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Kenexa HR Thought Leadership®:

POSITIVE AND PROACTIVE EMPLOYEE RELATIONS, BEST PRACTICES, AND USING EMPLOYEE SURVEYS TO CULTIVATE A HEALTHY WORK ENVIRONMENT

By Chris Lovato

HOST: Welcome to the Kenexa HR Thought Leadership Podcast series. This series was created to educate, inspire, and fuel the evolution of leadership in our organizations, our communities, and our world.

I'm your host Jace Bonsall.

In today's episode we will listen to a presentation entitled Positive and Proactive employee relations. This episode is presented by Dr. Chris Lovato. Dr. Lovato is a senior Consultant with Kenexa. Lovato holds a doctorate, master's, and bachelor's degree in industrial and organizational psychology from Colorado State University and specializes in all areas of lifecycle surveys.

Employee relations and unionization are hot topics in the United States right now. Organizations are using employee surveys to create healthy work environments, but questions still remain on this topic. What research findings exist regarding concerns that can lead to employee relations issues and unionization? What are the best practices on how organizations are proactively preventing employee relations issues through the use of surveys?

MR. LOVATO: So why are employee relations and unionization topics hot now in the United States? You may have noticed that both of these topics have been in the news quite a bit in the last few months. In fact the 2008 presidential election saw a lot of debate on these topics primarily because of the proposed Employee Free Choice Act. The Employee Free Choice Act, or EFCA, passed the House of Representatives in March of 2007, but was tabled by the Senate in the 2008 Congressional session. Since this time, the political landscape in Washington has obviously changed dramatically. Some believe that EFCA may have the votes in Congress to pass in 2009, and that President Obama is likely to sign it into law. If EFCA is passed, it would be the first major change in the National Labor Relations Board Act in approximately 50 years. The Employee Free Choice legislation, if enacted, would change labor and management relations in three major ways.

First, employees could form with a majority rule signup. Currently, if a majority of employees sign authorization cards or a petition, then the National Labor Relations Board, or NLRB, conducts a secret ballot election. And if the majority of those employees vote for a union, then the union would be the third party representative. Under EFCA, if the majority of employees in a group sign authorization cards, the NLRB will certify the union as a bargaining representative. As a result, the employer's secret ballot option is eliminated.

Number two; early access to federal mediation services, union organizers could use Federal Mediation and Conciliation Services, or FMCS, to negotiate the first contract if no agreement is reached within 90 days. If 30 days of FMCS involvement fails to resolve differences, then the unionization activity goes to arbitration for two years. Currently, FMCS could only be used after the union is formed.

The third way in which EFCA could change the labor and management relationship is through more severe penalties for unfair labor practices. The legislation would require employers to pay damages to employees who are fired as a result of union organizing activity

during an organizing campaign. The NLRB would require to seek injunctions if there was a charge of unlawful discharge or discrimination against an employee during a representation drive or before the first contract is settled.

Organizational leaders fear that unions could gain entrance into an organization much quicker with EFCA and that pro-unit co-workers could potentially pressure employees to vote yes. Although this fear may be unfounded, it is impossible to know at this point. Proponents of EFCA argue that the act would balance the distribution of power that some say has historically favored management.

As we enter the summer of 2009, the debate on EFCA continues. With the economic crisis mounting, some believe EFCA has taken a lower priority. However, the Obama administration continues to verbally support EFCA. Union groups have stepped up their call for EFCA with demonstrations and TV advertising. Some speculate that EFCA will undergo additional amendments to lessen the potential impact on organizations, and thus drum up more support for EFCA to pass. For example, the controversial elimination of the secret ballot could be removed. No one knows for sure what the future holds for EFCA. But many organizations are preparing nonetheless.

This brings us to our second question. How do organizations use employee surveys to create a healthy work environment? Organizations are indeed preparing for EFCA in several ways, including the use of employee surveys. When surveys end their resulting action plans, or are implemented effectively, everyone benefits, including executives, managers, line employees, in the organization on the whole. Employee surveys can cultivate positive employee relations in a number of ways.

First, the content of a survey typically includes topics that are important to both employees and management, such as safety, pay, benefits, job security, promotion opportunities, and related topics. Collecting employee opinions on topics, such as these, effectively opens the lines of communication.

Second, through an analysis of the survey results, prioritization of employee issues can be conducted to ensure the most important topics are addressed first. Following this survey results should be shared with employees, and additional feedback should be gathered to clarify concerns and needs.

Finally, targeted action planning and implementing those action plans with the help of employees will increase support for the process and commitment to the plans. This entire process, again, improves communication, employee involvement, the perception that employees are valued and ultimately this improves the work environment.

So let's talk a little bit more about the content or items in an employee survey and what they can tell us about employee relations. Oftentimes particular items are pooled together to form an index, resulting in one aggregate score on a particular topic. For example, at Kenexa, we utilize an Employee Engagement Index of items which has been found to measure employee engagement and predicted discretionary effort, commitment, and ultimately, business outcomes. Our performance excellence index uses employees' feedback for measuring organizational effectiveness in terms of customer service, quality, innovation and other key business measures.

But another index Kenexa uses is the Employee Relations Index, or ERI. This index has been in existence since the 1970s, when several survey practitioners built it for the purposes of predicting unionization issues. In the 1980s, the ERI was widely used by Jack Wiley, while at Control Data Corporation, and later at Gantz-Wiley Research. Kenexa acquired Gantz-Wiley in 2006 and we are proud to say that Jack Wiley now leads the Kenexa Research Institute. Today, the Employee Relations Index is widely used by numerous organizations, including retailers, manufacturers, technology companies, and service providers. The ERI is made up of nine items related to the following topics: overall satisfaction in the organization, overall job satisfaction, opportunity to get a better job in the company, recognition for employee work, compensation received for the job, managers' fair treatment of employees, providing job security in the organization, the total benefits program in the company, and finally, the overall physical work environment. These topics are typical of those you find in any employee survey, but research has shown that when these items come together, they can be effective predictors of employee relations activity. In addition, Kenexa can create a custom employee relations index by matching client's existing items to the ERI items. Furthermore, we can offer several supplemental items that have been shown to drive the ERI.

This brings us to our third question. What are the research findings on the types of employee concerns that can lead to employee relations issues and unionization? The Kenexa Research Institute has recently uncovered some interesting findings from our WorkTrends database in the area of employee relations. In the U.S. it was found that only one third of nonunion workers report that they would unionize if they had the chance. The issues that strongly differentiate employees looking to joining a union from those who are not, include the following: job and company satisfaction, safety, a promising future, trust in senior management, organizational ethics and

integrity, caring for employees, participative workplace, fairness, and equal opportunity. From this research, we are able to 1) validate the content of the employee relations index, and 2) identify drivers that now make up the ERI supplemental items. The findings of this research tell us that essentially employees are looking for a safe and satisfying work environment, while union negotiations are typically about pay, benefits, and security.

The WorkTrends data shows us that there are several factors underlying these issues, often preceding them, including the need for a promising career at a successful organization, trustworthy leaders, and an ethical organization. The data also tells us that thoughts of ethics and fairness are directly linked in the areas of fair pay, fair performance evaluations, and fair treatment from their managers. Employees are looking for respect and concern for their well-being from their bosses and leaders. Beyond how employees are treated, employees also want an organization that invests in their community and corporate responsibility efforts. In gathering and listening to employee opinions, shows employees that they are valued. In fact, employees that are not interested in unionization, are oftentimes more involved in work decisions by their manager, and are encouraged to try out new, innovative ideas.

So you can see that before there are negotiations and votes to unionize, there is typically an accumulation of attitudes from employees that want a fair chance, equal opportunities, and to be engaged in work. When organizations can meet these needs, they are less vulnerable to unionization and everyone in the organization benefits.

This leads us to our fourth and final question. What are the best practices and trends on how organizations are proactively preventing employee relations issues through the use of surveys? We just discussed a number of things organizations and managers can do to improve employee relations. But how are employee surveys used in this effort? We find that there are seven key actions organizations are taking with employee surveys to create a healthy employee relations environment. First, they include an employee relations index of relevant items in their employees' surveys, whether it is a large census survey or a smaller pulse survey. We just discussed a number of things organizations and managers can do to improve employee relations. But how are employee surveys used in this effort? We find that there are seven key actions organizations are taking with employee surveys to create a healthy employee relations environment.

First, they include an Employee Relations Index of relevant items in their employee surveys, whether it is a large census survey or a smaller pulse survey. Gathering these opinions frequently is key.

Second, organizations prioritize their actions by ranking their locations or work groups by the results on this index. This will ensure groups with the greatest needs get the first attention.

Third, organizations mine the survey data by using customized reports and demographic analyses to allow them to explore all potential groups and uncover any needs that these groups may have.

Fourth, organizations roll up the survey data into overall findings and trends. They then present this information to their organizational leaders with recommendations. This will allow the proper visibility of these issues.

Fifth, action plans are developed and tracked, using an online system. Often times we see that action plans centered around employee relations issues are driven by local employee relations representatives with joint accountability by local leaders. And sixth, training around the survey data analysis action planning and communication is offered to employee relations representatives by the relevant local leaders.

Finally, the seventh area we see organizations working to create a healthy employee relations environment is through the use of linkage studies or research which is conducted to demonstrate the relationship between employee relations opinions measured by the survey and relevant business outcomes, such as turnover, customer satisfaction ratings, productivity measures, or financial measures. Investigating this linkage will help sell the business need for positive employee relations work in the potential return on investment. In the end, organizations that are proactive in valuing employees and their opinions will help prevent thoughts of unionizing, but more importantly, this will help cultivate a healthy work environment in which everyone can succeed.

I hope you found this information today useful. Thank you.

HOST: Thank you for joining us today for the Kenexa HR Thought Leadership Podcast series, where we seek to educate, inspire, and

fuel the evolution of leadership in our organizations, our communities, and our world. If you have questions regarding today's episode, please feel free to email Dr. Lovato at Chris.Lovato@kenexa.com. We also invite you to visit our website at Kenexapods.com to find the original transcripts of this episode, that's K-E-N-E-X-A pods.com. This episode was brought to you by Kenexa, a leader in multiplying business success for organizations worldwide.

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