Workplace Loyalty: A Diminishing Return on America's Well-Proven Investment

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WORKPLACE LOYALTY:
A DIMINISHING RETURN ON AMERICA’S WELL-PROVEN INVESTMENT

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BY

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"I'm Sorry You Lost Your Job." This contemporary greeting card rests among the "Happy Birthday," "I'm Glad We're Friends" and "Congratulations On Your New Home" cards in the aisle of a new discount drugstore. Seemingly, it is yet another example of the marketing genius of corporate America. But beyond being a glimpse at the creativity in capturing societal trends such as with the proliferation of "Sorry To Hear of Your Divorce" greetings initiated in the late '70s, there exists the realization that job loss seems to have moved beyond the trend factor and into permanency. So much so that we now have a greeting card to "say it for us" on the subject. This card is indeed dismaying and at the same time quite telling of the conditions unraveling our communities across the United States.

Corporate downsizings, massive layoffs, restructurings, mergers and acquisitions, the flattening of organizations, reengineering -- in effect "people elimination strategies" -- continue to tear away at the psyche of the human worker, workplace loyalty, and business' bottom line. (Note: Hereafter I will refer to all of the above-mentioned "people elimination strategies" as "PES."
The purpose of this thesis is to examine the detrimental effects of the short-term employment culture, specifically the diminishment of workplace loyalty, which is permeating America's workplace.

While some believe that the ethereal considerations of work (such as workplace loyalty) do not bode well or play an integral role in a material industrial world, I purport that to be human is to search for these very connections and understand the interrelatedness between the physical and philosophical aspects of life, of human work.

In introducing their book *The 100 Best Companies to Work For in America*, Robert Levering, Milton Moskowitz and Michael Katz point out the lack of attention given to the human state in the workplace:

The literature of business is rich with stories about companies and analysis of their operations. The *Wall Street Journal* chronicles these activities so well that it has become the largest-selling daily newspaper in the nation. During the course of a year, *Business Week*, *Forbes* and *Fortune* publish 103 issues that are crammed with lists, tables and charts tracking the progress of companies in a multitude of categories. . . . Hundreds of trade magazines rank, grade, and otherwise evaluate companies in their industrial settings: biggest hotels, biggest candy makers, biggest airlines, and on and on. Yet none of these sources regularly spotlights the human condition inside business.¹

This virtually one-sided coverage of our business world lacks true insight because it is limiting, but also because while such physical aspects of the workplace affect

philosophical aspects, the philosophical in turn affects the physical. In other words, the cause-affect relationship plays both ways. The physical and philosophical worlds exist on one life continuum, not only interacting but having a continuous effect upon one another.

Corporate America performs fairly when it comes to learning from its research projects, a new product launching, or a customer complaints study. However, we seldom examine with much vigor workforce policies and procedures and their implications on work and the worker. Many corporations have instituted employee satisfaction surveys; a step in the right direction in examining work through their constituents' eyes. However, organizations still have a ways to go in learning from workforce initiatives and experiences. It is noteworthy that while we spend more than 75 percent of our waking hours performing work, we (as a society) spend relatively little of that time cultivating a better work life.

To create full understanding and action for improvement, human work must be examined with a holistic approach. For in addition to product and service production, profits, corporate growth and efficiency improvements, human work translates into human fulfillment and dignity, work ethic and commitment, and community responsibility and service. These and other spiritual values, when mutually shared between an employee and employer, build workplace loyalty. In examining both the material and philosophical issues surrounding workplace
loyalty, this thesis will draw a clearer understanding of the value in a long-term workplace culture which promotes and sustains workforce loyalty.

There are vital questions to be considered about the conditions in America’s workplace, and how these conditions affect and are impacted by workplace loyalty. First, one must examine the myriad of PES (people elimination strategies) which have been overrunning our workplaces during the past decade. Also, one is compelled to ask and answer fundamental, philosophical questions about work: What is work? Why work? How does work impact the worker, our workplace, our world community? And perhaps most importantly, as humans we must ask ourselves and determine "What makes work good?"

In the following chapters workplace loyalty will be examined within a material, economic framework as well as a psychological, moral, philosophical and social framework. In addition, personal experiences and reflections on the issue of workplace loyalty will be offered from a variety of workers and managers. After having weighed both the material and philosophical aspects surrounding this issue, I will outline what I consider to be the fundamental choices before us with regard to the construction or destruction of workplace loyalty, and after this analysis draw conclusions and recommendations.

In Player Piano, Kurt Vonnegut relates a sometimes humorous, often horrifying world in which our workplaces as
well as our beliefs and passions have been fully automated. Vonnegut’s forward reads: "This book is not about what is, but a book about what could be."² To borrow from Vonnegut’s prose in an optimistic fashion, this thesis is not only about what is, but about what can be.

CHAPTER II
WORKPLACE LOYALTY: A CLEAR DEFINITION

The damage of job loss can be seen in all areas of industry, whether blue collar or white. Across the board layoffs continue to pervade American industry and tear away at our workplace and our societal structure overall. The results of PES? Chicago Tribune reporter Ronald Yates shares some startling facts in his article "Downsizing’s Bitter Pill":

A recent national survey revealed that 63 percent of middle managers feel less loyalty to their companies today than they did five years ago. And of even greater significance, this same survey found that 57 percent of American corporations feel less loyalty to their employees... Another national survey of 400 middle managers recently reported that 33 percent distrust their immediate supervisors and 55 percent don’t believe anything top management says.3

These statistics are but a glimpse at the effects of PES. Certainly, both employees and employers are feeling less loyalty to one another. But what kind of impact does loyalty have on our business environment and societal structure? What is loyalty and do all individuals define loyalty the same way? I purport that the diminishment of workplace loyalty will be detrimental to our business world and society overall. Also,

those businesses who choose to continue to foster and maintain loyalty in their workplace will sustain a significant competitive advantage. For they will have created and sustained a seasoned, competent workforce who work toward common goals with a shared mindset.

A clear definition of workplace loyalty is in order if we are to be clear on its importance and effects. I define workplace loyalty as a mutual commitment between employees and employers. Partners who share a set of values lay the foundation for workplace loyalty, and these values are both material and philosophical. They represent every aspect of the workplace which affects and is affected by the human worker and management, and how these two groups weave together their experiences, skills and beliefs to become a community. For instance, for workplace loyalty to exist, the employee and employer must be in sync with and have a mutual commitment to shared values including individual and corporate ethics, human management policies and approach, and an understanding and achievement of personal and corporate goals. When a mutual commitment to shared values such as these exists, workplace loyalty and community is born and nourished.

Philosopher Germain Grisez and writer Russell Shaw also refer to the concept of commitment and community in *Beyond the New Morality, The Responsibilities of Freedom*. Grisez and Shaw explain that while contracts bring about duties to concrete objectives, or "second-level actions," humans can
exercise their freedom of self-determination to act for unspecifiable ends or goals, which are referred to as "third-level actions." These acts of commitment, when embraced along with others who are similarly committed, create the social relationships known as community. Grisez and Shaw comment on the difference between second and third-level actions:

Contracts are immensely important -- indeed, essential -- in everyday life, but, morally speaking, they do not raise many special problems and they are not very interesting. Far more difficult and significant, in ethical terms, is the question of duty as it relates to social relationships involving and based upon third-level action.4

Importantly, there are goals to which one is contracted, and there are goals to which one is committed. Our commitments within a community, as Grisez and Shaw state, are more difficult to define and measure, yet they are truly significant to the welfare of that community. In a corporate community, Grisez and Shaw's philosophy holds true. Once this commitment to "third-level action" is in place, workplace loyalty, the workplace itself flourishes. For workplace loyalty fosters values (and benefits) shared by both employee and employer, which among many characteristics such as work quality and productivity, provide for worker dignity, fulfillment, and connectivity.

Workplace loyalty is looked upon negatively by some authorities, and I believe this is due to unclear definitions

and misinterpretations of its meaning. To be clear, workplace loyalty is not what some might call "blind" loyalty. By this I mean that employees and employers remain loyal to each other to any end. For instance, loyalty does not mean that an employee should accept demeaning, unfair treatment or substandard working conditions simply because the company has employed her for 15 years. Similarly, workplace loyalty does not mean that a company should retain unproductive, dissenting employees simply because they have "put in" their 15 or 20 years with the company. No individual or company could last very long under such circumstances.

Also, workplace loyalty is not patriarchal in nature. No father figure is in place or exists to "take care of" his children. While I personally do not think "corporate family" is as faulty an ideal as others purport it to be, it does imply a further obligation that neither a corporation nor an employee can always meet. "Family" implies the blind loyalty concept to which I previously referred, an obligation to a family member which moves outside ordinary, realistic grounds. Patriarchal structures imply an employee's complete reliance upon his or her company. Referring to the employee-employer relationship as a partnership is much more fitting. Both partners must be committed to similar goals and values, and to a great extent rely on each other for success.

I believe that America, America's workplaces and workers, can flourish when workplace loyalty flourishes, and
that workplace loyalty stems from partners who share in their commitments to common values.

As stated at the onset of this chapter, in order to move forward with a study which examines the impact of workplace loyalty on our work, our workers, our business owners and our society overall, it is necessary to put forth a clear definition of the issue. This definition will serve as a framework for the ensuing chapters which will uncover the myriad of considerations surrounding workplace loyalty.
CHAPTER III
JOB LOSS IN AMERICA

This and the following chapters of this thesis discuss both the material and philosophical aspects of job loss and the short-term workplace culture permeating America's corporate community. While the chapters are separated as a logical formality, it is important to remember that the material and philosophical worlds are partners in one life continuum; therefore, the framing of each issue will naturally contain aspects of its life partner.

First, let us examine the past and current facts about human work in America. Since 1970, when unemployment rates were at 4.9 percent, unemployment has steadily increased to a 1990 rate of 5.5 percent. It should also be noted that we experienced peak unemployment rates of 9.7 percent in the early to mid-eighties during the onslaught of PES. To compare ourselves to other countries today, U.S. unemployment rates are twice those in Japan and Sweden, on par with those in Australia and Germany, and lower than unemployment rates in Canada, France, Italy, the Netherlands and the United
Kingdom. Unemployment by occupation and gender is also a consideration. While unemployment of manual laborers, service and craft/repair occupations has decreased from 1983 to 1991, unemployment in technical, administrative and managerial and specialty occupations has been on the rise during this same time period. As of 1991, males made up 7 percent of the total unemployment rate while women followed closely behind with a 6.3 percent unemployment rate.

Job creation has decreased tremendously over the past 20 years. From 1976 to 1978 approximately six million jobs were created. With some peaks and valleys during the eighties, we ended 1990 having created only 2.6 million jobs - most of these jobs originated in the services industry, and small firms (less than 500 employees) accounted for the majority of this growth, with larger firms losing a good share of jobs.

While the U.S. unemployment rate has remained at the high rate of 5.5 percent and job creation has declined, mergers and acquisitions activity has steadily increased. In 1980 there were 1,558 mergers and acquisitions, valued at $32.8 million. The number and value of mergers and acquisitions continued to increase throughout the ’80s, and in 1990 there were a total of 4,168 such transactions with a value totalling more than

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6Ibid., 401.

7Ibid., 532.
$172 million. All industries have been affected from agriculture to manufacturing to transportation, but the industries impacted most by merger and acquisitions activities are the finance, insurance, real estate, and services industries.\textsuperscript{8}

But whether a PES comes packaged with a label called mergers and acquisitions, downsizing, workforce reduction, restructuring or reengineering, a layoff is a layoff is a layoff. Since January 1992 U.S. corporations have announced nearly 500,000 layoffs, and in the last five years more than 1.5 million executives, managers and administrative professionals have lost their jobs, double the number laid off from 1981 to 1988.\textsuperscript{9}

Those are the numbers. But what is the human effect of PES? The day when only unskilled laborers had to worry about layoffs has long since passed. Skilled employees -- technicians, specialists and managers -- who have 10, 15, 30 years on the job are suddenly wondering if they will have a job in the next year, in the next month, in the next week. They go to work each day hearing about and reading about companies who are laying off thousands of employees -- some do so to remain competitive, some do so to improve profits, some must do so to merely survive. And the layoffs hit very close

\textsuperscript{8}Ibid., 534.

to home. Nearly everyone knows of a family member or friend who has recently experienced job loss. Companies once known for their no-layoff policies are suddenly announcing significant downsizings. This shift can be realized in the findings of the book *The 100 Best Companies to Work For in America*. As stated previously, this book is one of few materials written through the eyes of employees rather than management. Authors Levering, Moskowitz and Katz visit hundreds of companies and speak with thousands of employees to develop the five most important company characteristics as communicated by employees. Note, these characteristics can also be termed "employee values." This book highlights employee values (both material and philosophical) and reports on companies that provide, foster these values. Individuals purchase these findings in an effort to match their values with an organization. We observe here an effort to create a set of shared values between individuals and corporate communities, as defined in my definition of workplace loyalty. The 1984 version of this book highlights the 100 best companies in America based upon these five categories/values: benefits, pay, job security, chance to move up and ambience. In 1984, IBM was listed as one of 10 top corporations in the area of job security. However, since 1985 more than 70,000 IBM employees were induced to "retire," and in the decade of the '90s IBM has announced the layoffs of 25,000 IBM employees. In the end, IBM's 400,000 workforce has this year
dwindled to 275,000. Other companies noted for job security in 1984 such as Delta Airlines, Digital Equipment, Exxon and Eastman Kodak have simply not been able to retain their leadership in this category. For instance, Kodak layed off 12,500 workers in September 1993. And there are more: ITT layed off 5,400 employees and Chemical Waste Management layed off 1,200 workers. General Motors announced in 1992 that it would eliminate 74,000 jobs and close 21 plants by 1995.¹⁰

The numbers are simply astounding. So much so that in the introduction of their 1993 edition of The 100 Best Companies to Work For in America, Levering and Moskowitz state that job security was the one issue that penetrated their selection process with difficult and thought-provoking concerns:

As we went around the country, companies were laying off people in droves. For a worker, there is nothing more traumatic than losing a job, especially at companies like Digital Equipment, Eastman Kodak, Exxon...firms which had previously promised employees, explicitly or implicitly, that they would never lose their jobs because of financial reverses. We therefore paid close attention to this issue.¹¹

As a result, while companies who pledged no-layoffs were given highest commendation, Levering and Moskowitz also took into


consideration how layoffs were handled; how employees were treated financially and morally during cutbacks. Companies received bonus points for their "humane" handling of downsizings. I believe this sends another important signal. Did Levering and Moskowitz compromise their research results? Are Americans expected to compromise their needs and be pleased to find a company who handles layoffs properly rather than working for a company who does not layoff its workers in the first place? Is job security too much to ask for today?

It seems Americans do not think so. For, although many companies made a point of explaining in 1993 that they did not want to be known as a "no-layoff" company, job security continues to be a top consideration to employees rating a company. While Levering's 1993 version has expanded the category of ambience to be named openness/fairness and camaraderie/friendliness, and has added a category named pride in work/company, the job security category has remained third in importance following pay/benefits and opportunities. This, I believe is truly significant. For there are human resources consultants, business leaders and legal authorities who believe that job security cannot be expected and, importantly, is no longer an important consideration to employees. Those in this group have a laissez faire attitude toward the short-term employment culture permeating America, and believe that it is a natural occurrence which workers have or will become accustomed to and readily accept. Levering's research seems
to show these individuals mistaken. Because Levering's book is based upon thousands of employee interviews, it shows that employees indeed do continue to care very much about job security.

It was mentioned earlier that manual laborers are accustomed to the effects of job loss. In some cases, job loss has occurred because of a slow economy, in other cases job loss is the direct result of a labor strike. Either circumstance results in lack of income and job security, and, at least until the onset of PES in the 1980s, laborers have had more experience in the area of job loss than have white collar employees. However experience does not ease the pain, and some of the rules have changed when it comes to labor-management disputes. Examples of these rule changes and their consequences are found in the examination of the phenomenon of union strikes. While unemployment has peaked and steadied at a high rate throughout the past two decades, the number of work stoppages has declined. In the 1960's and 1970's we averaged 325 work stoppages per year. However in 1980 there were only 187 stoppages and that number has decreased to only 40 work stoppages in 1991. Further, though union membership has increased, the actual number of laborers striking and average number of days idle have decreased sharply over the past decade.\textsuperscript{12} It is interesting that as unemployment rates

remain high, labor dispute occurrences decline. Though there are a number of factors contributing to both trends, I see one important factor in the decline in labor disputes to be a signal that workers today are less apt to chance job loss. They are striking less often, there are fewer striking, and they are returning to work at a quicker pace. Can these statistics be the result of better management-labor relations? Or perhaps labor negotiations have improved so that the average number of days idle is a fraction of what it was 20 years ago? I do not believe this to be true. Rather, I believe the labor side of the management-labor relationship has acquiesced. First, while layoffs due to economic downturns and work shortages are no stranger to laborers, there exists today a deeper psychological factor in the minds of all U.S. employees - the issue that has permeated all of our minds - fear of job loss. For we all know at least one person who has unexpectedly lost their job, and who has not been able to find another. I believe that the psychological circumstances surrounding job loss attacks all human workers in our society, including our laborers. This effect has brought about a decline in work stoppages; workers today are content to be employed and are less apt to risk job loss.

Second, and perhaps more deeply relevant to the work stoppage trends noted, management today does not always wade through extended and tedious labor negotiations -- they simply replace the striking workers with new employees. This is a
significant philosophical shift in workplace relations, another example of short-term workplace relationship philosophies infiltrating our culture. Management would rather throw a whole lot of time and money into hiring and training new employees than negotiate with and retain their current workforce. An example of this is the recent (November 1993) American Airlines strike. Four days into the strike, American’s Chairman Robert Crandall refused a union recommendation to create an emergency presidential mediating board, and his company had already interviewed more than 5,000 applicants and had more than 1,200 new employees in training to replace the striking attendants. Thankfully for many, the President met with Crandall and an agreement between American and the flight attendants union was reached. In listening to a number of radio talk shows, though there was much debate as to whether or not flight attendants deserved what they were asking for, it was clear that as the strike went on flight attendants and their families were quite concerned about job loss. They were frightened indeed. While the union asserts that most of their 21,000 members participated in the strike, a large number of flight attendants calling into these shows saying that they were satisfied with their current agreement and simply wanted to return to work.

I am not purporting the rights and wrongs of management replacing striking laborers. While flight attendants lost pay, American Airlines was losing $25 million a day. However, it is important to note these types of trends in order to understand how they will impact future labor-management relations. While attendants and American lost wages and profits, what did America lose? As stated previously, we must examine work and work patterns from a physical and philosophical standpoint. From an economic stance, when 21,000 people are out of work there are 21,000 people who, to one extent or another, must change their buying patterns. This group joins the millions of unemployed in this country who are certainly not making a productive contribution and who may not be able to make an economic contribution to our country's "bottom line." From a global viewpoint, this hurts all of us. From a cultural standpoint there are additional implications. Though they went back to work, these employees have returned different people. They will physically perform their jobs, but it will probably take quite some time before company relations return to their previous state. What happens to employees who know that their company was days away from severing negotiations and hiring their replacements? What will that mean to service standards, productivity, innovation and efficiency? What happens to the trust between employees and management (realizing that the

14 Ibid.
trust relationship has already been damaged by the initial strike), and how long will it take to regain trust? Can trust ever be regained under these circumstances? Management sends a frighteningly clear signal when it hires and trains thousands of new employees rather than spend time or money to retain its current experienced, knowledgeable workforce. Certainly, consumers, employees and management lose under these conditions.
CHAPTER IV

PSYCHOLOGICAL CONTRACTS

As defined, workplace loyalty is embodied in a partnership between employees and their employer, with both parties sharing a set of material and spiritual values. Materially, these partners share in corporate goals, each fulfilling his or her particular responsibilities to meet or exceed productivity, income, profit and quality objectives. When employees are interviewed and hired, they are in effect agreeing to fulfill the duties assigned to particular job descriptions. However, in addition to an agreement that they will be able to sell widgets, or service customers or manage the company's accounts payable function, employees agree to adhere to the company's ethical standards, human management practices, and policies and procedures. In return, they can expect from the company particulars including compensation and benefits, potential for personal development, a safe working environment and fair treatment. While both employees and employers readily agree to such terms, clearly the material elements of the employment contract are much more easily defined and adhered to than the spiritual elements. For in addition to a day's work for a day's pay, these partners agree
to a commitment that goes beyond productivity and paychecks.

Grisez refers to this type of commitment when he writes of the moral duties and responsibilities, or "third-level actions" beholden of community members in relation to the "second-level actions" as required in a contract. The social sciences also recognize the issue of "contracts versus commitments" in that when workplace loyalty is discussed, the term "psychological contract" comes into being. What is the psychological contract between employee and employer, and why is it important? It is vital to understand the terms of the psychological contract because of its strong impact on the material contract we (employees and employers) sign.

Many of the material issues have been brought forth. Millions of American workers have experienced PES. Companies are rightsizing, downsizing to remain competitive; some are doing so to increase their bottom line, some are merging and acquiring and eliminating duplicated functions, some have reengineered their processes and need fewer workers. Whatever the particular reason behind PES, the employees who have been laid off have experienced first-hand the effects of the broken psychological contract. While destroying worker psyche, the broken psychological contract damages the corporate psyche as well, diminishing workplace loyalty.

Denise M. Rousseau and Karl Aquino of the Department of Organization Behavior at the Kellogg School of Management at Northwestern University have conducted in-depth studies on
this issue. It is clear from their research results that involuntary terminations due to organizational restructuring have a tremendous impact on the attitudes and well-being of both the victims of these terminations and "witnesses," those in the organization left behind. Rousseau and Aquino define implied contracts as "Mutual obligations arising from relations or sustained interactions over time." These contracts "can involve both overt promises (e.g., of hard work or renumeration) as well as numerous factors parties take for granted (e.g., good faith or job security)." The following is a summary of research conducted on implied, psychological contracts involving some 120 participants. These participants were asked to rate 27 different termination scenarios in terms of fairness and obligation. Specifically, Rousseau and Aquino examine the impact of the implied, psychological contract in terms of seniority, performance, formal commitments, severance, reasons for termination and procedural justice factors (participation and notice).

As would be expected, termination fairness is strongly measured in terms of formal commitments made. For instance, it is indeed difficult to justify layoffs at a company which espouses its "no layoff" policy during the recruitment process.

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16 Ibid., 139.
and throughout one's employment life. Also, one's seniority, coupled with performance is a strong factor in measuring the fairness of a termination. In other words, when seniority is in place and performance is at a satisfactory or higher level, termination fairness is diminished. The psychological contract for job security is strengthened with long-term, satisfactory performance. Rousseau and Aquino's study also shows that job security rights are weakened when performance is less than satisfactory, regardless of seniority or commitments made. This point is significant to this thesis. As defined, workplace loyalty is not "blind" loyalty. No individual in today's society should expect to remain employed if they are not making an honest contribution to their organization, regardless of their tenure. Importantly, "honest contribution" is measured not only in terms of productivity and competency, but by an employee's demonstration of values such as work quality, integrity and work ethic. Though Rousseau and Aquino (rightly) speak of mutual obligations, many of us often think of the psychological contract in terms of employee fairness. It is important to note that under my definition, this contract plays both ways. Both the employee and the employer must satisfy the psychological contract; they must forge a community, for they are bound not only to a legal contract, but to a shared commitment.

Given seniority and satisfactory performance, termination
fairness is measured in terms of severance and what Rousseau and Aquino define as procedural justice factors. Terminations may be viewed as "tolerable" when equitable severance packages are created, and employers clearly communicate the reasons behind the terminations. But beyond communication, an employer must be able to justify the termination. For instance, actual company survival may be more justifiable than increasing competitiveness or corporate profits. Further, issues such as notice and participation play an important role in determining the fairness of the termination. The real issue at hand here is the humane treatment of the worker. Whether the termination can or cannot be justified, was the employee treated fairly, with dignity and care? These procedural justice factors play a key role in measuring fairness in termination. This concept relates to Levering's opinion that although many companies must undergo PES, the real judgement is made based upon the way in which the layoffs are handled.

The result of a violation of the psychological contract? Rousseau and Aquino concisely state the outcome:

From the individual's perspective, violation is associated with mistrust of the employer, intense anger, quitting one's job and litigation. Organizationally, implied contract violations engender attrition and erosion of the employee-employer relationship.¹⁷

The bottom line of this comment is that both employees and employers lose when workplace contracts are broken. Workplace

¹⁷Ibid., 138.
loyalty erodes and everyone pays the price. Employees who undergo job loss lose their financial security, their sense of connectivity and their dignity. Employers are left with a workforce that is fearful, insecure and less productive. They are feeling less loyal, less obligated and spiritually troubled by their peers' unemployment. No one wins under the PES scenario...except for, of course, consultants. Hundreds of workplace consultants nationwide are collecting new clients and income due to PES. They are selling their time, their manuals, their pamphlets and brochures and videos, teaching individuals and corporations how to survive in today's short-term employment culture. I envision these consultants as vultures who swarm patiently around their dying victims, awaiting their last breath before swooping in to squeeze out the last pieces of life, profit and dignity from the human spirit. They are profiting, and profiting well from society's destruction. Having said this, these consultants are but tertiary players in the deterioration of our corporate community. They are simply filling a niche, a wound, that corporate America has opened.

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CHAPTER V
RECONCILING HUMAN AND CORPORATE RIGHTS

When examining the diminishment of workplace loyalty and its effects, the issue of rights, responsibilities and obligations comes into being. Need any one or set of individuals take responsibility, or become accountable for the development of the short-term workplace culture, the deterioration of workplace loyalty and the diminishment of human dignity? And importantly, as Patricia Werhane examines in Persons, Rights and Corporations: "Can respect for human dignity be realized in the workplace without sacrificing economic efficiency and innovation?" The answer to this question is vital, for as discussed early on in this thesis, the material and spiritual worlds must be able to co-exist equally, each benefitting the other on one life continuum.

The U.S. Bill of Rights and the UN Declaration of Human Rights are examples of acknowledged statements of the fundamental rights held by all human beings. While we can ascertain broad definitions of our rights from such documents, human rights within a corporate environment often get muddled

and sometimes engulfed by the rights held by corporations as legal entities. Werhane examines corporate and human rights in meticulous detail to clear up the muddy waters.

In relating basic human rights to the workplace, Werhane states that while corporations have rights to freedom, privacy and autonomy to conduct business as they wish, employees have rights to due process, freedom and privacy, safe working conditions, fair pay, participation and even the right to a meaningful job. Of course, in addition to rights, both the employee and employer hold certain obligations in the workplace. The challenge comes in understanding how these rights and responsibilities work hand in hand, and in discovering a way to reconcile basic human rights with corporate rights.

Werhane classifies corporations as "secondary moral agents who are morally responsible for and may be held accountable for their actions."20 According to Werhane:

Because corporations are collectives that are dependent on persons for their existence, continuation and moral character, corporate moral claims are valid only in the context of the recognition of moral claims of individuals. Therefore, corporations and persons have, at best, equal rights, and the rights of persons take precedence over those of corporations.21

This relates closely to the "social contract theory" which in essence states that corporations are allowed to exist


21 Ibid., 30.
simply because society -- a collection of human beings -- allows them to do so. In addition, the goal of an organization is to enhance the welfare of society by satisfying both consumer and worker interests.

Simply put, corporations are a collection of individuals, and as such must be held morally responsible for their actions, just as individuals in our society are held morally responsible. Therefore, corporations cannot make decisions based solely upon the bottom line, for their responsibilities go much further than satisfying pure business objectives. As I see it, corporations have five fundamental constituents: consumers, suppliers, stockholders, employees and society. While most corporate mission statements refer to all of these constituents, many business decisions, particularly with regard to PES, are made considering only the stockholders. I believe that corporations need to begin thinking in terms of stakeholders, not just stockholders.

Certainly, most corporations have philanthropic and community services initiatives in place to demonstrate their commitment to the communities in which they serve. Yet these very corporations who will spend hundreds of thousands of dollars sponsoring community events will readily announce massive layoffs to "remain competitive." In such cases, the corporation too easily relinquishes their consumer, employee and societal constituents in the name of stockholder interests. Not only is this type of business philosophy
irresponsible and immoral; it is economically short-sighted as well. Note that the opposite is also true: If managers do not run their businesses in an effective, efficient manner (which is what they are paid to do), they could cost people their livelihoods. This economic short-sightedness is also irresponsible and immoral.

For the past decade, corporations' PES have thrown away millions of dollars in recruitment and training costs. Human expenditures, human investments, have been tossed out of the window to create quick fixes to the bottom line. While salary dollars are cut for the short term, a huge investment in knowledgeable, seasoned employees has been lost. Meanwhile, survivors (those who remain in the organization) are left wondering if they will be next, questioning their commitment and the company's. And all this time, company competency and productivity declines tremendously. These issues are at the heart of workplace loyalty. For while a corporation must answer to their stockholders, as humans, we must all answer to one another.
CHAPTER VI
A PHILOSOPHY OF WORK

In addition to analyzing workplace loyalty through statistical information on PES, psychological contracts, and human and corporate morals, rights and responsibilities, a complete examination and understanding of workplace loyalty must include a broader philosophical study of the issue.

The introduction to this thesis related sound questions about human work. I believe one question in particular will lead to a better understanding of the importance of workplace loyalty: "What makes work good?"

Aristotle taught that everything a human being does, he/she does for an end, and that end is a purpose or goal, an object of desire. Human work is purposeful and is desired because it is good. Also according to Aristotle, human beings desire to find meaning in life, ultimately happiness, and one can find this meaning through work. Since good work is not necessarily reflected in the work itself but in the worker, I believe it vital that the worker feel a sense of dignity, fulfillment and belonging in his or her work. The obligation for creating and maintaining these and other values comes from

22 *Nicomachean Ethics*, I, 1, 1094a, 1-3.
both the employer and the employee -- partners in these shared values instill loyalty that makes work good and makes good work.

As related in the definition of workplace loyalty, loyalty begins when an employee and employer share a set of values which, among many characteristics such as work quality and productivity, provide for worker dignity, fulfillment, and connectivity. In turn, the loyalty that is born from this shared values system grows and matures between these partners, and proliferates itself throughout the system -- the corporate community. It is this shared loyalty in the workplace that brings about good work and work that is good -- attributes vital to the survival of the human spirit, and to the survival of the workplace. Loyalty creates a long-term workplace relationship culture which brings about the betterment of not only the employee and employer, but also our society as a whole. (This, as opposed to a short-term, contractual or work-at-will culture which brings about insecurities, humiliations, and alienation in our workplace and in society overall.)

Philosophically, what might various authorities on work say about the importance of loyalty and the re-creation of the long-term workplace relationship culture?

In his book The Doctor and the Soul, Viktor Frankl examines the significance of the search for meaning in one's life. He believes we must find meaning in order to exist, and
he speaks of the values that can bring us this meaning. Specifically, Frankl says that we can find meaning in our lives through love, work and suffering.²³ While work takes on many forms, I define work as that which we do to use our energies (physical and mental), and to bring meaning to our lives through accomplishments and relationship building. Therefore, while human work can have extrinsic value as a means of pure survival (provides for food and shelter), work also manifests its intrinsic value in the more sophisticated, ethereal aspects of our lives. Frankl too makes clear the importance of understanding these spiritual, non-material components of human nature when he writes that we must value "caring, not just curing" in discussing logotherapy.²⁴ While Frankl is referring to the medical profession, this distinction is applicable in the business world. We must not merely cure business problems; we must also care for our workers. I believe that this philosophy lays the foundation for my own philosophy of human nature and the role it plays in making work good. It is through all of life's experiences including work, and importantly our attitudinal values during these experiences, that we bring meaning to our lives. Therefore, we simply cannot separate the philosophical from the physical aspects of our lives (including our work lives).


²⁴Ibid., 14.
I make this point because I believe some individuals in the corporate world think of work in terms of profits, net income and productivity improvements - in material, economic terms. However, as work plays such a large role in our lives and our search for meaning, we simply must concentrate on the spiritual aspects of work such as feeling dignified in what we do, feeling an important part of the group, and feeling fulfillment or satisfaction in our work. These attributes are part of a shared values system which instills workplace loyalty. I believe Frankl and Aristotle (were he alive today) would agree in fact, that the characteristics that create and maintain workplace loyalty are integral to making work good as well as making life good.

In *Working*, Studs Terkel's oral histories of working men and women from all walks of life, loyalty plays a key role in a significant number of the narratives. Because I believe that workplace loyalty has deteriorated over the past two decades, it is interesting to note that Terkel's book was first published in 1972, a time when loyalty was prominent in many of America's workplaces. For instance, a great number of workers Terkel interviews are much like Lincoln James. James has been working in a rendering and glue factory for thirty-six years. He not only enjoys his work, he takes great pride in it. He is proud that he has been able to improve himself and provide for his family through his work. James says that not only has he gained personal fulfillment, but that there is
dignity in his work. James makes some poignant comments about workplace loyalty in decline in this revealing statement:

You speak of my working life? I like what I'm doing. I never been laid off in thirty-six years...Some of the younger help, they seems to have the attitude, 'I won't be here long.' They say, 'How long you worked here?' I say, 'Oh, somewhat longer than you all.' They says, 'I don't want nobody's job that long.' They don't feel like coming to work, they take the day off...Wherein it was a rare thing for me to lose a day, years back. 25

James' narrative depicts both pride and loyalty to his company. His company has been good to him, and he in turn has been good to his company. His younger peers at the factory do not seem to possess the same work ethic, dignity and loyalty. And there are other employees interviewed by Terkel who have contrasting opinions about work. There are those such as the spot welder who calls himself "a machine," or the bank teller who is "caged" or the receptionist who claims "a monkey can do what I do," or even the migrant worker who says "I'm less than a farm implement." 26 What marks the difference between these comments and those like Lincoln James'? I believe the distinction lies in how these people feel about themselves and, importantly, how their employer feels about them. So many of these workers cited by Terkel as surviving daily humiliations, "baring the scars, psychic as well as physical" 27 are doing so because they do not feel fulfillment


26 Ibid., xiv.

27 Ibid., xiii.
in their jobs, they have lost their dignity, and they do not feel the sense of belonging or connectivity to which I have referred. They sense no loyalty or respect from their employer, and they feel they have very little, spiritually, to give in return.

These contrasting narratives show powerfully how much better our lives could be if our work situations nurtured a long-term relationship culture built upon a shared values system that instills loyalty. And in addition to workplace loyalty bringing about better human existence overall, workplace loyalty brings about better work. There can be no doubt that the rendering and glue factory would hold a stronger financial future if its young repairmen had the mindset of veteran Lincoln James.

In *Work, Society and Culture*, Yves Simon addresses the metaphysical, psychological, sociological and ethical characteristics of work. I am most intrigued by Simon’s discussion of work in terms of its service to society and the ethics of the worker. Oftentimes we think of work as it relates to the benefits received by the worker and the employer. However, as Werhane also discusses, the phenomenon of work involves much more than any one individual or corporation; rather, work impacts and is impacted by our entire society. Every human being from the laborer to the CEO

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collectively comprises our society. And only when all of
these individuals act ethically and contribute to society can
we improve our world.

Simon supports a related theory espoused by Claude-Henri
deRouvroy Saint-Simon. Saint-Simon was born in 1760. A
French social reformer, Saint-Simon was one of the chief
founders of Christian socialism. He believed humankind could
be sustained and improved through a sound unification of
industry and society:

Saint-Simon’s basic notion was that man’s real calling
was the transformation of the earth for the welfare of
humanity. . . . Saint-Simonists did not believe that
individuals should be allowed to follow their lust for
gain; the public interest demanded organization and
centralization. 29

Similarly, Simon believes that although work is a legal
fulfillment that can indeed be irksome, work should bring
about betterment to the society it serves, and that therefore,
work must move beyond the ambitions, skills or successes of
any one individual or entity and into the betterment of our
entire society. This differentiation can also be drawn with
regard to the importance of workplace loyalty. For the
responsibility for and benefits of shared loyalty between the
employee and the employer go far beyond the office or the
manufacturing plant. As corporate communities are really
microcosms of our society, this orientation toward loyalty and
commitment in the workplace will further manifest itself in

29Ibid., 46.
each individual’s home and community.

Certainly then, the characteristics of human work travel beyond the workplace. According to economist Schumacher, there are three purposes to work: to provide necessary and useful goods and services; to enable us to use and develop our gifts/faculties; to do so in service to, and in cooperation with, others, so as to overcome our egocentricity. Schumacher also makes it clear that people are not made for work, but rather, work is made for people.30 This philosophy, stated, sounds rather uncomplicated. But if businesses were to live by this philosophy, work processes and environments would need to shift dramatically. Because today, for the most part, we arrange people around the work. Certainly Schumaker’s approach is more humanistic. And some companies are moving toward this philosophy, implementing flex time, job sharing and employee-driven improvement teams.

Still, our society needs to improve in making work good for people. And when we are able to make work good, we will most certainly make better work. This statement is much more than a philosophical ideal; it is a statement of fact. There are hundreds of companies that understand the importance of making work good in order to make good work, as evidenced in Levering’s The 100 Best Companies to Work For in America.


Small, medium and large-size companies live their humanistic philosophies and are growing and making tremendous profits because of, not in spite of, this approach.
CHAPTER VII

PERSONAL REFLECTIONS ON WORKPLACE LOYALTY

As related in the thesis introduction, one can read a myriad of materials and gain tremendous insight from philosophers, economists, statisticians, psychologists and historians alike. However, the impact of PES and the issue of workplace loyalty is uncovered quite vividly and tellingly in conversations with workers themselves. The following narratives are meant to offer insight as to the experiences and psyche of today's employees and employers. I have spoken with several workers from differing walks of life: a skilled laborer; an administrative, white collar employee; a senior executive of a small manufacturing plant; and a senior vice president and group executive of a Fortune 500 company. These interviews are not meant to serve as statistical, survey data on this issue. Rather, they represent my personal contribution to this subject. All interviews were conducted in a casual, conversational manner. These five individuals shared with me their personal experiences with and their reflections on workplace loyalty as employees, and in some cases as managers of corporations.
Diane O’Connor returned to work full time in 1977 at the age of 38. Being legally blind, Diane remembers counting the number of stairs up from the subway to find her way to her office building in downtown Chicago. She also experienced pain in both eyes; yet she was determined to get back into the workforce and was enthused and confident about beginning her job as a receptionist at Natural Gas Pipeline (NGP), a subsidiary of People’s Gas. Within a short period of time Diane was promoted to secretarial work, and after many years as an executive secretary and assistant to the president, Diane joined the Information Systems department and held a series of technical positions.

Diane certainly had the will to work despite her physical handicap and she felt loyalty to and from the company for which she was working. Diane’s definition of workplace loyalty: "I think that workplace loyalty comes when individuals are working as members of a team for the company. My work should enhance the company and I should provide ideas for how to improve the business." Diane adds, "I have a responsibility to the little things as well, like getting to work on time, working hard, doing the best I can...those things are important. If I’m doing a good job, I would expect to be compensated fairly with benefits and pay."

However, Diane expects more from her company than fair pay and benefits. She believes the company has a responsibility to provide a good employee with job security.
"Job security leads to a happier, healthier employee. When you've made a big effort and invested a number of years with a company, it's important that you know there will be a place for you within an organization."

As discussed previously, beyond pay, benefits and job security, there are additional factors which contribute to making work good. Diane was pleased with the fulfillment she received from her work. "When I started with the company, I knew that if I did my job well I could get promoted to another job and do even better. So there was always a challenge to perform better and learn more. This gave me a sense of fulfillment." Beyond what Diane felt the company could provide (seminars, training, job experiences), she had a strong sense of her own personal commitment to her development. For instance, she returned to college and for several years honed her personal communication, research, and written skills and capabilities.

Company culture coupled with personal drive and ability provided Diane with a steady progression of promotions over her 15-year career with her company. "You begin to feel very good about yourself and you obtain confidence in your abilities," says Diane.

However, Diane comments that this feeling of personal fulfillment and confidence began to deteriorate when her company experienced a 1982 spin off and became Midcon Corporation, and was then two years later purchased by
Occidental Petroleum. Her boss was forced into early retirement and her department was disbanded. Fortunately, Diane was given a position in another department working for a new boss, performing a new job. "The problem wasn’t the new job or my new role," says Diane. "The problem was that you still weren’t sure this was really your job because you knew there were more changes to come." According to Diane, in addition to employee security deteriorating came a deterioration of work quality and productivity. "Project work was hit or miss, with no rhyme or reason to it. There was no leadership or direction because our managers didn’t even know their responsibilities, but also, because they didn’t know if they’d be in their positions in six months. And believe me, employees sensed that."

While working through several years of departmental closings, early retirements and layoffs, Diane tried to remain focused and continued to perform to the best of her abilities. She saw many close friends and acquaintances let go. "It was very demoralizing. We went from being proud of the company we worked for to constant complaining and griping over the latest restructuring. This definitely affected productivity, because each week we were focused more on who was let go or who was about to be let go, rather than thinking about how to improve the company. And in addition, no one really cared about their work because they knew that in another six months there would be a new plan, a new boss, a new department." According to
Diane, the restructurings affected employees at all levels of the company. "A Chairman from Occidental was brought in and there were philosophical differences between him and our current president. Soon enough, our president retired. We had three presidents in four years."

Despite all these goings on, for her efforts Diane was promoted to an executive secretary working for the vice president of the tax department. "I thought I was in a safe position because my boss was a younger man (I had seen many mature managers asked to retire) and because he was hired from another Occidental company." Diane assumed that because he was a part of the team that acquired Midcon, he had a better chance for employment survival. But two years later, her boss was layed off and the department shrunk from 30 to six employees. "You see," says Diane, "Occidental had their own staff and technical departments, so when they bought Midcon, they had twice the number of employees they needed in these positions." Once again, Diane was shipped off to another department to learn a new job. Though feeling insecure about all of the changes, Diane was grateful that the company was able to find new roles for her during these troubled times and weathered through shifting job responsibilities and management styles with fervor. She continued to perform above standards and was at least pleased to be "making it through" the various PES. However, her good fortune eventually ran out. In May of 1993 Diane’s supervisor was terminated, and two weeks later
Diane was layed off. She was called into a manager's office, handed a packet with her retirement and savings information, and sent directly to the lobby where a company car drove her home.

After 15 years with her company, she was unable to say goodbye to her friends and colleagues. What did this all mean to Diane? "At first, I felt a sense of relief from the build up of frustration of not knowing whether or not I'd have a job from one week to the next, you know this was going on for quite some time. Then, about two or three days later, I experienced a strong sense of loss for all the hard work I had done over the years." Diane's final stage came in the realization that this indeed did happen and that she had to move forward. "I had to think, what do I do now, what are my options, how do I move on? This all happened within seven to ten days; I knew that the negative must be put behind and that I must start thinking positive and get a new job."

Today, 10 months later, Diane continues to look for work. And even now, even given the conditions at her former workplace, Diane would like to be back. "I still wish I was working there. I worked with some wonderful people at that company -- no matter what went on, my fellow workers and supervisors were great people and I enjoyed working with them."

In the final analysis, Diane says that after the myriad of restructurings, retirements, layoffs, new management, new
departments, she sees no improvement in the business itself. "The downsizings continue today, and the stock price is lower than its ever been and they’ve cut the dividend in half," Diane reports.

As stated, administrative and management white collar workers have been severely impacted by job loss since the early '80s. However, job loss is certainly not a new phenomenon to blue collar employees. Coincidentally, when Diane came home that afternoon in May, she found her husband Jim O’Connor at home to greet her.

Jim had also been laid off that day. However, he had become more accustomed to being without work, as he has been a sheet metal worker for 40 years, starting at the age of 17. "I had no idea what a sheet metal worker was, but the money was good and it was a skilled trade, so I thought it held a better future for me," says Jim. Jim started out as a trainee in 1952, and after one year obtained his "Helper’s B Card." This designated Jim as a union helper and he was issued an International number in the Sheet Metal Worker’s Union, Local 73. With more on-the-job training and at-home study, Jim became a journeyman and received his "A Card," becoming a full-fledged sheet metal worker. "I found the work interesting in that it was a challenge to learn the layout work," says Jim. "The job involved a lot of math and drawing, and I found I had aptitude in these areas." Just as meaningful, Jim was earning money. "The wages were important.
I earned an above-average wage compared to what others my age were making."

After a couple of years in the service, Jim returned to sheet metal work and soon married. Jim's definition of workplace loyalty is two-fold: "My goal is to do a good job to make money for the company and to get future jobs, contracts. Customers will come back because of the job you do." says Jim. "In turn, you'll make money and work longer. The company should show some loyalty to me and keep me working. This lets me know that I'm appreciated for the work I've done."

Union work is different from other types of work. In the Union, employees do not receive performance appraisals and developmental discussions. So how does an employee get performance feedback? "Well, one sign is that you get to keep your job," says Jim. "In the union your incentive to work hard isn't a vacation, or a special bonus or other such perks. The incentive to work hard is to keep your job. If you don't perform well, there's always someone out there who will."

Another sign of good work is when a journeyman is asked to be a foreman -- to supervise the workflow and other journeymen on a particular job site. Jim has been a foreman several times throughout his career. But unlike other forms of work, for the most part once laborers leave one company to go to work for another company, they must prove themselves again to become a foreman. So a foreman in one shop cannot
necessarily change jobs and move into a foreman's position in another shop.

Is there much loyalty in union work? Do laborers and their employers concern themselves with a long-term work culture? According to Jim, given the choice most people like to stay with one company. However, this is not always the case. "When workers get layed off too often from the same company, they'll make a move to a more secure place," says Jim. "A place where there's more work, more job security. Sometimes a worker will simply change jobs to work closer to home, given the fact that their current job holds little security for them anyway."

Naturally, some politics come into play with union work as with other forms of work. But according to Jim, other aspects are more influential. "Yes, you need to be able to get along with the boss, but seniority and performance really count in determining who's the first to go in a layoff," says Jim. In his 40 years as a sheet metal worker, Jim has been layed off about 20 times. "I could be off for one day to two months, depending on the economy," says Jim. "But, overall, I've been fortunate to work through some very bad times."

During the tough times, Jim considered looking for another type of work. "In the late '70s when the economy was really bad, I felt insecure when I was layed off. I started to think I was in the wrong job; I started to think about looking for a job where I might earn lower wages, but would
have better benefits and security." Jim wrote to Commonwealth Edison and the CTA and completed job applications, but nothing ever came of these endeavors. Today, he is grateful for it. "As I look back" says Jim, "I’m very glad these ideas didn’t work out, because things have gone well. And now, I see that those jobs weren’t as secure as I thought they were!"

Over the years, Jim and Diane have prudently saved and invested their money, and today when Jim gets layed off, he is less secure. "When I get layed off today, it’s less of a financial issue or insecurity issue, but it is a blow to my ego." According to Jim, his latest boss changed the rules of the game. For in this day in May, Jim was layed off before other men with less seniority and job skill than Jim. "I was doing a good job and I was layed off for personal reasons, not professional reasons," says Jim.

As is the case with good skilled laborers, Jim found another job with another company within three weeks. But having obtained a sound reputation in his field, he has taken this latest incident hard and questions his employer’s lack of ethics and loyalty. "Loyalty works hand in hand," says Jim. "An employee should be loyal with a fair day’s work, and in turn he has the right to expect to keep his job." Jim believes there to be an obligation by both employees and employers to keep our work communities, our society healthy and cohesive: "What it amounts to is that we all have to pull together to stay strong," says Jim.
These experiences relate PES from an employee's standpoint. But what is the account of those who manage through PES? How do company managers, those directly responsible for running the business, feel about workplace loyalty and its impact? Paul Sodeika is the Senior Financial Controller for Pioneer Industrial Products, a small manufacturer located in Willard, Ohio. Paul's personal reflections narrate his own career choices as well as those he has had to make involving the jobs of his employees.

Fifty-eight years old, Paul graduated from DePaul University with a degree in Business Administration. He began his career in the accounting department of General Outdoor Advertising, and when the company liquidated three years later, Paul secured another accounting position at Brunswick Corporation. After working closely with the Brunswick divisions and advancing through the corporation, Paul was assigned as Manager of the Acquisitions and Dispositions department of Brunswick. Following three dispositions, Paul was sent to a subsidiary of Brunswick, Pioneer Industrial Products. "My goal was to make Pioneer a free-standing division, to prepare the company to be sold," says Paul. He did so, establishing staff departments, organizing operations, sales, policies and procedures -- all of the aspects that comprise a stand-alone company. Two years later, Pioneer was sold to Chicago investors. The new owners asked Paul to stay on and run the plant, for they were interested in the
investment only and did not wish to be hands-on operators of the business. Paul thought long and hard on this decision, for, although he had become less fulfilled in his position at Brunswick, he had been with the company a long time and felt that his company treated him well in return. Loyalty existed between Paul and Brunswick, yet his search for greater personal fulfillment exceeded this partnership. Paul felt that Pioneer was giving him this fulfillment. "When I was working in the Brunswick divisions, or even when I worked in staff but worked closely with the field, I felt like I was making a contribution. But when I started working in the Acquisitions area, I didn’t feel useful," recalls Paul. "I wrote a lot of reports, handled a lot of administrative issues. Yes, I did some good things but I didn’t like being so far away from the business." At Pioneer, Paul was able to get very close to the business indeed. He and one other officer built their organization with very little interference from the investors. And Paul enjoyed the challenge. "From my point of view this is fun. You roll up your sleeves, you get things done, and you immediately see the results of your work," says Paul. "When you’re on your own, everything becomes your problem; it’s all in your lap. But when you’re with a large corporation, you just follow corporate policies and guidelines. We felt as if we created an organization in which we really lived our policies and beliefs...we had a common sense about what is fair."
Five years later in 1988, Pioneer was sold to a French company. And though his new bosses insisted at the onset that they knew little of U.S. business and wanted Paul and his partner to remain in charge, after about one year the relationship began to change. "Now French corporate management is fully involved, and most of the big decision making is done in Paris," says Paul. "And it’s not that the decisions are bad; most of them are profitable. But from a long-term, strategic position, I question them."

The result of some of these decisions? Major layoffs at the Willard, Ohio plant. For instance, the new owners decided that rather than improve current production lines, they would move most of the production to their Malaysian facilities. The workforce in Ohio has dwindled from 350 to 200 employees over the past three years. Paul understands the fundamentals behind this business decision. "Malaysian labor is 1/10 the cost of U.S. labor, and the Malaysian facilities are much more state of the art and efficient," says Paul. "But I believe companies in the long run will be much better off if their manufacturing is done where the sales are." Paul believes that it is short-sighted to put yourself in a position to have to manage your organization outside of your own country, and that chasing the cheapest labor is an unending race because it excludes all other socio-economic issues. "If you run your organization economically in the economy in which you sell, you’re leaps ahead of the competition because you eliminate
all other risks," says Paul.

And beyond the betterment of the business, what is Paul’s opinion of the impact of this business decision on his workforce in Willard? "My partner and I weren’t involved in making the decision, because they knew we would do everything in our power to prevent this from happening," says Paul. "But the way the layoffs have been communicated and handled is where we went wrong." Beyond the decision to move manufacturing to Malaysia, the owners have also decided to cease manufacturing certain products, which has added to the layoff numbers. "In the end, we’ve been going through layoffs for three years," says Paul. "We would have been better off if the changes hit all at once, rather than piecemeal. Instead, we’ve built up three years of bad news; there’s a dark cloud not only in our company but also in our tight-knit community." (Willard’s population totals 6,000.)

Throughout the layoffs, Paul, his partner, their human resources manager and outside legal counsel have negotiated termination pay with the Union committee, but admittedly, the pay is low: "The first layoff we did gave employees $500 for each year of service. We’ve now negotiated for the fourth time, and the termination pay is up to $1,000 per year of employment...but even that’s not much considering our employees’ current alternatives. There are other manufacturing plants in the area, but they’re fully staffed, so it’s not easy to find another job."
But the layoff story at Pioneer is not over yet. "We still have one more layoff to go and that should be it," says Paul. "Next year we’ll be building three more production lines in Willard to replace the lines in Attica -- so even good news for Willard is at the cost of jobs in Attica. Due to technology, we need only about 30 percent of the workforce that was needed previously, so it isn’t even a matter of relocation for the Attica employees."

Paul says there is no question that productivity has declined severely since the onset of the Pioneer layoffs. He is concerned that there has been irreparable damage done to the company because it has established a continuously negative history. He comments on the impact of PES on its survivors: "When you have a series of negative trends, empowerment and employee growth and development means nothing," says Paul. Despite his dissatisfaction with the way the reorganization of Pioneer has been handled, Paul attributes situations like Pioneer’s to world changes, and believes we cannot, and should not, avoid the inevitable. So while Paul feels for the employees who are left behind without work, he looks at the larger human picture. "I think mergers and acquisitions and the restructurings that come from them are in part inevitable because of globalization," says Paul. "And we must understand this because isolationism would be an incorrect policy for any country to follow." Further, Paul believes that globalization brings about the sharing of wealth with less developed
countries and that providing jobs for those who work hardest and cheapest can be of benefit to everyone. "I would never say we should have one standard of living here and another standard of living in Mexico, for instance. For us to prosper, we need the rest of the people in the world to prosper. So this is a very natural development that is not at all alarming."

Suzanne Sheuerman, Senior Vice President and Managing Director in charge of operations for Household Finance Corporation (HFC), would probably agree with Paul's view about how a layoff, when one must occur, should be communicated. "The organization has an obligation to prepare its workforce for what lies ahead," says Sue. "But even before that, the organization has a responsibility to operate as efficiently as it can." Sue gives as an example recent hiring issues within the processing group: "When regional accounts rolled into our Center, we needed to add significantly to our workforce to handle the business. In doing so over a period of several months, we got into a hiring mindset and nearly forgot to step back and measure our efficiencies against headcount. Basically, we were replacing every employee who left us, without performing a thorough staffing analysis. Today, we have a better understanding of how many accounts a representative can service, and are very conscious of workforce growth. It's our responsibility to operate with as few people as possible." Sue believes maintaining this
discipline puts the organization and its employees in a more secure position for the future.

In addition, Sue brings an added dimension to the issue and definition of job security and workplace loyalty. Sue believes the mindset of the '90s is "your job is at risk." And she does not believe this to be a negative. When Sue speaks of insecurity she does not mean that an employee should be afraid or work under fearful conditions. She does, however, believe that employees should understand the real role they play: "I need to tell myself that I need to be as productive as possible, and I need to do the best job I can," says Sue. "And that means that my goal should be to eliminate my own job. Every employee should come to work with this goal in mind, for this kind of mindset brings about innovation." Sue stresses that it is vital that organizations reward this kind of innovation, and that employees know they will be rewarded when they innovate themselves out of a job. "If employees understand that it's good to innovate themselves out of a job, good to take charge of their own lives, their own careers, then more progress will take place in the company, and the company will reward those employees with new positions...that's how to get to job security," says Sue.

Sue is somewhat careful in applauding the benefits of loyalty in the corporate environment. "Loyalty is very difficult to sustain. If an employee is let down, their expectations get defeated," says Sue. "It does depend on your
definition - if you define loyalty as sticking with each other through thick and thin, then that kind of loyalty is very difficult to live up to. Defining loyalty as loyalty toward the success of the business is much more meaningful and appropriate. This kind of loyalty is what drives innovation and, in the end, job security."

Household International’s Group Executive - Senior Vice President of U.S. Consumer Finance Bob Elliott believes that successful companies do care about loyalty and understand its impact on workplace. "To understand the importance of loyalty, you have to look at the basic processes in your business," says Bob. "Ask, who are the constituents you give value to and you get value from? Employees and employers have to define, agree to and live by the mutual values that are offered by the company."

Fitting with his belief in a long-term workplace culture that promotes loyalty, Bob also believes that it is undoubtedly corporate America’s responsibility to anticipate internal and external factors that might contribute to job loss, and to maintain an obligation to employee job security for reasons both business and ethical.

Bob has been with HFC for 30 years, working his way up from account executive to the president of this 115-year old financial services organization as well as three other consumer and commercial financial services business units. His views on company loyalty are related to his employment
experience with Household: "When I joined the company, employees knew that the pay was low but the benefits were outstanding. And by and large, if you carried the company flag and worked hard, you’d keep your job. In fact, you’d pretty much have to steal from the company to get fired let alone get layed off during hard times." Bob adds, "I think the right kind of loyalty is not only necessary, but good. Whether it’s employees who think that it’s appropriate to jump from one job to the next, or managers who run their organizations in such a way as to demonstrate disregard for their employees’ job security -- these people are creating a recipe for disaster."

Bob seemingly has little patience or respect for those organizations who find the need to undergo PES for any reason. "Companies are bought because they’re fat and inefficient, and because they add no value. They’re ripe for others to come in and make gains off of someone else’s poor management. Layoffs of any kind for any reason are reactionary to bad management," says Bob. "Give me any example you’d like of a merger and acquisition layoff, a downsizing, rightsizing...whatever, and I’ll show you a lack of foresight and ingenuity, and plain old irresponsibility." Bob agrees with Sue that it is management’s obligation to remain disciplined and run a lean organization so that when times get difficult, you can retain your current workforce. "You can’t get fat in good times. Only then are you able to make a commitment to your people
when times get tough."

And Bob believes this philosophy represents not only integrity on the company's behalf, but business savvy as well. "Think about what your most sustainable advantage is. It's your people. Anybody can replicate your technology, your infrastructure, or your products. But it's not nearly as easy to replicate your people. Remember, 300 Spartans stopped one million Persians! They did so because they were 300 very loyal, very dedicated, very willing people. And when you have that kind of manpower, you can overcome great odds."

This sounds like the old "people are your greatest asset" philosophy, and Bob not only believes in the philosophy, but has initiated a project to quantify his hypothesis that the return on HFC's investment made in people is far greater than the company's investment in money or technology. His group is performing an "Economic Value Analysis" to quantify, among several attributes, the company's investment in people.

Bob notes that this long-term workplace culture is particularly important in the financial services industry. "You can't have hired guns in the service business -- in today's world good service isn't an advantage, it's a necessity; what you need to be in the game. And competency is vital. As you invest in your people and they become more seasoned, more knowledgeable, they become more essential to the success of your business. You don't want to eliminate those people from your organization because you didn't have
the foresight and ingenuity to ensure their position."

The company has throughout its history lived its words, by creating new jobs for employees when current jobs have become obsolete, or when technology has created areas of excess capacity. "You can’t automate people out of jobs," claims Bob. "There is no process where you don’t need to have individuals involved. Perhaps a function may go away, but never a process." Bob admits that there will be times when job loss might be unavoidable, but adds that this is why businesses must become more adept at scenario planning -- evaluating various environments in which your organization may have to operate. In doing so, companies will be better able to position themselves, and their employees, for a positive future.

Each of these five persons (employees and managers) brings invigorating insight to the issue of workplace loyalty, for their stories remind us of both the good and the bad management practices being played out in America’s workplaces today. We have encountered examples of endless PES with no human or economic benefit; we have seen the loyalty issue from the standpoint of labor; we have observed an example of foreign investment and its impact on small business in rural America; and we have heard some candid and common sense opinions from managers who have the power to improve or diminish workplace loyalty. I believe these personal workplace experiences and reflections begin to form the
framework for the choices before us -- an America with or without workplace loyalty; buildings comprised of individual workers, or workplaces comprised of a collective community.
Thus far, I have attempted to outline and evaluate a clear definition of workplace loyalty, the issue of job loss and the effects of a short-term work culture versus a long-term work culture. Also, these issues have been studied in a framework which emphasizes physical as well as philosophical considerations.

Having researched and carefully thought out the concepts regarding workplace loyalty that have been put forth by statisticians, philosophers, psychologists, economists, business consultants and academics, together with my personal experiences and philosophy, it seems to me we have two very distinct choices before us. These choices can be illustrated by drawing two possible scenarios.

In Scenario A, workplace loyalty continues on its decline until disappearing completely from our workplace. This scenario is not only possible; it is fully supported by some authorities. For instance, consultant David M. Noer contributes his ideas in a newsletter article for the Center For Creative Leadership entitled "Leadership in an Age of Layoffs." In it, Noer states, "Layoff-survivor sickness is
probably the primary reason that downsizing has seldom resulted in increased productivity."\textsuperscript{31} Noer offers to corporations a four-level system for overcoming layoff-survivor sickness: process intervention; grieving intervention; interventions to break co-dependency; and systems intervention.\textsuperscript{32} In all, his process speaks to reminding management to attend to those left behind (for management's sake), and importantly, to begin to communicate a new understanding of the psychological contract:

Employee caretaking was an integral part of the old employment contract. It is difficult to reverse but it is no longer beneficial to either party...Job planning, not career planning, is the order of the day. Today, a new paradigm is developing where organizations are flat, growth is not hierarchical, systems are temporary, and careers are short-term and situational. If organizations persist in offering internal career planning, they are simply misleading their employees and setting up inevitable crises.\textsuperscript{33}

In all, Noer believes that workplace loyalty simply cannot be adhered to by the employee or the employer, and that eliminating this type of co-dependency culture would be a more straightforward, honest approach.

Noer's scenario (and the scenario of those who agree with his method) speaks to the elimination of workplace loyalty and the long-term workplace culture in favor of a short-term


\textsuperscript{32}Ibid., 2.

\textsuperscript{33}Ibid., 5.
employment culture. This is a culture in which both the employer and employee live by individual rules, objectives and obligations. Employees commit to their own careers, and in doing so, ostensibly, will further corporate objectives. When further career development is needed, employees would move freely on to other organizations to obtain it. In this scenario, it is quite likely that employees may work for five, possibly 10 or even 20 different organizations over the span of their careers.

Likewise, employers are quite free to use PES to their best advantage. When technology brings about the need for new or different competencies, or when employees have offered, in the company's opinion, all they have to offer, the company is free to eliminate those employees as needed and hire in new experts. No longer would companies be psychologically, culturally or morally obligated to find new roles for their employees when their jobs are eliminated through business changes, or when employees need further development. Under this scenario, learning curves, training and development, and the advantage of maintaining a seasoned workforce are really an asset of the past, for workforce movement abounds, and technical experts are readily available. While a great deal of experience may not exist, these companies have fewer veterans to naysay new ideas and business decisions.

Brian Grosman, a leading employment lawyer, agrees with Noer's proposal to some extent. Grosman believes that if we
move away from the semantics of corporate loyalty we can solve a lot of problems in today's workplace. In diminishing workplace loyalty and the cultural words and actions that go along with it, Grosman states that we can save employees from the job stress and loss of dignity that ensues downsizings: "The bottom line will intrude 'the corporate family' like a shark into a school of unsuspecting fish," writes Grosman. Grosman believes that the family culture and participatory management styles being fostered in corporations are in strong contrast to the PES that are ongoing and inevitable in today's business world. He concludes that in fairness to the worker and corporations alike, we must drastically change the loyalty messages being sent to employees. "We are entering a future that will encourage corporate disruption. Life-time employment is dead. Short-term and contract-based employment represents the future." Grosman does however see a future for workplace loyalty, given a new definition: "It is loyalty to skills, to competence, to shared beliefs and common goals."

This leads to our second choice, Scenario B. In such a scenario, employees and employers agree upon a positive definition of workplace loyalty -- that is, partners who share

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35 Ibid., 567.

36 Ibid., 568.
in and achieve material and philosophical workplace goals. In being committed to and achieving business strategies, employees do indeed have a secure place within their organization. Employees feel secure in making business decisions that involve risk because they understand that these values are supported and rewarded within the organization. Consequently, this type of business moves forward, making progress from original, inventive thinking. In this scenario, as suggested by Suzanne Sheuerman, employees are encouraged to "innovate themselves out of their jobs" because they know they won't be innovating themselves out of a job. Also, businesses in Scenario B can be learning organizations. They can strategically plan, and prepare themselves for a variety of future economic, political and regulatory scenarios because they have seasoned employees who are knowledgeable about the business, who have a corporate memory for past successes and failures, and who can grow and learn from this memory.

Under this scenario of workplace loyalty and long-term employment, both the company and its employees learn and grow and prosper together, as partners.

Two fundamental choices are before us. Both Scenario A and Scenario B possess their own particular positives and negatives. One can debate the individual strengths and weaknesses between the Scenarios, and which Scenario will bring about a better bottom line and worker psyche. However, one thing is certain, their distinction lies in their
doctrines. Scenario A portrays a workplace comprised of individualists, and Scenario B portrays a workplace comprised of a community of workers.

The following chapter synthesizes the material and philosophical aspects relating to these types of workplace scenarios, and draws conclusions and recommendations with regard to the import of workplace loyalty.
CHAPTER IX
THESIS CONCLUSIONS AND RECOMMENDATIONS

As related at the onset of this thesis, a majority of today's employers feel less loyalty to their employees than they did five years ago, and the feeling is being reciprocated by their employees.

In *It Comes With the Territory*, Gini and Sullivan report that in hundreds of studies during the past 25 years "...workers have regularly depicted their jobs as physically exhausting, boring, psychologically diminishing, or personally humiliating and unimportant."\(^{37}\)

The real question lies in what one should make of these kinds of statistics, and even more fundamentally, how concerned one should be with this information. One indeed must question how America, a society held in high regard for its beliefs in human rights, entrepreneurship and democracy could have raised businesses that show little concern for the human psyche. I question how harmoniously we as a society can survive if our workplace is tearing away at our very souls.

Having concern for the state of human dignity,

fulfillment and connectivity in society overall, and in relation to this thesis -- in the workplace, I consequently also have great concern over the deterioration of workplace loyalty and the long-term workplace culture it fosters.

Naturally, I choose Scenario B as described in Chapter VIII over Scenario A. For the corporate community is just that -- a collection of individuals who, together, can create a workplace offering dignity, fulfillment and respect, or a workplace offering humiliation and demoralization; a workplace that brings individuals together as a team, or a workplace that encourages individual, fragmented goal attainment; a workplace that can succeed, or fail in not only its business objectives, but succeed, or fail in terms of humanity's expectations as well.

At times, my viewpoints may sound pessimistic toward the business community. On the contrary, I am an integral part of that community and I want it to thrive. I am a businesswoman who wants not only the business I am part of to succeed, but I too, personally want to succeed. But to succeed personally or to succeed as a business, we must understand and relate to and care about the larger community we are all part of -- the human community. If we do not actively pursue its survival, then none of its sub-communities, including the workplace will survive. Likewise, humanistic survival in the workplace can contribute to the survival of our society overall.

Many companies understand this. Ben and Jerry's
cofounder Ben Cohen speaks well on the subject:

Businesses tend to exploit communities and their workers, and that wasn't the way I thought the game should be played. It should be the opposite -- that business had a responsibility to give back to the community, that because the business is allowed to be there in the first place, the business ought to support the community... When you give love you receive love. I maintain that there is a spiritual dimension to business just as there is to the lives of individuals.  

Cohen’s philosophical statement moves beyond a philanthropic commitment (though Ben and Jerry’s philanthropic contributions average seven times that of other organizations) and into workforce commitment. Ben and Jerry’s has a myriad of programs and policies in place which directly address employee dignity, fulfillment and connectivity. Ben and Jerry’s has made a strong effort not only to reach out to their customer constituents but to their employee constituents as well. While it should be noted that their stockholder constituents can be very pleased with Ben and Jerry’s results, Ben and Jerry’s addresses all of their constituents because they fundamentally know that it is the responsible, ethical way to conduct business.

Certainly, there are many more examples like Ben and Jerry’s. Companies nationwide have terrific programs to foster and maintain workplace loyalty. They believe in "project education" rather than "project dehumanization," they reward strong, tenured employees, they recruit "career

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employees." But there are far too many who do not foster loyalty and who do not believe in its benefits. The abundance of PES related in Chapter II of this thesis speaks to the deterioration of this once-proven investment, and daily, thousands of employees across this country are being impacted by corporate short-sightedness.

The loyalty and shared values system within the workplace is a microcosm of the values we share as a community, as a country. I believe that if we are to maintain a cohesive, caring society, we must certainly begin to fortify society's microcosms such as the workplace. Once we are able to build a stronger, more loyal workplace, we can begin building a stronger, well-bonded community.

Further, I do not believe we can survive if we continue to diminish the worker psyche through PES. In the Encyclical Letter of John Paul II, On Human Work, Pope John Paul states that it is work that differentiates human beings from animals. "Only man is capable of work and only man works...thus work bears a particular mark of man and of humanity, the mark of a person operating within a community of persons." John Paul also points out that it is the church's duty and obligation to call attention to the rights of the worker and situations in which those fundamental rights are violated. I agree with this viewpoint, and I would extend this responsibility to

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others in our society, from the individual employee to the leaders in government and business.

Many of our workers continue to undergo not only the physical strains of work, but the psychological strains as well. Individual office or plant environments continue to deteriorate the once-loyal partnership between the employee and employer. In addition, we see our friends and family members continue to undergo the humiliation and alienation that comes with the loss of one's job. I believe that our trends in viewing people as an expense to be cut rather than "our greatest asset" (as is written in many corporate mission statements) is contributing greatly to the deterioration of shared values and loyalty within the workplace.

Philosophically, we simply cannot make work good, make good work, or make life good, unless we make a serious effort to restore workplace loyalty and rebuild a long-term workplace relationship culture in our society.

Some workplace managers have taken the leap of faith that better workplace relations will lead to a better bottom line. Others believe strongly in building loyal relationships simply because it is the right thing to do. I believe in both cases these corporations have seen that workplace loyalty leads to work that is good which naturally leads to success for both partners.

However, many business leaders and human resource authorities believe that the shared loyalty which exhibited
itself in our workplace in previous decades is a dinosaur which is best left extinct. They believe that employees and employers should expect no more of each other than an exchange of good work for decent pay, and that inbreeding a workplace with immaterial intentions and messages will only lead to grave disappointment for both employee and employer.

When we as a society begin to fully acknowledge that work brings much more meaning to our individual and societal existence than the paycheck we earn, we can begin to understand that making work good, making good work and making life good means that both employees and employers must begin to reconstruct and continue building workplace loyalty founded in a commitment to shared values. In essence, we must build a community, a community of workers. The inside of the "I'm Sorry You Lost Your Job" card reads, "If you think about it, it's really their loss." In reality, PES are everyone's loss. It is up to all of us, employees and employers alike, to begin examining this issue with a fresh, holistic approach in order to once again realize the great returns on this well-proven investment I call workplace loyalty.
WORKS CONSULTED


Nicomachean Ethics, I, 1, 1094a, 1-3.


INTERVIEWS


Lisa attended St. Eugene’s School in Chicago, and Mother Theodore Guerin High School in River Grove, Illinois. Her college career began by receiving an Associate of Arts degree in 1984 from Triton College in River Grove, Illinois. Lisa then moved on to a four year university, The University of Illinois at Chicago, to obtain an Undergraduate degree in Mass Communications in 1986.

Having worked for several years as a newspaper columnist, corporate copywriter, and marketing manager, Lisa Sodeika decided to continue her education and joined Loyola’s Graduate Liberal Studies program. Her personal growth and education would be diverse, as she bolstered her global knowledge and insight in liberal studies, while honing her business acumen working in operational and staff areas for a Fortune 500 financial services corporation. Upon completion of this thesis, Lisa Sodeika obtained her Master of Arts degree from Loyola University of Chicago in May, 1994.
THESIS APPROVAL SHEET

The thesis submitted by Lisa Sodeika has been read and approved by the following committee:

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The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval by the Committee with reference to content and form.

The thesis is, therefore, accepted in partial fulfillment of the requirements for the degree of Master of Arts.

March 31, 1944
DATE

Thomas F. O’Brochta, Ph.D.
DIRECTOR’S SIGNATURE