

management *ethics*

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Understanding Employee Loyalty and Commitment: Ethics Matter

By David Simpson

“In thy face I see the map of honor, truth, and loyalty”

According to a recent study, the above quotation from Shakespeare’s King Henry the Sixth would be one of the last things overheard in a verbal exchange between employers and employees in Canada. The global workplace study released by Walker Information and the Hudson Institute in September revealed that only 34 percent of all employees worldwide are loyal to their organizations. Canadian employees ranked among the least loyal with only 1 in 7 workers being classified as “truly loyal”.

These results are particularly unsettling in the context of an increasingly globalized and knowledge-based economy. There is now almost universal agreement that in the new economy, the talents and skills of individual employees within the organization will largely determine its success or failure. Accordingly, employers must both attract and retain talented people within their organizations in order to succeed. However, Peta Lomborg, President of the Toronto-based Lomborg Network, suggests that employers often have a

poor understanding of what drives employee loyalty and commitment. “Money does not guarantee loyalty,” says Lomborg. “While paying an employee a fair salary with good benefits is certainly important, employers must also focus on building relationships with their workers and providing an environment which demonstrates their commitment to ethics and values.”

This assertion is supported by the Walker/Hudson workplace study that found a strong correlation between employee commitment and the organization’s ethical orientation. The study found that 55 percent of employees who describe their workplace environments as being “ethical”, would be more likely to be loyal employees who would stay on with their present employer. In contrast, only 9% of respondents who consider their employers “unethical” said they intended to remain at their jobs.

As Walker Information Vice-President Marc Drezin explains “In today’s

economy, jobs are seen as commodities. Our research shows that employees are looking at a number of factors when deciding on which organizations to work for [or continue working with] and employer ethics is something they definitely consider.”

The study, which surveyed almost 10,000 employees in 32 countries, listed the factors that have the most influence on an employees commitment to their workplace as being (in order of importance): 1) fairness at work; 2) care and concern for employees; 3) trust in employees; 4) reputation of the organization; 5) work and job resources, and; 6) satisfaction with day to day activities.

The study also highlighted some interesting differences in the responses from Canadians compared to the overall global survey. For example, while 62 percent of Canadian employees believe they work for an “ethical” organization, only 49 percent believe their senior leaders are people with high personal integrity compared with 61 percent of global respondents.

The perception of senior leaders lacking in integrity seems to have been translated into poor reporting rates for Canadian employees when confronted

with real or suspected ethical violations. While 29 percent of Canadian employees knows of or suspects ethical violations within their organization over the last 2 years, only 38 percent of those employees have reported the violation. Compared with 43 percent among global respondents. Drezin suggests the reason for this result is simple, “If employees feel that their senior leaders don’t care about ethical behaviour, they will avoid reporting any violations for fear of being rebuked.”

The study’s overall findings are not all discouraging. Two-thirds of all employees interviewed were proud to work for their organization and nearly three-fourths of all employees agreed that they have a good day-to-day relationship with their employer. Still, the message is clear to human resource managers and top executives who are concerned about recruiting and retaining talented employees. Ethics matter to employees.

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Selected Data:

Survey Questions	Canada	Global
Organization is highly ethical	62% agreed	65% agreed
Senior leaders are people of high integrity	49% agreed	61% agreed
Little pressure to cut corners on ethical/compliance issues	55% agreed	52% agreed
Knows of or suspects ethical violations in organization?	29% yes	24% yes
If they know of or suspect ethical violation was it reported?	38% yes	43% yes