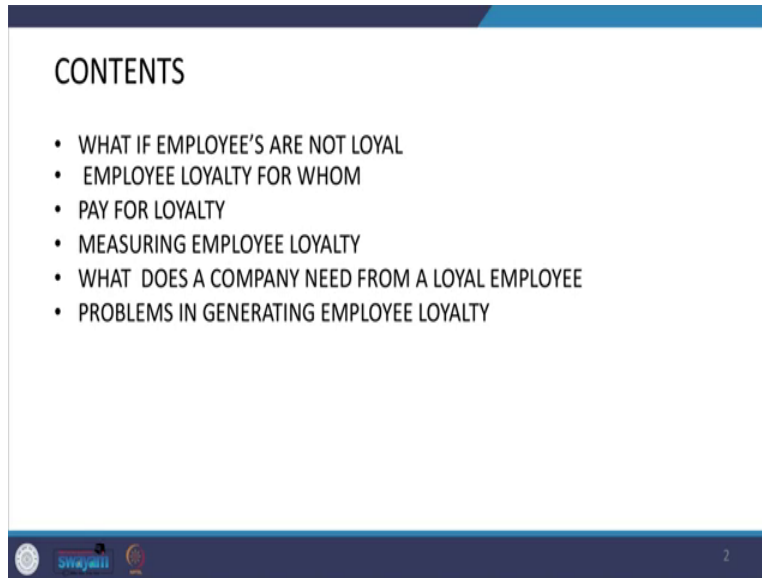


Managerial Skills for Interpersonal Dynamics
Professor Santosh Rangnekar
Department of Management Studies,
Indian Institute of Technology, Roorkee
Lecture 59
Employee Loyalty 2

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So, I was talking about the employees loyalty in the last session and then the question was arise that is the how we can generate that loyalty and can we generate the loyalty amongst the employees?

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WHAT IF EMPLOYEE'S ARE NOT LOYAL

- Exit
- Voice
- Loyalty
- Neglect

Active +ve - Loyalty
Active -ve - voice
nonActive +ve - neglect
nonActive -ve - Exit

Loyalty demonstrated by the employee not only choosing to remain in the organization but also **adopting the constructive behaviour** despite the source of dissatisfaction encountered.

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So, first we have to understand what if employees are not loyal. Now, here you see those who are active, if employees are there who will create these type of the loyalty that is the positive, those who are active and positive. So, definitely they will show the loyalty, those who are active and negative then they will have that is the voice. Those who are non-active and positive. So they will neglect and those who are active and negative. So, voice is there, active, positive and negative, the active and positive they will exit.

So, therefore, in that case, loyalty demonstrated by the employee not only choosing to remain in the organization, but also adopting the constructive behavior despite the source of dissatisfaction encountered and therefore, in that case, even if they are not active but they are positive so, then they will exit and they will show the dissatisfaction and when they come in encountered about that particular organization.

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WHY SOME ONE SHOULD BE LOYAL

- According to Juan M. Elegido, (2013) **Human Flourishing** (why do you have friends – friendship of goodness, friendship of pleasure, friendship of utility)
- To have **greater motivation**
- Loyal employees are **more trustworthy**
- Loyalty at work makes it easier to have committed relationship in other areas of employee's life

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According to Juan M. Elegido, in 2013 Human Flourishing, why do you have friends, friendship of goodness, friendship of pleasure and friendship of utility? Now, this is called the human flourishing. So therefore, in that case, it becomes a very-very important that is at the workplace, that is a socialization process and social skills. Whenever there is a very high socialization and social skills, then in that case the person's will having the friends around to him, for this purpose there should be certain greater motivation and motivation means again satisfying the need.

So, first social needs are required, as I mentioned, right from the beginning in the loyalty, the loyalty is the actually basically it is a need of the, it is a social need. And whenever, when the social need is fulfilled and loyalty is one of them, then definitely the person will be highly motivated. So, it is also a need to express the loyalty, it is a wonderful concept, please try to understand, that is the does loyalty is a natural phenomena?

Yes, because human being is social and therefore, in the when a person is social, when the object is social, then there will be need of the loyalty, the person by, voluntarily by heart, he will try to express his loyalty to somebody. Now, you see many times the human beings, when do not have the friends surrounding, in that case, they show their loyalty to non human beings.

For example, trees, for example, animals so, the expression of loyalty is natural because if you have understood the loyalty so, loyalty is a thought and that thought and that particular needs, social need, every human being will have and therefore, even if a person is having a feeling that he is not loyal to somebody, he will not be happy. He may have the pleasure at temporary, temporary that 'Oh, I am not attached with anything'.

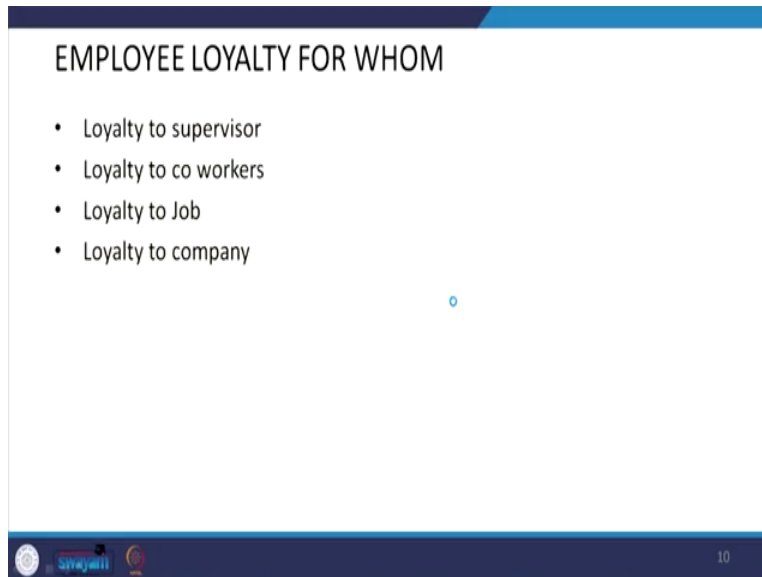
He may feel pride in that there is the 'Oh, I am not attached to anything', but later on, automatically the person will realize that is 'I am on this earth and there is nobody to whom I can be loyal'. So, this question will have the sleepless nights and therefore in that case, it becomes very important, that the need, need will become the motivating factor to be loyal to somebody, dear friends.

So, if the person, a human being cannot live with the loyalty to the object, why I am saying to object, that is one may not be loyal to the human being, but somewhere he will loyal to the non-human being objects. Now, naturally, the condition for loyalty was trust and that trust is created on the basis of the positive and negative experiences and as positive and negative experiences that will be making the loyal employees.

So, loyal employees are trustworthy, you can trust on them. Loyalty at work, makes it easier to have committed relationship in other areas of employee's life. So, therefore, in that case, if the person is loyal at the workplace, then definitely he will develop that committed relationship also in the employee's life. So, naturally, because you see the personality is change.

The personality has that emotional component that they seek affection and therefore, at workplace also you will see and that is why when we say there is the woman employees are better managers. So, what it means? Because whatever the commitment and loyalty they show it to the family, the similar commitment and loyalty and that caring, that will reflect at the workplace also and therefore, in that case, the employees life that will be having the broader canvas of loyalty.

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Now, question arises at workplace loyalty means what? It is a loyalty to the supervisor, loyalty to co workers, loyalty to the job and loyalty to the company. Now, it is the interdimensional loyalty, because this is related to the supervisor, worker, job and company, can there be the intra-dimensional loyalty? For example, I ask you, you list down the preference of loyalty in these four aspects that which one will be the most important loyalty.

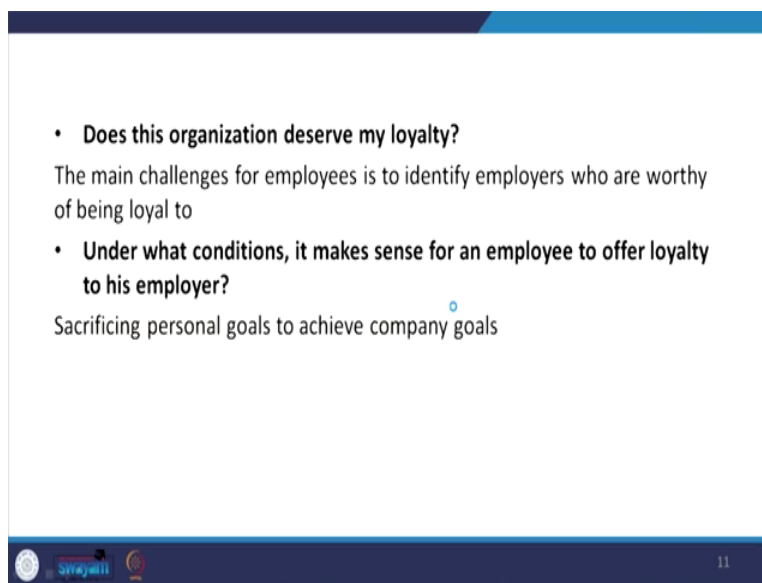
Loyalty number one will be to your supervisor or to coworkers or to job or to company? Which will be the most important loyalty for you and which one will be the least important loyalty for you? And if there is a inter-dimension conflict, the question arises, you have to show the loyalty between the supervisor and the job. To whom you will be more loyal? And that will show your value system.

So, naturally the expected is loyalty to the job and what is a common observation, common observation is loyalty to the supervisor. As I mentioned in the last session, sacrificing and self-interest, you are weighing both and here when you are loyal to your job, you are sacrificing because you know your supervisor will not happy and if the supervisor will not happy, then you have to sacrifice so, loyalty to the job make demand sacrificing but loyalty to the supervisor, that is the loyalty of the self-interest.

So, self-interests or dominating and sacrificing, then you need not to sacrifice. Dear friends it will be the question of the personality, it will be question of the courage, it will be question of the value system, courage is also one of the value systems that is what do you reflect. Now, the loyalty to the job and loyalty to the company, what you will prefer? Simple example, you are selling a product and while selling the product you tell about the strengths and weaknesses of the particular product.

Now, if you talk about the weaknesses of the product, you are supposed to tell these weaknesses also of the product, but if it tells the weakness of the product, the customer may not buy your product and if the customer will not buy your product you are not loyal to your company. So, you are loyal to your job, but you are proving not loyal to your company, what you will do and how will you do? So, loyalty will be always a question, whenever you are going to the preference and that will depend on the ethics and values of the individuals.

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- **Does this organization deserve my loyalty?**
The main challenges for employees is to identify employers who are worthy of being loyal to
- **Under what conditions, it makes sense for an employee to offer loyalty to his employer?**
 - Sacrificing personal goals to achieve company goals

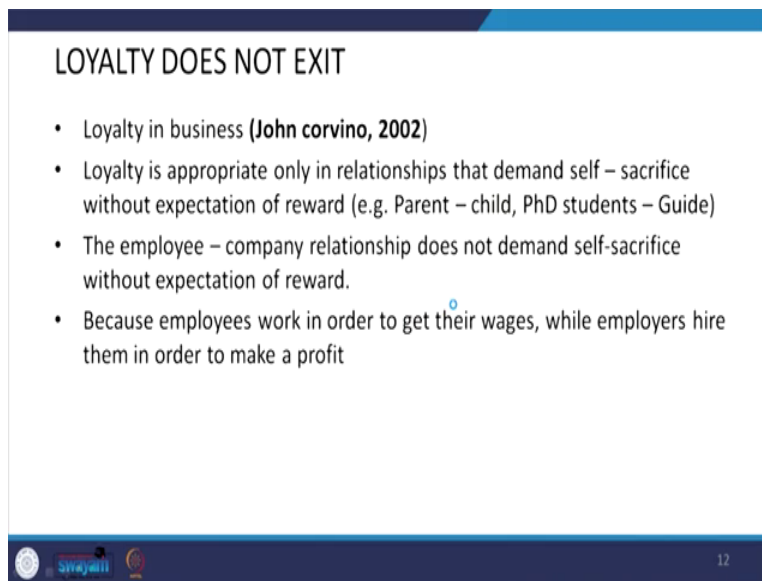
It is very interesting question and everybody's mind this particular question. Does this organization deserves my loyalty? Now, what happened? Organization has obliged you by giving the employment, you are on the job, you have joined. And now, what you are trying to identify? You are trying to identify does this organization needs my loyalty? The main challenge for employees is to identify employers who are worthy of being loyal

to, and how an employee will decide, under what conditions it makes sense for an employee to offer loyalty to his employer?

So, therefore, in that case, what should be the work culture and work environment that we will discuss? Sacrificing personal goals to achieve the company's goals. So, that type of environment is required and that type of environment will come with the social support, whenever they will be the social support only in that case, there will be the person will be having the sacrificing personality.

Because he will realize that organizations have done so for me, can I not do these things for the organization? And therefore, in that case, there is a sacrificing personal goal. Actually, this is ROI, return on investment, obligation versus loyalty, obligation is how much and the loyalty is how much and that is will be the ROI.

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LOYALTY DOES NOT EXIT

- Loyalty in business (**John corvino, 2002**)
- Loyalty is appropriate only in relationships that demand self – sacrifice without expectation of reward (e.g. Parent – child, PhD students – Guide)
- The employee – company relationship does not demand self-sacrifice without expectation of reward.
- Because employees work in order to get their wages, while employers hire them in order to make a profit

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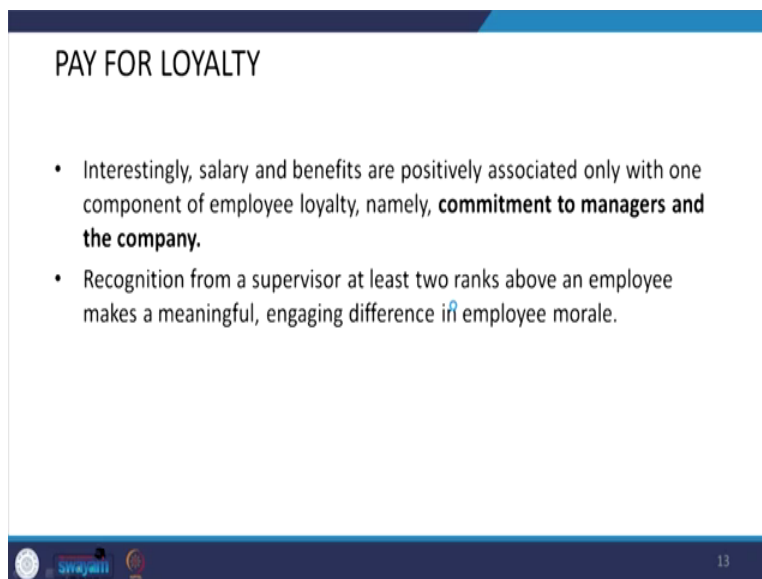
Loyalty does not exist in business, loyalty is appropriate according to John Corvino 2002, loyalty is appropriate only in relationships that demand self sacrifice without expectation of reward, that is the example is parent to child, and the PhD students to the guide. So, therefore, in that case, whenever we are having that particular loyalty, that is the parent is having to the child, the employee, company relationships does not demand self sacrifice without expectation of reward.

So, therefore, in that case the whenever there is a employee and company relationship is there, it will not having the any demand of the self sacrificing without the expectation of reward and therefore, if there is no reward, there is no loyalty. So, it is a selling of loyalty. Can anybody sell the loyalty? Yes, he is performing against the reward.

So, therefore, in that case, it is nothing but it is the selling of loyalty and getting the reward, because employees work in order to get their wages while employers hire them in order to make a profit, loyalty does not exist. 'Aapne tankhwa di, humne kaam kiya' equation balance 'baat wahi khatam'. So therefore in that case, loyalty goes beyond the work conditions.

Because when you are talking about the work conditions, it is a give and take, but when it goes beyond employee is doing the such actions and activities, which is not the part of his duties. He is committing the actions, activities beyond his duties, and that is loyalty but normally 'Jitna dia, utna liya, itne me itna hi hota hain bas', and therefore, they will be the no loyalty of the employees.

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The slide is titled "PAY FOR LOYALTY" and contains two bullet points. The first bullet point states that salary and benefits are positively associated only with one component of employee loyalty, namely, commitment to managers and the company. The second bullet point states that recognition from a supervisor at least two ranks above an employee makes a meaningful, engaging difference in employee morale. The slide also features a logo in the bottom left corner and the number 13 in the bottom right corner.

PAY FOR LOYALTY

- Interestingly, salary and benefits are positively associated only with one component of employee loyalty, namely, **commitment to managers and the company.**
- Recognition from a supervisor at least two ranks above an employee makes a meaningful, engaging difference in employee morale.

Pay for loyalty, interestingly, salary and benefits are positively associated with one component of employee loyalty, namely commitment to managers and the company. Now, you see it is a true sense buying the loyalty. Can you buy the loyalty? Yes buy the

loyalty, but dear friends, the one should be emotionally matured enough. That time I am giving the wages and salary this loyalty is to me, the time I am giving the bread and butter this dog will be helping to me.

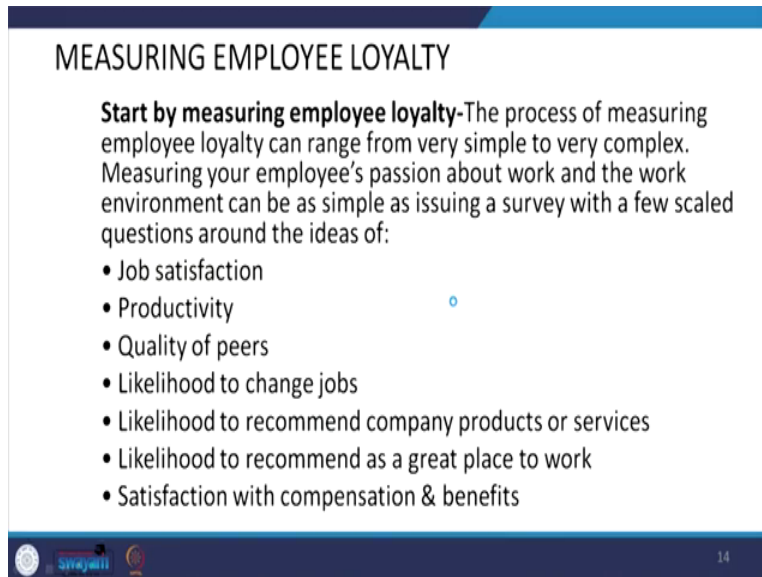
But the day I will stop there will be no loyalty and therefore, in that case there will be no continuity of loyalty as soon as you stop the rewards. So, I remember one PSU where I conduct the training program and when this company was giving the overtime and I was meeting these union leaders, so, then they were saying 'This company is best and here the workplace is very good Now, time change, because of the competition company has stopped giving over time, but continue to give their wages and salary.

Now, I met the union leaders what they say they say 'This company is not good'. But you are getting a decent salary, 'Oh, we are doing the job, we are getting the wage and salary, but there is no scope of the any earning, we are ready to do hard work, but there is no opportunity for overtime. So, therefore, this is not the, this is a good workplace, because every month we are getting the salary, but this is not a great workplace.'

And therefore in that case, because there is no excess, surplus earning in the organization. So, as soon as that particular expectation of rewards is stopped, loyalty also stopped. Recognition from supervisor at least two ranks above an employee makes a meaningful, engaging difference in employee moral. So, therefore, employer should keep on trying to engage the employee morale.

That his moral should not deviated, his moral should not be down, no low morals and therefore in that case what is required that is the two ranks above, it is not the customer satisfaction, dear friend, it is a customer delighted, when you are doing something, what is expected from you are doing that is okay. But when you are doing something more which is not expected then 'Wow' effect will come. For that 'Wow' effect, it is two ranks above and that is something more than what is expected.

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MEASURING EMPLOYEE LOYALTY

Start by measuring employee loyalty-The process of measuring employee loyalty can range from very simple to very complex. Measuring your employee's passion about work and the work environment can be as simple as issuing a survey with a few scaled questions around the ideas of:

- Job satisfaction
- Productivity
- Quality of peers
- Likelihood to change jobs
- Likelihood to recommend company products or services
- Likelihood to recommend as a great place to work
- Satisfaction with compensation & benefits

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Now, here I will talk about the research component of the loyalty, if you want to do the research you can develop a construct and that construct will may help this type of the dimensions, the dimensions are the process of measuring the employee loyalty can range from very simple to very complex. Measuring your employees patient about work and the work environment can be as simple as issuing a survey with a few scale question around the ideas.

The dimensions can be the job satisfaction, actually, when I talked about the exit, voice, neglect and that was that was about the job satisfaction model. Then you can identify whether there is a productivity is high or not, because when the moral will be high, the productivity has to be high, the quantity and quality that will be very high and therefore, in that case it will be the productivity.

Now, the quality appears a very new point, wherever you are judging your peers what level of they are. So, you see, that is the when the motivation you are into the talent pool, when you are into the talent pool, you are challenging yourself also and you are getting the best of yourself and that is a potential, maximization of potential and therefore, that potential and performance and that will be a positive relationship because the quality of peers is very high.

But when you find there is the quality of peers is low, that is there cannot be, there cannot be, there is no need to perform high, it is the easy go lucky. So, therefore in that case that whatever we are doing, we are just getting the okay, the others are not doing, why should I do? And that is that is a quality of peers. Likelihood to change jobs, so that is why when you see the CV, in the CV there is the staying period for more than 18 months.

Nowadays I am giving the example of 18 months, in our time it was a five years, that is if you are changing the organization before 5 years and maybe the minimum 3 years, then it means that you are not loyal to the organization, there is some problem, but nowadays you cannot expect it much of time period for the retaining the employees. So, now it is 18 months is fine, if the employee is there for the 18 months or two years, yes, he has done good job otherwise in two years he will change his job.

So, therefore, likelihood to change his jobs, likelihood to recommend company products or services, as I mentioned, that is the whenever you met the person and then he suggests you 'Arey aap hamare company ka kyu nahi lete: it is the best'. So, what he is doing, he is expressing his loyalty to his company. And if he says 'Kisi ka bhi lena par hamari company ka mat lena'. So, it shows that he is not the loyal to the company and therefore, he is somewhere, he is annoyed with the company.

Now, as I was mentioning, likelihood to recommend is a great place to work now, you see there is a difference between the good place to work and the great place to work. And when you talk about a great place to work, where you find 'Oh, organization is giving me more than what I deserve'. Same thing I mentioned in the customer delighted and customer delighted when the customer feels 'Arey humne to yeh socha hi nahi tha ki unka admi akar after sales service kare, itna service karega. Hum to dusri company ko phone kar kar ke thak gaye, wo to aata hi nahi hai sell karne ke baad service karne'.

So therefore in that case, that is a great place to work means that delegation, decentralization, empowerment, rewards, incentives, promotion, cooperation, guidance, develop, personality development all everything is taken care of by the organization. It is not only that a performance appraisal, it is a potential appraisal and my boss says this

organization says 'You can' I was not believing in myself but the organization has given me opportunity and I proved myself that is a great place to work.

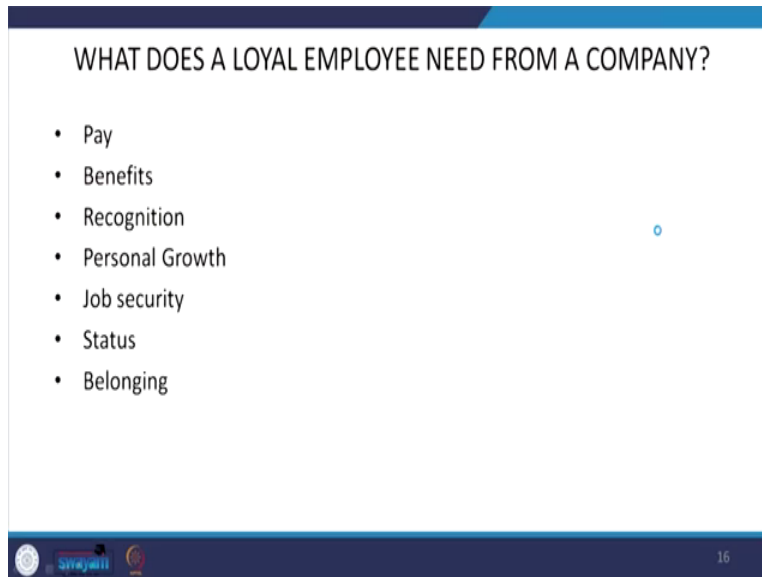
It is not only that, that is the ordinary and routine work is there, there is a challenging, intellectual challenging task are given to me. So, where I will get this opportunity here only I will get the opportunity to show my best talent, I can, but I was looking for the opportunity and this is the place where I get the opportunity. Satisfaction with compensation and benefits. So, when the employee says you know the principle of equity, it is equity work, low and high and compensation, low and high.

You think you are work is here but your compensation is here. You are delighted, you think you are overpaid, 'Main to itna kabil nahi tha par company mujhe kitna paisa deti hai', and therefore, in that case you are the overpaid. But some employees they may feel, 'Compensation bhi moderate hai, work bhi moderate hai isme kuch nahi hai', but many employees they may feel that is work is high and the compensation is low, they are here, they say 'nahi nahi' then there will be no loyalty.

So, if we say that is a loyalty subject to the return on investment and then in net cash that is the rewards, incentives, career opportunities and social support, then this will be the overpaid and then the overpaid is satisfaction with the compensation and benefits. So, here that is measuring the employee loyalty that will be becoming these parameter dimensions and you can do the PhD also in this and then you can make them. So, what the company needs from a loyal employees?

The company needs efforts, experience, skills, high level of skills, time management, honesty, cooperation, adherence to norms. So, therefore, there are the certain rules and regulations certain rules and regulations will be bothering, troubling. It will be pinching rules and every organization there will be certain pinching rules for a particular employee. But he still is adhere to that that is 'No, even the physical and mental situation I will adhere to these norms' attendance and then remaining with the company this period is there.

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I would like to take the next slide that is the what employee needs from a company. The company needs from the employee, loyal employee need from a company is that is the pay, benefits and it is not always the monetary. It is non-monetary also and it is a recognition. So, there will be the recognition by the employer, mental satisfaction, dear friends, what makes a person a happy? Admiration, if you scold somebody, you underestimate somebody, you discourage somebody will he be loyal?

Chances are very less because then please understand commitment might be there but loyalty may not be there. So therefore, even if you have subordinate to whom you keep on scolding, but he does his work hundred percent. Yes, because he is getting the wages, rewards but then do not ask for the loyalty. I will be committed to you hundred percent but you do not ask me for loyalty because you are giving me money and I am giving you service and the equation is balance and it stops there.

So, therefore, in that case, second is personal growth. Now, the company has so many employees, thousands of employees, but company recognize some employees as a talent pool. They are masters employees and those master employees they will have the personal growth. So, they are the blue eyed employee like the IBM is having the top Blue Eyed employees, so blue eyed employees that those employees those who are problem

solvers, those who are creative, those who are innovative, those who are going for that particular parameters, where they will be, they are getting the more contribution towards the organization.

Now, it depends on the culture also, especially in India. In India you will find that employees they may look for the job security. They may sacrifice the pay, they may think that is they should get the higher pay, but they may not, they may continue with the organization, with loyalty even if they are not getting the more pay because their job is secure. They know, that is my boss will, this organization will never remove me, that trust, that belief that will create the more and more the job security.

The status of the organization, the status of the organization that will also making the employee loyal. For example, where do you teach? I teach in IIT, the brand name, that branding. Where do you work? I work into the Institute of National Importance. I am working into the PSU. I am not doing the job only I am building the nation. I am building the human capital. If this type of feeling is there, then definitely it creates the, in the society your status is very high, because your recognition is there.

And society express your recognition, your efforts because you are employee in that organization which is contributing a lot to this nation. So, for the building of the nation, for the growth of the nation, you are also a might be a tiny part of it, but you are, you are a part of it, that is a status and therefore, in that case that status it is there.

Then the belongingness, I love my organization, like the family belongingness and therefore, like any person will say 'You can say me anything but do not tell anything to my parents'. Similarly, the employee will say, "You may say anything to me, but do not tell to my organization, my organization is a great organization and that is the belongingness is there."

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PROBLEMS IN GENERATING LOYALTY

- Problem is that loyalty is not generated by **reasonable performance**; it is generated by **overachievement** and this level of performance requires outstanding teamwork by partners who trust one another's commitment to win/win results.
- **Vision for company** is there but not for employee
- Leaders are **unable to Show challenges** to their employee

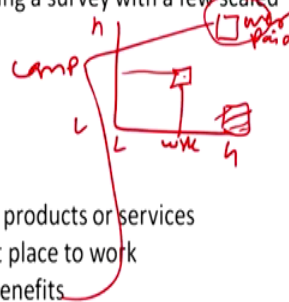


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MEASURING EMPLOYEE LOYALTY

Start by measuring employee loyalty-The process of measuring employee loyalty can range from very simple to very complex. Measuring your employee's passion about work and the work environment can be as simple as issuing a survey with a few scaled questions around the ideas of:

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- Likelihood to recommend as a great place to work
- Satisfaction with compensation & benefits



14

Now, the last I will talk about the problems in the generating loyalty in this slide, that is the how that problem is there and why the people are not loyal. Generating loyalty by the paying rewards is not the loyalty that is a commitment as I mentioned number of times. So, it is the there, you are expecting certain performance 'Karo bhai karo, kuch to karo, tum kar bhi sakte ho kuch to karo' and the person is not doing, that is there is no reasonable performance, it is generated by the over achievement, monetary, non monetary and this level of performance requires outstanding teamwork, social support.

So, your relationship is good, your task is very high, position is very strong by the partners who trust one another's commitment to win-win results. So, you are not into the lose-lose status. I will lose you also lose, I will lose you win, no, that sacrificing is also not required, I will win you should lose, no, that that type of the frustration is also not required. What is required? Win-win attitude is required. So, therefore, when you want the win-win results, you have to focus on the overall achievements, beyond the boundary, beyond the limitation, beyond the satisfaction.

So, therefore, if we are doing that is called the extra, that is called the surplus and that surplus that is very, very important. When you want a loyalty, loyalty from any object you have to take care, caring, emotions, your cognitive ability that will decide about the generating the loyalty, but vision formulation is becoming very-very important, vision for company is there but not for the employee. So, therefore, a big statement is there vision statement, 'We want to achieve the global excellence', but where is employee?

So, excellence means that production and productivity, you are not concerned with that whatever your employees are at what cost, are they motivated with you? Are you are the excellent because of the technology and the commitment of the employees? And last is leaders are unable to show challenges to their employees. So, the solution is that is the always, always finally what I would like to say always identify, identify the potential of employees and give them the full justice to show their potential.

Get the best and not by only monetary, monetary is important, but not only monetary, but by the over achievements in terms of again, I will like to go back to that particular slide that is in terms of job satisfaction, productivity, quality of peers, likelihood to change the job and you increase this, when you will increase all these dimensions and parameters and you will create a great place to work, definitely, because the employees are satisfied.

They are having the high productivity, the peers and co workers are supporting, social work is there. Nobody can stop you to create the great workplace and when they will be the great workplace the loyalty of employees will be automatically with you. I think that this formula will work and when there is a loyalty, you can understand what type of

relationship will be there amongst the employees of that organization. So, this is all about the employee loyalty. Thank you.