

Communication Strategies for Employee Share Schemes

David Craddock is a recognised authority in the UK and worldwide on employee share schemes. In his book, *The Tolley's Guide to Employee Share Schemes*, David shares his expertise drawn from over 30 years as a practitioner in the subject to explore and expound upon the many aspects of employee share ownership with practical application that is grounded in a comprehensive understanding of the relevant laws and regulations and a profound insight into how to maximise the employee share scheme initiative to the benefit of the company.

THE HEART OF THE MATTER: THE HUMAN RESOURCES DIMENSION

Crucial though it is to ensure full compliance with the laws and regulations, it is the employee communication strategy, combined with effective human resources management and strong administrative structures, that represents the connection between the employee workforce and the employee share scheme. The approach to these elements taps into the very heart of the matter, recognising that at root the success of the scheme initiative depends upon the human response from the employees. The key question, therefore, is: how does the human brain think and the human heart beat in response to the employee share ownership initiative? It is by giving proper attention to the human resources dimension that the company is able to maximise the employee response to the initiative, thereby maximising the potential for employee participation and the added value to the

company's bottom line that employee motivation and incentive can give. This article explains a progressive methodology that can assist in the effective launch of an employee share scheme in a given country or across a number of countries.

SENSITISING COMMUNICATION BY COUNTRY

The subtle point is this: the structure of the international scheme should be as similar as possible across the world. However, for the communication of the global initiative, although the content will be similar the delivery will be highly sensitised to the different audiences around the world. The factors to recognise when preparing for the communication in any given country are many. In particular, attention must be given to the presence of immigrant minorities, the variation in intelligence levels and any linguistic implications. The rule of thumb must be to prepare each communication in a way that maximises the opportunity for each person throughout the world group to understand what is on offer. Given the disparity of culture, tradition and language throughout the world, the smart approach is to appreciate that a sensitised approach to communication becomes a necessity.

Understanding culture is, of course, a very delicate and sensitive exercise. This article explains a sensitised approach based on the use of indices for the purpose of identifying the differences between cultures and sensitising the employee communication appropriately. These indices can be reduced to five main index positions as follows:

The Emotional Distance Index: measures the level of emotional distance between managers and the people reporting to them. Emotional distance, or power distance as it is sometimes called, measures the level of trust and affinity between people in authority and the people who are subject to that authority.

The Individualism Versus Collectivism

Index: measures the extent to which a community is bound by ties of collectivity or, alternatively, is made up of individuals who are pursuing their own personal agendas with or without regard to the collective good of the wider community, business or otherwise.

The Gender Index: measures the extent to which the traditional roles of men and women still prevail in a community or, alternatively, have broken down so that a healthy sense of gender equality prevails.

The Risk Index: measures the inclination of the culture to avoid uncertainty and for people within that culture to accumulate around them benchmarks as points of certainty and inflexibility.

The Timescale Index: measures the extent to which the community thinks short-term at the expense of long-term or vice versa.

Compiling a set of cultural indices becomes extremely useful when wanting to construct a cultural profile of the culture in which the business is operating. The availability of data means that inevitably this understanding is restricted to national cultures. This means, quite simply, that indices used in relation to a business will be the indices that relate to the nation in which the business is geographically situated.

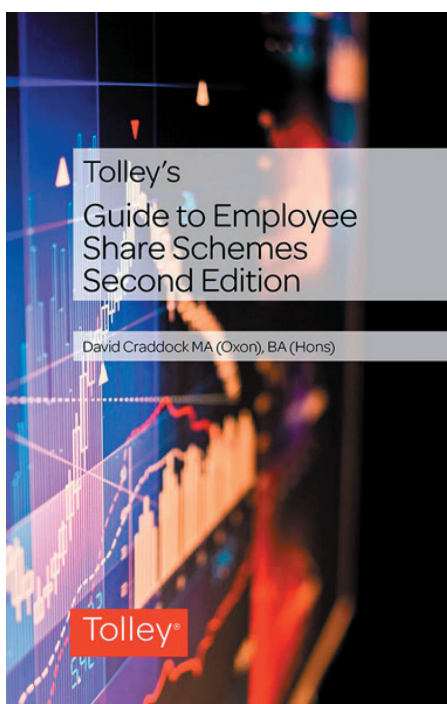
AN EXAMPLE: THE UNITED STATES OF AMERICA

As an example, a business situated in the USA will typically work with a profile as follows:

1. Emotional Distance

Generally speaking, there will be comparatively little emotional distance between those in authority and those subject to that authority. This reflects a consensus culture and what is historically a sense of working together to achieve a better world.

The Lesson: To sensitise the



communication to team-building and team-working to achieve the employee share scheme participation objective.

2. Individualism Versus Collectivism

The USA is primarily an individualist culture where individual achievement is encouraged, rewarded and, indeed, highly applauded.

The Lesson: To sensitise the communication to highlight individual reward opportunities through employee share scheme participation.

3. Gender

There is a reasonable degree of balance in the culture of the USA between the gender characteristics across both sexes of masculinity and femininity. Again, this reflects a comparatively "consensus-business environment". If anything, there is a skew towards the gender characteristics of masculinity, displayed by both men and women, reflecting the competitive edge of business in the USA.

The Lesson: To sensitise the communication to emphasise the strength and courage required to build the company's share value and achieve success for the share scheme initiative.

4. Risk

Generally speaking, business in the USA is by no means risk-averse. This is reflected in a comparatively high reading on the risk index with a comparatively low reading on the uncertainty avoidance index.

The Lesson: To sensitise the communication to bring attention to the advantages of responsible risk-taking to achieve success for the company and enhance the share value.

5. Timescale

As a general rule, the timescale of businesses in the USA will be to think and plan with long-term visionary strategy but, at the same time, to break down this vision into short-term periods of, in some cases, less than a year. These short-term successes



are seen as incremental steps towards the realisation of the larger vision.

The Lesson: To sensitise the communication to a mindset that can appreciate the benefits of a longer-term period for participation in the employee share scheme.

The fascination, of course, of US business culture is that it is not determined by the indigenous American people. It is determined by a combination of migrant peoples over a period of some 200 years or more, primarily from the UK, Ireland, Continental Europe and Africa. Clearly, there is also a sizeable Hispanic business community not only from Europe but also from Latin America. It is this melting-pot of migrant cultures that makes the USA such a fascinating business culture to analyse and, in that context, the indices analysis must be supported and refined by a detailed understanding of the particular company.

Essentially, the cultural indices represent the relative position of a national culture compared with other national cultures. The indices represent a relative analysis rather than an absolute analysis. In this way, the

benchmarks on any index scale for any one national culture reading are all the other national culture readings on that particular scale. The indices provide us, therefore, with a management tool and do not constitute an absolute science. Any correlations between different indices are always open to question as there may be other factors at work that have not been brought into the analysis. The test, therefore, of the relevance of the indices lies in matching their interpretation with basic common sense and practical knowledge of the country and the company concerned.

In summary, therefore, this article has focused on a detailed and thoughtful approach to the development of the employee communication strategy. This is very different from the usual approach of simply distributing documents to the workforce and hoping that as many as possible will respond. In my experience, across a whole range of sectors, the use of the indices coupled with proper researched knowledge of the company can significantly enhance employee participation.

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