Employee Trust and Organizational Loyalty

POLL FINDINGS
A study by the Society for Human Resource Management and CareerJournal.com
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Poll Findings

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About This Report

In June 2004, the Society for Human Resource Management (SHRM) and CareerJournal.com, a Web site of The Wall Street Journal, jointly conducted an online poll¹ to determine opinions about employer-employee relationships and the extent of employees’ trust and loyalty to their organizations from the perspectives of both human resource (HR) professionals and employees.

Comparison of HR professionals’ perceptions of employee attitudes with actual employee attitudes shows the extent to which HR professionals are in touch with their employees. The more attuned HR professionals are to employee perceptions, the better able they are to respond to employee concerns. Conversely, the less attuned HR professionals are to employees, the more they need to determine why their perception of employee attitudes is inaccurate and how to modify it so that they can be responsive to their employees.

About SHRM

The Society for Human Resource Management (SHRM) is the world’s largest association devoted to human resource management. Representing more than 185,000 individual members, the Society’s mission is to serve the needs of HR professionals by providing the most essential and comprehensive resources available. As an influential voice, the Society’s mission is also to advance the human resource profession to ensure that HR is recognized as an essential partner in developing and executing organizational strategy.

Founded in 1948, SHRM currently has more than 500 affiliated chapters and members in more than 100 countries. Visit SHRM Online at www.shrm.org.

About CareerJournal.com

CareerJournal.com is the premier career Web site targeted to executives and professionals. Featuring more than 75,000 top-level jobs and 2,500 articles on all aspects of job hunting and career management, the site attracts more than 600,000 unique visitors monthly. CareerJournal.com features salary data, interviewing and negotiating tips, popular columns from The Wall Street Journal and exclusive content from its own dedicated news staff. The site was recently named the best career Web site for 2003 by Time magazine and received “Best of the Web” awards of the year from Forbes magazine, the Special Libraries Association, WEDDLE’s Internet Guide, CareerXRoads and a range of daily newspapers around the globe.

About the Authors

Mary Elizabeth Burke is a survey analyst for SHRM. Her responsibilities include designing, conducting and analyzing surveys on HR-related topics and assisting in larger research projects. She has a bachelor’s degree in mathematics from Duke University and three years of survey and market research experience.

Jessica Collison is the Survey Program manager for SHRM. Her responsibilities include management of the SHRM Survey Program, as well as design and analysis of surveys on HR-related topics. She has a graduate certificate in Survey Design and Analysis.

¹ Copies of the HR professional and employee versions of the poll can be found at the end of this report.
Both versions of the poll were developed by the SHRM Survey Program and CareerJournal.com. An internal committee of SHRM staff with HR expertise also provided valuable insight and recommendations for the instruments. For comparison purposes, both employees and HR professionals received similar questions.

The HR professional sample was randomly selected from SHRM’s membership database, which at the time included approximately 185,000 individual HR professional members. Only members who had not participated in an SHRM survey or poll in approximately the last six months were included in the sampling frame. Members who are students, consultants, academics, located internationally and who have no e-mail address on file were excluded from the sampling frame. In June 2004, an e-mail that included a link to the poll was sent to 2,000 randomly selected SHRM members. Of these, 1,584 e-mails were successfully delivered to respondents, and 370 HR professionals responded, yielding a response rate of 23%. The survey was online for a period of two weeks, and one e-mail reminder was sent to nonrespondents in an effort to increase response rates.

A similar poll was completed by 407 employees. The employee data were gathered from a convenience sample of visitors to the CareerJournal.com Web site—the online poll was given to every 10th visitor of the site. CareerJournal.com visitors tend to be executive-level professionals who are both active and passive job seekers. Readers should proceed with caution when generalizing these results to all employees.
Throughout this report, conventional statistical methods were used to determine if observed differences were statistically significant (i.e., there is a small likelihood that the differences occurred by chance). Therefore, in most cases, only results that were significant are included, unless otherwise noted. Analyses by HR professionals’ organization size and employees’ gender, age and number of years in the workforce were also conducted but revealed no statistically significant differences. Differences between HR professionals and employees are included, when statistically significant, in the poll results.

Figure 1

- Most employees (70%) rate the leadership of their organization as either extremely or moderately trustworthy, but about one out of ten (11%) report that their organization’s leadership is not at all trustworthy, and 20% believe that the organization’s leadership is only mildly trustworthy.

Note: Percentages may not total 100% due to rounding

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
Seventy-seven percent of HR professionals and 71% of employees indicate employees rate their loyalty to their current organization as extremely or moderately loyal, though employees are more likely to rate themselves extremely loyal (34%) than HR professionals are to rate their employees extremely loyal (22%).

Six percent of employees reveal they are not at all loyal to their current organization.

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
Figure 3

- Seventy-three percent of HR professionals and 66% of employees agree or strongly agree that their organization provides employees enough information on its financial standing.
- Employees are almost twice as likely as HR professionals to strongly disagree with this statement (9% of employees compared with 5% of HR professionals).

Figure 3 Providing Organization’s Financial Standing Information to Employees

Note: Percentages may not total 100% due to rounding

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
HR professionals are somewhat more likely than employees to agree or strongly agree that their organization provides enough information on the organization’s ethics and values (79% of HR professionals compared with 70% of employees). Employees are four times more likely than HR professionals to strongly disagree with this statement (8% of employees compared with 2% of HR professionals).

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
- Both HR professionals (76%) and employees (72%) tend to either agree or strongly agree that their organization provides employees with enough information on its corporate mission.

Figure 5

Sharing Organization’s Corporate Mission With Employees

Note: Percentages may not total 100% due to rounding.

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
Employees are twice as likely as HR professionals to disagree or strongly disagree that their organization provides employees enough information on workplace policies (26% of employees compared with 13% of HR professionals).

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
Almost half (45%) of HR professionals strongly agree that their organization’s leadership is ethical, compared with just over one-quarter (27%) of employees.

One-quarter of employees disagree or strongly disagree that their organization’s leadership is ethical, compared with only 10% of HR professionals.

Note: Percentages may not total 100% due to rounding.

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
Figure 8

- HR professionals believe that employees find their organization’s leadership to be somewhat more ethical than employees actually rate it.
- Eighty-four percent of HR professionals agree or strongly agree that employees at their organization believe the organization’s leadership is ethical, while 76% of employees report this. In contrast, 25% of employees disagree or strongly disagree that their organization’s leadership is ethical, while only 16% of HR employees believe that employees at their organization feel that way.

Note: Percentages may not total 100% due to rounding.

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online poll. Readers should proceed with caution when generalizing these results.

Source: Employee Trust and Organizational Loyalty Poll Findings
Conclusions

Overall, most employees feel their organization’s leadership is trustworthy and ethical. In the wake of a number of corporate accounting scandals that have come to light in the last few years, it is reassuring that employees seem to have faith in the people who lead their organization.

Most employees also feel loyal to their current organization. Based on the data, loyalty and belief in the trustworthiness of organizational leadership are interrelated. As the economy begins to improve and hiring picks up, it will be even more important to maintain employee loyalty in order to reduce the frequency of turnover. In addition to encouraging a good working environment, fostering trust in organizational leadership may help retain employees.

Of course, having employees who believe an organization’s leadership is trustworthy is irrelevant if the leadership is not indeed worthy of that trust. With regard to this, it is encouraging that HR professionals seem to judge their employees’ perceptions of trust, loyalty and ethics with relative accuracy. However, HR professionals themselves rate their organization’s leadership as more ethical than employees do. HR professionals may have more interaction with the leadership and be more aware of corporate-level activity than many employees, and this closeness may contribute to the difference in perceptions between the two groups. If this is the case, it is the role of the HR function to do what it can to maintain and foster a high level of employee trust in the organization’s leadership.

Both employees and HR professionals generally agree that their organization provides employees with enough information about the organization’s financial standing, ethics and values, corporate mission, and workplace policies. The similarities in responses between the two groups show that HR professionals have an accurate grasp on the attitudes employees have toward their organization. Additionally, the HR function is one of the primary sources of company information for employees, so the high level of satisfaction employees indicate for the amount of information they are receiving means HR professionals are communicating this information well. Because HR professionals are more likely to have knowledge of these areas as part of their jobs, the fact that they believe the organization shares sufficient information with employees reflects favorably on the organization’s leadership. The fact that most employees believe they receive enough information in these areas is encouraging—employees do not seem to think their organization’s leadership is concealing information or being deceptive.

There were no differences in employees’ trust and loyalty to the organization by demographic factors such as employees’ age, gender or years in workforce, or by organization’s size among HR professionals. For example, both men and women have similar levels of trust toward the leadership of their organization and similar levels of loyalty.

Trust in an organization’s leadership, loyalty to the organization and open communication with management foster a healthy working environment and may help encourage employee retention. HR professionals continue to play an important and unique role in communicating company information to employees and act as liaisons between employees and management.
Demographics

Employee Gender
Number of Respondents = 397
- Male 57%
- Female 43%

Employee Years in the Workforce
Number of Respondents = 364
- 11 to 20 Years 31%
- 21 to 30 Years 26%
- 31 or More Years 8%
- 5 Years or Less 21%
- 6 to 10 Years 14%

Employee Age
Number of Respondents = 397
- 35 and Younger 36%
- 36 to 55 58%
- 56 and older 6%

HR Professionals’ Organization Size
Number of Respondents = 395
- Large (500 or More Employees) 37%
- Medium (100-499 Employees) 40%
- Small (1-99 Employees) 23%
Poll Instruments

SHRM® CareerJournal.com
Employee–Organization Relationship Poll

Employee Version

The Society for Human Resource Management (SHRM) and CareerJournal.com, The Wall Street Journal's Executive Career Site, are jointly conducting a CONFIDENTIAL poll of both job seekers and human resource (HR) professionals.

Please participate in this poll by answering the following questions and clicking the “submit” button at the end of the poll no later than Wednesday, June 16, 2004.

If you have any questions, please contact the SHRM Survey Program by telephone at (703) 535-6301 or by email at surveys2@shrm.org. Thank you for sharing your time and experience!

Results of this poll will appear on the Survey Program page on SHRM’s Web site free to poll participants. Please visit the Web site at www.shrm.org/surveys.

This poll should take no more than five minutes to complete!

1. Are you currently employed outside of the home?
   - Yes
   - No (Skip to end of poll)

For the remaining questions, the term “organization” is used to refer to your current employer.

2. In general, how would you rate the trustworthiness of your organization's leadership?
   - Extremely trustworthy
   - Moderately trustworthy
   - Mildly trustworthy
   - Not at all trustworthy
3. How would you rate your level of loyalty toward your current organization?

- Extremely loyal
- Moderately loyal
- Mildly loyal
- Not at all loyal

4. How strongly do you agree or disagree with each of the following statements? (Check one for each statement.)

- My organization provides enough information to its employees on the organization's financial standing.
  - Strongly agree
  - Agree
  - Disagree
  - Strongly disagree

- My organization provides enough information to its employees on the organization’s ethics and values.
  - Strongly agree
  - Agree
  - Disagree
  - Strongly disagree

- My organization provides enough information to its employees on its corporate mission.
  - Strongly agree
  - Agree
  - Disagree
  - Strongly disagree

- My organization provides enough information to its employees on its workplace policies.
  - Strongly agree
  - Agree
  - Disagree
  - Strongly disagree

- My organization’s leadership is ethical.
  - Strongly agree
  - Agree
  - Disagree
  - Strongly disagree

5. What is your gender?

- Male
- Female

6. Which category best describes your current age?

- 35 and younger
- 36 to 55
- 56 and older

7. For approximately how many years have you been employed in the workforce? (round up to the nearest year) __________
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This poll should take no more than five minutes to complete!

1. In your opinion, how do you believe the employees at your organization would rate their perceptions of the trustworthiness of your organization’s leadership?
   - Extremely trustworthy
   - Moderately trustworthy
   - Mildly trustworthy
   - Not at all trustworthy

2. In your opinion, how do you believe the employees at your organization would rate their level of loyalty toward your organization?
   - Extremely loyal
   - Moderately loyal
   - Mildly loyal
   - Not at all loyal
3. How strongly would you agree or disagree with each of the following statements?

My organization provides enough information to its employees on the organization’s financial standing.
☐ Strongly agree  ☐ Agree  ☐ Disagree  ☐ Strongly disagree

My organization provides enough information to its employees on the organization’s ethics and values.
☐ Strongly agree  ☐ Agree  ☐ Disagree  ☐ Strongly disagree

My organization provides enough information to its employees on its corporate mission.
☐ Strongly agree  ☐ Agree  ☐ Disagree  ☐ Strongly disagree

My organization provides enough information to its employees on its workplace policies.
☐ Strongly agree  ☐ Agree  ☐ Disagree  ☐ Strongly disagree

My organization’s leadership is ethical.
☐ Strongly agree  ☐ Agree  ☐ Disagree  ☐ Strongly disagree

Employees at my organization believe the organization’s leadership is ethical.
☐ Strongly agree  ☐ Agree  ☐ Disagree  ☐ Strongly disagree

4. How many full- and part-time people are employed at your organization’s location? ________________