health of an organisation, including employee loyalty. Then you can target your subsequent interventions; not the scatter-gun approach that so many HR people end up using. If by chance you have clients that might be in need of such a service I'd happily have a conversation with them. More information is on my website at http://www.lightship.com.au/surveys_16.html

Cheers, David

Contact David if you seek his survey solution. Email david@lightship.com.au or call (02) 6494-5935 (South Coast Office), (02) 8004-5178 (Sydney Office) or 0405-383692 (Mobile).

Reflecting on David's email, it is clear that if nothing is done by employers and leaders, loyalty will be eroded anyway by outside wider forces. These feed the employee churn rate. To conclude, here is my understanding of the position as to the causes of declining employee loyalty and the other changes noted at the start of this article.

- **Increased business attrition rate.** More seem to die in their first few years than ever, and death seems to come faster.
- **Increased access to information on job opportunities.** People

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access LinkedIn or similar services, and their update moves are announced automatically in LinkedIn. This feeds LinkedIn and recruiters.

- **Unethical recruiters churn to earn.** Are there more recruitment firms than before, and if so, is this because of increases in employee churn and business attrition?
- **Increased employee training needs** to keep pace with changes in the business environment. My hunch has for years been that university education, at least for traditional professions, is increasingly out-of-touch with needs in the workplace. I'm not talking just about practical skills, just as much I find university theory, for example about law, means I have to help graduates unlearn many assumptions about legal work.

What are your views?

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