



Itchy Feet

A research report on employee loyalty

July 2003

Research objectives

This report aims to provide new insights into people's loyalty and motivation at work. It proposes to examine and quantify employee loyalty and motivation to an organisation, especially when working under the shadow of redundancy that characterises 21st century working life.

Who we talked to

We interviewed 1,010 people - 250+ in London, Birmingham, Manchester and Edinburgh. Interviews were conducted at street level during April 2003.

There is an even gender split in the sample and respondents are aged from 16 years up to retirement age. Over 90 per cent are in paid work and, of those currently working, over three-quarters are in full-time jobs.

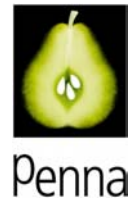
The full range of occupational groups is represented, from managerial and professional staff through to manual workers, health and other specialists, and retail staff. Just over 70 per cent are employed in the private sector with nearly one-fifth working for organisations with 5,000 or more staff. 60 per cent work for organisations employing 350 or fewer staff.

Main Findings

The research reveals the emergence of a new, self-confident employee who is unsentimental about loyalty. Constantly on the lookout for a better deal and ready to make the leap to another employer if their own cannot accommodate their career aspirations, these employees represent a significant challenge to employers who need to retain, and attract, talent.

In today's high employment environment, employees seem to be confident about their ability to find a job. Reinforced by this confidence, they look constantly for improved career prospects. Over a third of employees questioned for the research said that, even on their first day in a new job, they continued to actively search the market for a better alternative. And over two-thirds of employees are keeping an eye on the job market for new opportunities.

Today's employee is unsentimental towards their current employer. They are sceptical about the loyalty they expect to receive from them. They are likely to feel that their employer does not care about what they want from their careers. And they return the



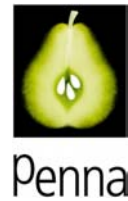
favour by claiming they are loyal first and foremost to their career, not their employer.

Informed about alternative job opportunities and disenchanted with their current employer, employees are both willing and ready to move for a better deal. Over a third of respondents do not expect to be with their current employer in 12 months' time. This strongly suggests that a significant proportion of employees have already made a psychological break with their job. The fact that well over two-thirds of employees keep their CVs up to date, just in case they need to move fast to capture a new job opportunity, seems to confirm this.

These characteristics are significantly more likely to be found in younger respondents, those within the 16 to 39 age range. Managing the career expectations of this rising generation of employees therefore looks set to pose a significant challenge to employers in the decades ahead.

The headlines

- Over a third of employees (36%) begin actively looking for another job as soon as they start their current job.
- Within six months of starting a job, almost half (48%) of employees have got itchy feet and started to seek out a better alternative.
- Seven out of ten (69%) employees say they are always on the lookout for better employment opportunities.
- Almost half of employees (48%) say their loyalty lies with themselves, and not with their employers.
- Reflecting a buoyant job market, a substantial majority of employees today (63%) feel that they are in control of their careers.
- Four out of ten (41%) employees say their employer shows no interest in finding out what they want from their careers.
- Almost five out of ten (47%) of those interviewed believe that employers today show no more loyalty than their staff.
- Seven out of ten (69%) employees keep their CVs up to date, just in case they want to find another job quickly.
- Four out of ten (40%) employees don't expect to be with their current employer in 12 months' time.



"Compared to ten or fifteen years ago, the relationship between employer and employee has changed dramatically. We're seeing that in this research. Individuals recognise that old-fashioned loyalty just doesn't exist anymore. And if they don't like the prospects, the people or the money they won't think twice about moving.

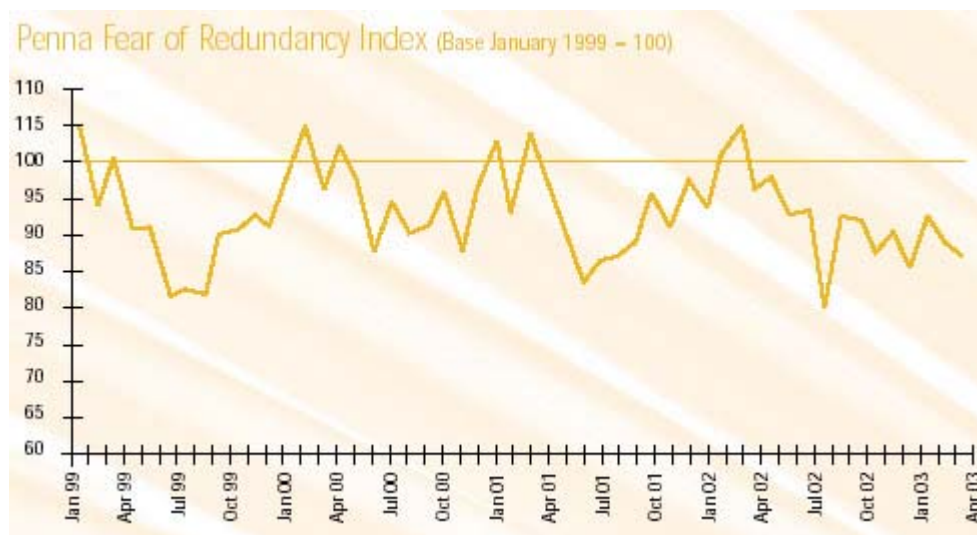
"Employers have to make sure their people get a positive answer to the question: 'What's in it for me?' And they have to understand that different individuals will want a different answer."

MIKE HAFFENDEN, CAREERS RESEARCH FORUM

The impact of high employment

Despite prolonged global economic uncertainty, unemployment across all regions of the UK is at an historic low of around 5 per cent. However, there is still widespread anxiety about redundancy, as shown in the Penna Fear of Redundancy Index below.

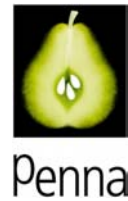
However, the research carried out for 'Itchy Feet' suggests that the buoyant employment market has made employees confident that, even if they are made redundant or decide to move jobs, they will find alternative work. Almost two-thirds of employees claim to feel in control of their careers. Today, the majority of employees believes that it is themselves, and not economic forces, that will determine the shape and progress of their careers.



Few illusions about employers

Employees may feel confident about their prospects in the wider employment market, but they appear to have a less rosy outlook when it comes to their employers.

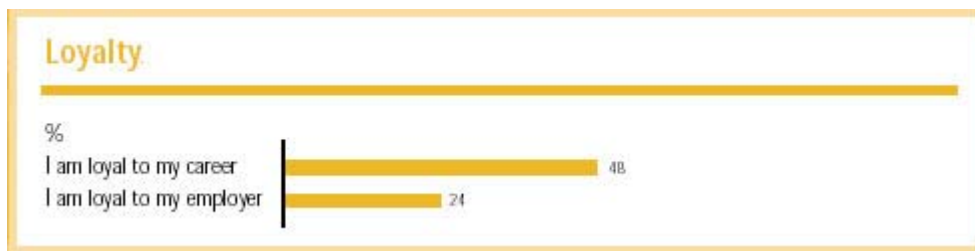
Four out of ten respondents say their employers show no interest in finding out what they want from their careers. Which means a significant percentage of employers are not



paying attention to the thing that matters to employees: developing and growing in their jobs.

And almost five out of ten employees believe that employers today are no more loyal than their staff. This indicates that little has been done to address a breakdown in the psychological contract between employers and the employed. Research carried out for Penna in 1997 first threw a spotlight on this issue, when it revealed that over 90 per cent of employees felt that loyalty in the workplace was on the decline.

The 2003 findings suggest that employers have done little to reverse the decline of loyalty in the intervening years. This, combined with a perceived indifference to employee career aspirations, must explain why so many employees today - almost half - believe that their first loyalty lies with themselves, and not their employers.



Ready and willing to walk

Employee disaffection, plus awareness that today's expansive job market means they no longer have to 'put up and shut up', appears to be fuelling a new mobility among employees. They are on the lookout for a better deal - and they are ready to leave their current employer to find it.

On their first day in a new job, over a third of respondents (36%) claim they are looking out for something better. Within six months of starting a job, almost half are actively searching the job markets. And within eighteen months over two thirds of respondents are on the hunt for alternative employment.



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When you start a new job, how long is it before you start looking at the job market again?

%	Never stop looking	6 months	1 year	18 months	2 years	Longer
All	36	12	12	7	12	21
Women	34	11	12	7	13	23
Men	38	13	12	8	11	18
Under 30	45	15	13	6	8	13
30-39	36	13	14	9	8	20
40-49	27	10	14	8	14	27
Over 50	28	8	7	9	20	28
Full-time	35	11	13	7	12	22
Part-time	33	15	11	9	11	21
Birmingham	46	27	12	3	3	9
Edinburgh	25	5	8	13	11	38
London	18	14	26	10	16	16
Manchester	54	4	3	4	16	19

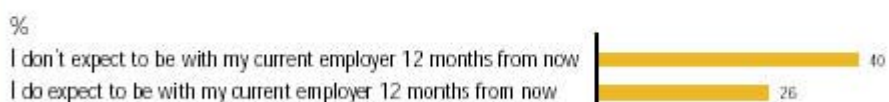
But even if many of the participants in the research are not actively seeking a new job from day one, well over three-quarters of them claim that they are keeping an eye on the marketplace, just in case something better should come along.

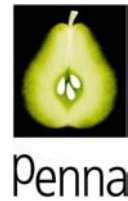
Employees mean business

Employees are not just willing to make a move to progress their careers, they are also ready. Seven out of ten of them are keeping their CVs up to date, so they can move on new job opportunities as quickly as possible.

And it seems that this is not just bravado. Employees are serious about acting on any opportunity. Four out of ten of them do not expect to be with their current employer in 12 months' time, and the belief among employees that they are in control of their careers suggests that they will be the ones who decide when it is the right time to make a move.

Current employer.





"Some years ago commentators predicted the emergence of a new kind of employee. They would be transient, less loyal, and set on building their CV and their career. The Penna research shows it's coming true. We saw it coming - and it's worrying that many organisations failed to plan for this trend.

"Of course individuals will seek out the best deal for them. And employers have to be ready to meet their needs. At HP, we listen hard to find out about those needs and how they are changing. Paying this much attention pays back for us. We've just been through 18 months of change and uncertainty, arising from a major merger. People issues are central to this kind of change. Recognising that, and acting on it, means we're in good shape today."

MIKE TAYLOR, HR DIRECTOR UK, HEWLETT PACKARD

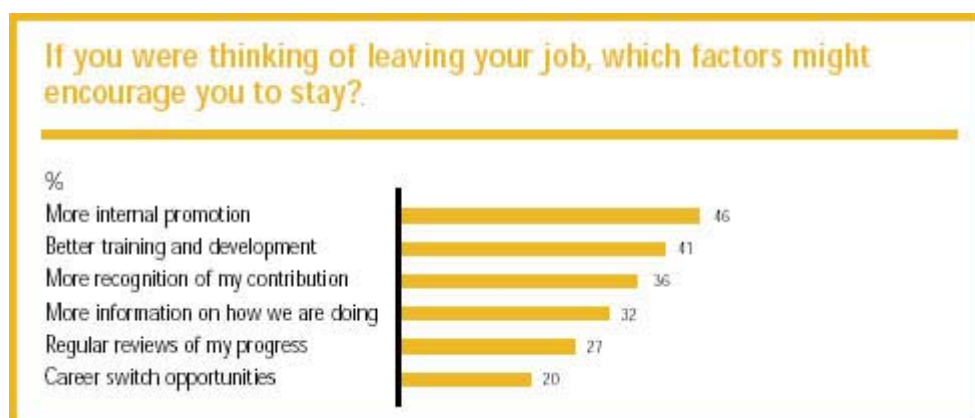
So what do they want?

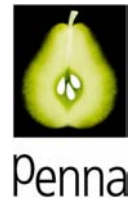
Today's employees are disenchanted with their employer, they are fairly confident about finding alternative employment, and they are both willing and ready to trade up for a better deal.

The research indicates how the respondents view their career, and what they are prepared to do to progress it. But what do they value? And what do they want from their employers?

Respondents were asked which factors would most encourage them to stay with their current employer. They selected factors that were to do with feeling valued in the workplace and which would contribute to their career development.

These factors give some strong hints as to how employers can best rise to the challenge of managing, motivating, retaining (and attracting) today's employees.





"Reading the Penna research, it's very sad to see how many people feel dissatisfied with their employment and want to move on. But good employers can make a positive difference to retention by listening to their employees and creating an environment in which they feel they can achieve their ambitions without the need to move on.

"We carry out quarterly surveys to get lead indicators on what our people want and value from work. One thing that emerges is that they want to be challenged and to grow in their careers. So we try hard to ensure they have all the information they need about new opportunities to work within the organisation, as well as access to a range of learning and development. With this information openly available and well publicised, our people have the freedom to make some personal choices.

"In return we have a much better record than that shown in the Penna research. In our recent survey, only 8% foresaw leaving before the end of the year and, whilst 29% were undecided, some 40% wanted to stay for over 5 years and many of them for the rest of their careers."

ROBERT INGRAM, VICE PRESIDENT, HUMAN RESOURCES, CAP GEMINI ERNST & YOUNG

The challenge to employers

Clearly, attracting and retaining employees is an imperative - and, more so, a challenge for today's employers.

The driven, self-sufficient employee could be a tremendous asset for employers who need responsible employees who can take the initiative.

But any psychological contract that once existed between employers and the employed appears to be breaking down.

And employers can't bury their heads in the sand: these employees are here to stay. Younger employees (aged 16 to 39) surveyed returned stronger figures on all aspects of the research. Younger people are more likely to keep their CVs up-to-date than older ones. Younger people are more likely to be loyal to their career rather than their employers. And younger people are more likely to be on the lookout for new job opportunities.



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Here to stay - Younger people in control

%	Younger workers (16 - 39)	Older workers (40+)
I keep my career history/ CV up to date in case I want to find a job quickly	73	64
I am loyal to my career not my employer	54	39
I'm always on the lookout for better job opportunities	73	64

So how can employers re-build trust with their employees - with the goal of retaining and motivating them?

The research uncovers the key factors that can encourage an employee to stay with their current employer. On the next page, Penna offers employers guidelines for bringing these factors to life in their organisations.

Advice for employers

The new, self-confident employee who is in control of their career is here to stay. Don't fight them - work with them.

Understand their drivers - and introduce the levers put forward by employees themselves into your management. Note that these levers are unlikely to be about money per se (although you should have a benchmarked remuneration policy in place). They are about recognition and support with personal and career development.

- Develop a retention policy; employee turnover is not just about cost, it is a loss of intellectual capital and corporate memory.
- Good internal communication is key - regularly research the benefits that motivate your staff. If an individual is determined to leave, use the exit interview to explore their issues.
- Understand the needs and aspirations of your staff, so you can explore creative ways to motivate and keep them. Work with them to identify their underlying needs and plan with them how you can help them meet those needs.
- Use what you learn to construct jobs that challenge individuals - consider job swapping, project work or rotation to maintain interest and provide opportunities for personal development. Regular job re-designs, more visible career paths and fluid employment structures can do this.



- Set clear objectives - employees want goals to work towards and milestones against which they can assess their progress and development.
- Employees value recognition for their contribution at work. There are fewer opportunities for promotion and reward in the current climate, so consider other ways of recognising good performance and progress.
- Recognise that helping people to leave at the right time is a positive. Too many organisations only support people when the company wants to say goodbye, not when the individual needs to move on.

Advice for employees

Moving jobs is one way for employees to advance their careers. But the grass may not always be greener elsewhere. Before taking the decision to move, Penna advises employees to consider these points.

- Remember it is your career. Take charge of your own development; be clear about where you want to go and what you want to do.
- Do not make rash decisions if things are not working out; use networking to explore internal opportunities and set yourself short, medium and long term career objectives.
- If you are dissatisfied at work, approach your company before jumping ship. Most will offer fresh opportunities to valued employees.
- Discuss your priorities and preferences with your employer so they can create a role and a career path that meets your needs.
- Make sure you know what is expected of you and have clear objectives in writing. Book regular interviews to monitor progress. However, if possibilities have been explored and exhausted in your current role, Penna offers the following advice.
- Keep up-to-date with what is happening in your industry so you are always aware of the bigger picture.
- Develop a picture of your ideal work environment; determine which elements are essential and which are desirable.
- Assess a potential employer against your picture of the ideal work environment. Does the new employer measure up? In comparison, are you already getting a better deal from your current employer?