



ENGAGEMENT

Speaking Up

Boards need to work harder on truly listening to their employees

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In 2016, Theresa May promised that she would give employees a voice in boardrooms. While many political soundbites are jaded in echoing previous similar sentiments, this was something new and set hares running across UK corporate governance. Despite positive examples of employee representation working well in Europe and for a handful of more innovative UK boards, there was a clear sense that companies were not going to embrace such a change willingly. Persuading boards to introduce someone from amongst their more junior colleagues into confidential and strategic discussions was never going to be an easy argument to win.

Wind forward three years and corporate governance best practice has, perhaps somewhat predictably, responded with measures which stop short of the vision conjured up by May's initial speech. However, relevant governance codes do now undoubtedly require real engagement with the workforce and other key stakeholders. In particular, in relation to colleague engagement, whilst this could include an employee director, other suggested strategies include tasking a particular director with the staff engagement role or establishing a workforce panel. The extent to which such measures are wholeheartedly embraced remains to be seen. I think few boards would say that they are totally uninformed

about employee issues or that there is no information shared with workers about the business and its plans. Most boards receive periodic updates on employee surveys, staff conferences, turnover statistics, average pay increases and bonus pots, whistleblowing incidents, health and safety matters and key company policies, for example. And employee communications via email, newsletters, briefing meetings and site visits have long been the norm together with employee representation on health and safety forums and pension scheme trustee boards.

However, such means of communication are easily and frequently sanitised and, more importantly, often don't constitute a two-way conversation. Boards need to really understand what sort of environment their colleagues are working in and what factors impact the effectiveness and happiness of team members on a day-to-day basis. Human capital is, after all, a key strategic resource for virtually every business.

I recently read a newspaper article about in-work poverty. The article highlighted the story of a single mother who was unable to cope with the unpredictability of shift patterns which were constantly being changed at short notice and were incompatible with her childcare responsibilities. She had reluctantly left her job in a shop as a result and it set me

wondering how efficient it actually is for businesses to create contracts which, whilst flexible, are, more than likely, nightmarish for the vast majority of their workers.

Quite apart from the time which managers must spend needlessly creating, negotiating and amending staff rotas under such regimes rather than having fixed shifts which only need to be altered to cover absences, unhappy individuals are surely less likely to work effectively. Staff turnover, with all the costs associated with recruitment and training up of new team members, must be a constant burden. In addition, poor working conditions send out a powerfully negative message about the culture and values of the organisation which will be off-putting to high quality candidates and potentially reputationally damaging.

Delegating detailed employee matters to management is entirely reasonable and necessary but the board cannot just wash their hands of all responsibility. Management, frequently incentivised by bonuses based on current financial year targets, may naturally prioritise near-term considerations over longer-term strategic ramifications. In any case it is the board, and not management, which has a statutory responsibility to promote the long-term success of the business and in so doing to take account of the interests of the company's employees and other stakeholders.

The board should not be too cynical about opportunities to learn from its workforce. Employees possess, after all, the expertise and experience that can only come from performing a role day-to-day and learning all of its challenges, quirks and opportunities. One board I worked with completely ditched some of the processes it had adopted several years previously on the recommendation of expensive external consultants. This decision was taken following an internal team workshop which dissected those processes and redesigned them to increase job satisfaction and safety and to reduce the environmental impact and time spent to complete the work, all without compromising the quality of the output or the compliance standards which the original processes had been designed to meet.

Ensuring that the business is a safe, responsible and fair employer is a fundamental board responsibility, but directors should not underestimate how much the business may gain from listening to those at the coalface!

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