



Module 1: Fostering Relationships Between Workers and the Organization

Part 4 Transcript: Monitoring the Internal and External Environments

NOTES

Strong channels of communication provide excellent means for early identification of employee relations issues. However, they only facilitate reactive rather than proactive approaches for addressing them. Surveys represent an active approach to solicit information, but they involve a significant cost and effort. Overuse of surveys creates a burden of excessive statistical analysis of input and visible response, and it desensitizes the workforce to their importance. How does human resource management monitor the internal environment?

Turnover statistics represent the most straightforward and most obvious measure of employee satisfaction. In tracking turnover rates over time, even a slight increase in turnover from one period to the next signals the possibility of change of how employees view the organization. Further examination of statistics allows identification of specific operating units or departments with higher turnover and whether turnover occurs at a higher rate within any legally protected group. Either outcome indicates a need for further investigation and possible intervention. Outcomes of performance management programs also provide clues to potential problems. Decreases in employee productivity, declines in management ratings of performance, and negative feedback warrant attention and possible action. Again, identification of specific areas or protected groups with adverse changes triggers a further review. Monitoring absenteeism and disciplinary actions provide information on possible withdrawal behaviors.

Additional communications options include implementation of dedicated phone or web-supported methods for anonymous employee submission of concerns and gathering information through informal channels. Exit interviews provide feedback but with marginal reliability as departing employees show minimal interest in providing constructive information. While monitoring requires time, most human resource managers minimize the effort by relying on reports from an automated system and delegating the task to employees who alert them to emerging trends or concerns.

Monitoring the external environment involves more effort in gathering and interpreting information. Professional organizations such as SHRM provide an extensive analysis of the national trends in areas including contributors to employee job satisfaction, employment and turnover, and compensation trends. The effect of national trends on the local market varies based on the economy and the local labor market. Local SHRM chapters in major markets sometimes provide opportunities to provide input into and receive output from local satisfaction and engagement, and compensations surveys. Human resource professionals benefit from national and local membership in these groups.

The U.S. Bureau of Labor Statistics provides a wealth of relevant information about employment and the economy by breaking the data into geographic areas and business sectors. These data include changes in employment rates, changes in union membership, breakdowns of workplace demographics, compensation costs, and economic indications such as the Consumer Price Index and rates of inflation. Besides identifying trends, the Bureau of Labor Statistics also shows demographics of the local workforce relevant to evaluating equal treatment in employment decisions including terminations. Human resource professionals rely on the bureau's data and consult it as a comparator for external equity.

While the local press relies less on data and lacks the same reliability as SHRM and the Bureau of Labor Statistics, it provides useful information on changes in the legal environment, supporting infrastructures, and significant news on local employers. Changes in local minimum wage, implementation or discontinuation of mass transit options, and employers relocating to and from the area all influence the local labor market. As an example, you might conduct an internet search on "Toyota's effect on Plano" to see how a large organization's relocation impacted the workforce of this major suburb north of Dallas, Texas. Consider how a relocation influences local wages and benefits and how the demand for housing affects the cost of living of local workers. How might this influence decisions of local employers concerned about retaining their employees?

Both internal and external trends play a role in determining policies and practices in employee relations. Balancing interests of the individual worker with those of the organization involves a serious commitment of time and resources, but the benefits of increased productivity, a stable workforce, and

NOTES

reduced turnover cost make investing worthwhile. Keep this in mind as you move through this course!