Getting the engaged tone?

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After our recent ‘Celebrating Excellence’ share plans masterclass presented by our ‘Class of 2018’ winners of Awards, I was pondering the current debate on how to get the employee voice more clearly heard at board level. Most of the largest listed companies in the UK are currently considering how best to meet the revised UK Corporate Governance Code requirements on this. Three options are set out:

1. a director appointed from the workforce;
2. a formal workforce advisory panel;
3. a designated non-executive director;

with leeway to use alternative arrangements provided the company can attest to their effectiveness.

One of our (double!) award winners was Skyscanner, a tech company that many of us use when looking for flights. Julia Clement, their Head of Reward, was telling us about their fortnightly virtual ‘town halls’ where any employee, based anywhere in the world, can get in touch with their CEO in a live online discussion and ask him absolutely anything.

It struck me then that there is a big opportunity for other types of companies’ boards, not necessarily in the tech space, to really hear their employees’ voice through similar means. Granted, not every employee in every workforce is going to be sat at a computer during their working day, but this could be a nimble and cost-effective part of a wider solution for many companies. Are some of us guilty of completely over-thinking this by taking a cumbersome, non-tech-enabled approach to address the issue?

There are well-known examples of companies who are ahead of the curve on this – FirstGroup, with their long-established employee director, and Rolls-Royce, with their employee 'AGM'. Whatever approach companies choose to take, their key tests will need to be 'is this meaningful?' and 'is this effective?'.

It will be interesting to see where best practice emerges on this. Anecdotal evidence suggests that most companies are coalescing around the second and third options or a combination of the two. It is still 'early days' however, as the new Code requirements have only taken effect for financial years commencing 1 January 2019, with the largest cohort of reports due in Q1/2 2020.

Employee engagement is a topic with which share plans professionals will be extremely familiar – engagement is key to enabling an employee to make an informed decision on whether or not to participate in their company's share plan, of course. One of our most heavily-applied for awards categories is always 'Most effective communication' of an employee share plan, with sub-categories for companies with differently-sized workforces (up to 5,000 employees, 5001 to 50,000 employees and 50,001+ employees). Take-up is an important metric but it is not the be-all and end-all that some think it might be – evidence of increased awareness, that employees have been reached by share plan communications, and have actively made their own decision, whatever that may be – is just as valid.

We know from our Annual SAYE & SIP report that in 2017, 43% was the average SAYE launch take-up – but that figure can vary widely when you drill down into different industry sectors and start looking at different demographics within workforces. The challenges of effective communication vary and there will be many different and compelling stories to be told, with the right benchmark and context.

In this year's SAYE & SIP report we will be breaking down average take-up and average contribution rates by industry sector for the first time, and it will be the second year in which we've done the same for female and male employees. We'll be launching this year's report at the House of Commons on 25 June 2019 – so put the date in your diaries now. Further details will follow soon on how to reserve places at what is likely to be an over-subscribed event.

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