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Employee Relations: A Threat to Profitability?

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By Candice Gottlieb

As business owners, executives, managers and decision makers, you work to promote and enhance business and productivity. You put emphasis on your customers, placing resources into sales and marketing. You focus on the business mechanics, investing in new technology and streamlining processes. But how much attention do you place on your most valuable resource and often most costly expense—your staff?

Internal employee relations—or how well staff get along with one another—is a major factor affecting productivity and profitability. Why? Simply put, when individuals work well together, they are more productive: they function as a team to get the job done, they accept challenges readily and they have high morale. A company with a cohesive staff has the competitive advantage of being poised to move in new directions and take on new challenges when opportunities arise. They are able to focus on the future and are not burdened by high employee turnover, low morale or ineffective teamwork.

Take Action!

When employee relations and communication are impaired, action is necessary to improve workflow. Options include company-wide training in communications or conflict management; team-building workshops and executive and/or departmental retreats. These services not only resolve surface level issues, but allow a business to reap greater rewards in terms of decreased absenteeism, turnover and reduction in legal costs arising from employee relations issues.

Whichever option is selected, the basic skills and behaviors that should be addressed by the business are:

- **Communication.** To begin examining the health of your business, observe the ways your employees communicate. As we know, while some people are up-front, even confrontational, others are more closed and reserved. Differences like these are often the cause of a breakdown in sharing information and building relationships. By acknowledging these differences and creating ground rules for keeping communication open and respectful, cohesion and understanding are improved. These verbal interactions allow them to express opinions, ideas, similarities and differences. It's also the means through which they discuss and resolve tensions and problems.

Pay attention to both formal and informal communication channels, as each indicates different problems. Formal communiqué—including executive or partner meetings—is an identifier of employee honesty and willingness to "tell it like it is." Accordingly this also indicates the level of employee commitment to the company or business. By contrast, informal communication involves unofficial business discussions, friendly conversations and water-cooler chatter—all of which indicate the presence or absence of strong, healthy interpersonal relationships, and in turn signify cohesion and teamwork.

- **Honesty.** Most people pride themselves on being honest, yet forget that withholding information is also dishonest and a very big problem affecting businesses. Consider the impact on a business if staff recognizes that their boss or even the company owner is making a costly error in choosing a new computer program or system. Such withholding of information can cost a company millions in revenue and lost productivity.

To improve honesty, trust must be enhanced. This takes time and cannot be achieved through short-term teambuilding or other "quick fix" methods. However, by acknowledging the need for honesty, and by setting up ground rules and expectations for improving this level of communication, you can begin the process of improving trust and openness.

- **Conflict Management.** When a business models appropriate conflict management and rewards honesty and communication through its actions and practices, staff learn to trust and communicate in kind. In developing this core value, many businesses will need to evaluate and restructure the way they handle complaints and concerns arising through the interpersonal and professional relationships among staff. Conflict that arises between any two colleagues—whether the result of business differences or not—can have a profound impact on their teams, departments, co-workers, etc.

- **Commitment.** Commitment is created when the company and its staff share a vision and work toward reaching communal goals. In an ideal situation, the entire workforce would be dedicated to the success of the business, and the company in kind would be devoted to its staff. While commitment is vital to the success of a business, it is also fragile. Closely tied to honesty, commitment will be at its highest when trust is established and communication and conflict management are in good stead. Despite the challenges in

creating and maintaining a high level of commitment, its rewards are invaluable. As commitment grows, morale climbs and turnover drops. Teamwork excels and productivity is improved, leading to higher profits and lowered expenses.

Get Ready to Soar

These components of communication, honesty, conflict management and commitment, speak to core values. They are intertwined and are entirely human in their capacity and qualities. In a healthy and thriving business, they are undoubtedly a part of the company culture, and of every day focus. While their impact is more nebulous when compared to that of sales or technology, enhancing employee relations by placing emphasis on these key factors generates a more positive and lasting change to both productivity and profitability. A business that succeeds in developing these qualities and values in its workforce is a business that will soar.

Candice Gottlieb is Founder and President of Mediating Solutions, an organizational consulting firm specializing in providing employee relations services to business through programs including mediation, training, and conflict management systems design. She can be reached at candice@mediatingsolutions.com.


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