

# Tao of **LOYALTY**

Take a fresh look at employee loyalty.

**K**eeping an effective workforce can eventually help companies develop, grow, perform and compete efficiently and effectively in their industry. And to do that we have to have loyal people in place.

Loyalty is first and foremost about reciprocity. Employees should have the feeling that the organization wants the best for them and, as a result, they will continue to do their best and not look for another job. Employee loyalty is thus above all determined by how the organization has arranged things and the way this is conveyed to the employee. Therefore, the concept of loyalty in principle can fall under the Tao philosophy as semantic.

The Tao is not a thing or a substance in the conventional sense. It cannot be perceived, but it can be observed in the things of the world. Although it gives rise to all being, it does not itself have being. And in a very simple definition, we can say it is everything and its opposite, light and dark, sun and moon, reward and punishment ... etc.

From the above mentioned simple explanation we, then, can talk now about Employee Loyalty as a phenomena ought to be addressed.

## WHO IS THE LOYAL EMPLOYEE?

The starting point here is the traditional and in many cases outdated understanding of employee loyalty. The employer pays the employees, so they must oblige to the company, quietly trust in good management, and make their contribution to the company's success. This is nonsense, and such an understanding no longer reflects the reality of work today and beyond, due to the shortage of qualified employees.

Organizations depend on employees in order to be successful. The success of an organization mainly results from its ability to identify and manage technological, economical, ecological, and social challenges in the present and the future. Human Resources play a decisive role in this regard, as they create and implement



FROM EGYPT

**BY PROF. DR M AMR SADIK**

Chairman and CEO of Quodrat Egypt

company-specific success factors such as knowledge, product quality or customer orientation.

Employees constitute the most fundamental resource for organizations in the long term as well as a competitive advantage in dynamic and complex business environments.

So, we have to ask ourselves: Does such an employee truly exist in an organization now, in the current times? Probably not. The end of loyalty has been a long time coming. Employee loyalty was in decline for two decades even before the pandemic.

One face of loyalty relates to the positive disposition that an employee has towards the organization, the "feel-good" element or how psychologically wedded the employee is to the organization. This is what we call Attitudinal or Emotional Loyalty. The second face relates to the stated future behavior of the employee or behavioral loyalty. Behavior relates to "action" or "reaction" to an object or event.

Every organization is unique and has its own

loyalty level threshold. When an organization's loyalty level drops below such threshold level, the behavioral scores of the organization drastically change as do their employees.

Thus, we should not expect employees' loyalty if the organization is not demonstrating such a concept in the first place. That is The Tao...

## ELEMENTS OF LOYALTY

Affinity is experienced by employees when they enjoy what the company has to offer them. But, when a better option or offer becomes available, employees will think and tend to be swayed easily and compare between what they have and what they will get. Affinity without attachment or trust is a watered-down version of loyalty.

Attachment is less about liking the company and more about making employees their great asset. Employees can tell if they're valued by the relevance of the company's communication and attempts to engage with them. When a company successfully makes the effort to connect in a personalized way, employees feel appreciated and confident in the company's ability to meet their expectations.

“

**ACTIONS OFTEN SPEAK LOUDER THAN WORDS, BUT TOGETHER THEY ARE UNBEATABLE.**

Trust is the cornerstone of emotional loyalty. When an employee feels respected, their willingness to trust increases dramatically. Once trust is established, respect is then shown to employees in many ways, but one of the most meaningful is through communication. Employees will put their trust in the company if every interaction and channel displays similar genuine behavior.

## LEVELS OF LOYALTY

The very nature of the relationship between employers and employees has undergone a fundamental shift: Today, workers not only don't expect to work for decades on end for the same

company, but they don't want to.

They are largely disillusioned with the very idea of loyalty to organizations. But, at the same time, they don't really want to change employers every two to three years for their entire careers. Similarly, companies would grind to a halt if they had to replace large portions of the workforce on a similar schedule.

Nevertheless, if the loyalty exists, it will follow the above diagram. These three different levels, in turn, influence positive and desired, as well as negative and less desired, human outcomes. First, in the context of a psychological contract, for the employer, it's about making sure not to give the wrong perception to an employee and to make sure promises are upheld. Second, the group level concerned with how they communicate to each other, do the work together, and group dynamic and coherence. Third, is the relationship with the direct boss and feedback the individual receives on a regular basis about his/her performance.

## WALK THE TALK

Loyalty isn't the responsibility of the organization only, but it is a joint effort between the leader, Human Resources and each direct manager. Each and every one has to play his or her part to impact on loyalty.

For the leader or CEO, we talk about creating and communicating vision, mission and values and translating them into behavioural indicators. For HR, this has perhaps become the most crucial function in an organization, and is perhaps as important, if not more important, than supervisors. They can directly influence areas like performance appraisal systems – how relevant and how useful they are. HR needs to ensure that all HR policies, procedures and programs are in sync with the organization's values and purpose. The direct boss has an important role to play in building the loyalty levels within the team by clarifying for each member their role and removing any barriers or impediments a person might face in order to achieve her/his results. ■

**PROF. DR M AMR SADIK** is Chairman and CEO of Quodrat Egypt. He is an HBR Advisory Council Member, Adjunct Professor IPE Management School, Paris, and of Middle East Programs for, Victoria University, School of Management, Switzerland.