



# Governance and the Generation Game

Objectives, scope and introductions

What good risk management looks like

What keeps the Board awake at night

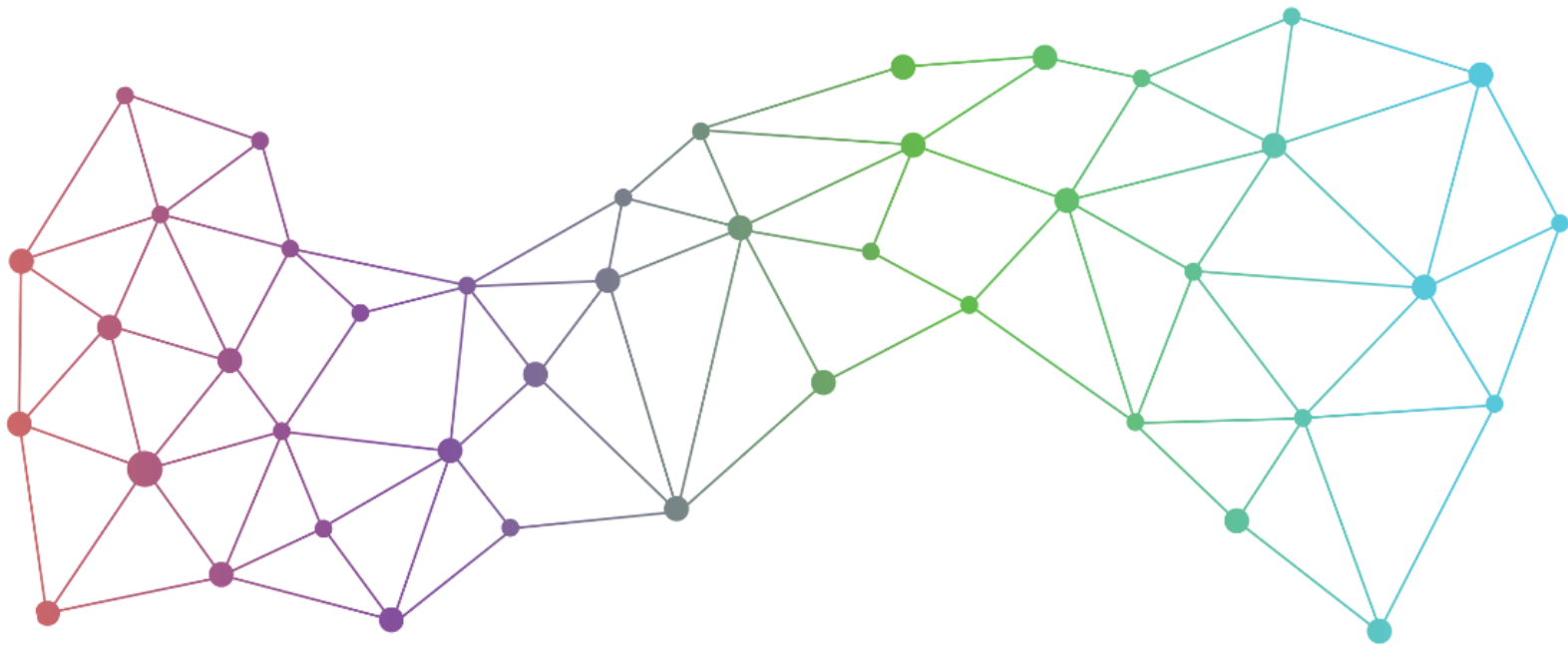
## The Generation Game:

- Generation genetics and the impact on management styles and governance
- Generation Next challenging common assumptions about the youngest generation
- Generation X and Generation Y perspectives

## Breakout questions:

- Skills and experience needs for “Tomorrow’s Risk Leaders” at Board level?
- Challenges to achieve Board interaction and influence?
- Actions to take away from this workshop for Airmic to make change happen?

## What keeps the Board awake at night



Regulation moving from the *when* and *what* of a risk, towards *whether* a risk contains the drivers (e.g. natural, political, trade credit, supply chain and cyber) that will **combine** to create financial, operational and reputational loss.

# The opportunity

## In the UK and Europe:

- CROs are not established other than in FIs
- Risk Committees are more common
- The greatest pressure for risk oversight is coming from the CEO and the Board
- The Board is more likely to delegate oversight to a Risk Committee
- Risk practices appear to remain quiet immature
- Most organisations struggle to integrate managing risk with managing strategy
- The perception that resource is a barrier to maturity

# Enterprise governance



Source: Cyber Risk: Understanding your risk and purchasing insurance: Airmic 2017



# The Generation Game



## 7 Workplace Trends in 2018

1. Leaders encourage more human interaction.
2. The next wave of learning credentials.
3. Companies focus on upskilling and retraining.
4. Artificial intelligence in the workplace.
5. Employee burnout causes more turnover.
6. The aging workforce.
7. Multiple generations at work.



# 1. Leaders encourage more human interaction

Companies will continue to promote their workspaces and design them to facilitate interpersonal relationships between employees. IBM stopped their remote-working program, pushing thousands of employees from core groups that support their brands back to the office. Apple's innovative new facility is designed to promote worker relationships, idea sharing and collaboration. Google Cafés are designed to encourage interactions between employees across departments and teams.

All three companies have found that when employees bump into each other in physical environments, it sparks creativity and relationship building that leads to positive outcomes. One study found that moments of conversation between co-workers increases performance by 20% and another study uncovered that 72% of employees who have a best friend at work are more satisfied with their job. Gen Z's and millennials choose in-person conversations over using technology and prefer corporate offices over telecommuting. While technology can make us more efficient, and feel highly connected to one another, it will never replace face-to-face conversations.

## 2. The next wave of learning credentials

One of the most disrupted industries is education, with more third parties offering courses, credentials and certifications than ever before. There is now an abundance of online courses provided by LinkedIn Learning, Coursera, edX, Udemy, Udacity, The Khan Academy and others. Pew Research Think Tank reports that self-directed learning is driving the need for new credentialing systems. More employees will be accepting different types of credentials as they seek to build diverse talent pools and expand their reach.

Almost three out of every four adults agrees that individuals have the responsibility to make sure that the workforce has the right skills and education to be successful in today's economy compared to only 52% of Universities and 49% of employers. Younger generations are starting to resist the traditional degree due to the ever increasing cost of tuition, which grew by nine percent from last year for four-year public schools.

Some are avoiding University altogether and are pursuing these free or low cost online courses that provide enough education on important skills to get by. As companies continue to accept non-traditional credentials, students will be able to avoid debt and study at their own convenience, without fear of unemployment.

### 3. Companies focus on upskilling and retraining

The news media continues to publish articles on how automation will eliminate jobs, we should really be focused on the growing skills gap.

Companies can't find the right workers, that have the right skills, at the right time, which has slowed growth in the economy. The National Federation of Independent Business reports that 45% of small businesses were unable to find qualified candidates to fill job openings and 60% of all employers have job openings that stay vacant for twelve weeks or longer, which costs them £400,000 annually in lost productivity and advertising fees. In our current economy, change is happening faster than ever before and the half life of a learned skill is a mere five years.

Employers will be investing more money into their training and development programs in 2018 in order to fill their skills gaps and reach their full capacity. When teams are appropriately trained, companies save an average of £70,000 annually and receive a 10% increase in productivity. **As Generation Z enters the workplace, they face an even greater skills gap, where 65% of the jobs they will need to fill don't even exist yet.**

## 4. Artificial intelligence in the workplace

The topic with the biggest buzz in HR circles is AI because there is both excitement and fear around the topic as it relates to how we do our jobs. Almost every new device and service will contain AI in the next few years. Google, Facebook, Amazon, Microsoft, Apple and others are focused on creating smarter products using AI and there are now over one thousand AI vendors supporting all types of companies and people.

As part of the World Economic Forum "Global Shapers Study", they asked millennials what the next big technology trend is globally and almost a third said AI.

Chatbots, which are fuelled by AI, will continue to permeate the workplace in 2018.

Chatbots, which are programs that facilitate text conversations. Nearly 20% of companies have already deployed chatbots in the workplace, with an anticipated 57% by 2021.

Companies are using chatbots as personal assistants, for on-demand customer support, to mine data, streamline business processes, recover product information and to answer employee questions.

## 5. Employee burnout causes more turnover

Employees are burned out from working longer hours with no additional compensation, while companies are posting record profits. Full-time employees work an average of 47 hours per week and the tenure has decreased from 4.6 in 2016 to 4.2 in 2017. According to Right Management, over a third of workers get after-hours email from management and almost 10% get emails on vacations. Technology has expanded the workday and forced employees to spend more time during work for the same salary and without a bonus.

Work creep has become a major employment issue, so much so that the French government introduced legislation that gives workers "the right to disconnect". In order to prevent employee burnout, companies are focused on creating wellness and flexibility programs that allow them to take time off and stay healthy.

## 6. The aging workforce

The workforce is continuing to age, with baby boomers living longer than previous generations and retiring later. About three in every four Europeans plan to work past retirement age and almost two-thirds said they will continue to work part-time. Pew Research Think Tank estimates that the number of people 65 and older is projected to triple in Europe by mid-century from 531 million in 2010 to 1.5 billion by 2050.

About ten thousand baby boomers turn 65 each day, yet fewer than half said they expect to retire by 65. Just over a third of companies are preparing for this projected increase in older workers and it will come at a major cost to companies in the form of retirement benefits, healthcare and equal opportunity.

As baby boomers maintain their leadership positions, it will be harder for younger workers to rise up in their organizations and could lead to higher turnover, stress and frustration.

# MULTIPLE GENERATIONS @ WORK



TRADITIONALISTS Pre-1945	BOOMERS 1946-1965	GEN X 1966-1977	MILLENNIAL 1978-1995	GEN 2020 After 1995
<p><b>Experienced:</b> Great Depression, WWI and II, GI Bill</p> <p><b>Work is:</b> An obligation</p> <p><b>Aspiration:</b> Home ownership</p> <p><b>Changing Jobs:</b> Stay for life</p> <p><b>Career Paths:</b> Slow and steady</p>	<p><b>Experienced:</b> Television, Moon Landing, Watergate, Vietnam War</p> <p><b>Work is:</b> Expected</p> <p><b>Aspiration:</b> Job security</p> <p><b>Changing Jobs:</b> Loyal to employer; connecting to values</p> <p><b>Career Paths:</b> Upward mobility</p>	<p><b>Experienced:</b> MTV, Nintendo, PC's</p> <p><b>Work is:</b> A difficult challenge</p> <p><b>Aspiration:</b> Work-life balance; independence</p> <p><b>Changing Jobs:</b> If necessary for compensation</p> <p><b>Career Paths:</b> Need to know options now</p>	<p><b>Experienced:</b> Natural disasters, diversity, mobile technology</p> <p><b>Work is:</b> A means to an end</p> <p><b>Aspiration:</b> Freedom and flexibility</p> <p><b>Changing Jobs:</b> Is expected</p> <p><b>Career Paths:</b> Switch frequently and fast</p>	<p><b>Experienced:</b> Economic downturn, Global Warming</p> <p><b>Work is:</b> Constantly evolving</p> <p><b>Aspiration:</b> Structure and stability</p> <p><b>Changing Jobs:</b> Constantly</p> <p><b>Career Paths:</b> Career "multitaskers"</p>

# Generation Next





# Who are Millennials?

The myth of millennial entitlement

The Me Me Me generation

Why the millennials will save us all

Millennials shaking up the workplace rules

War on Millennials!

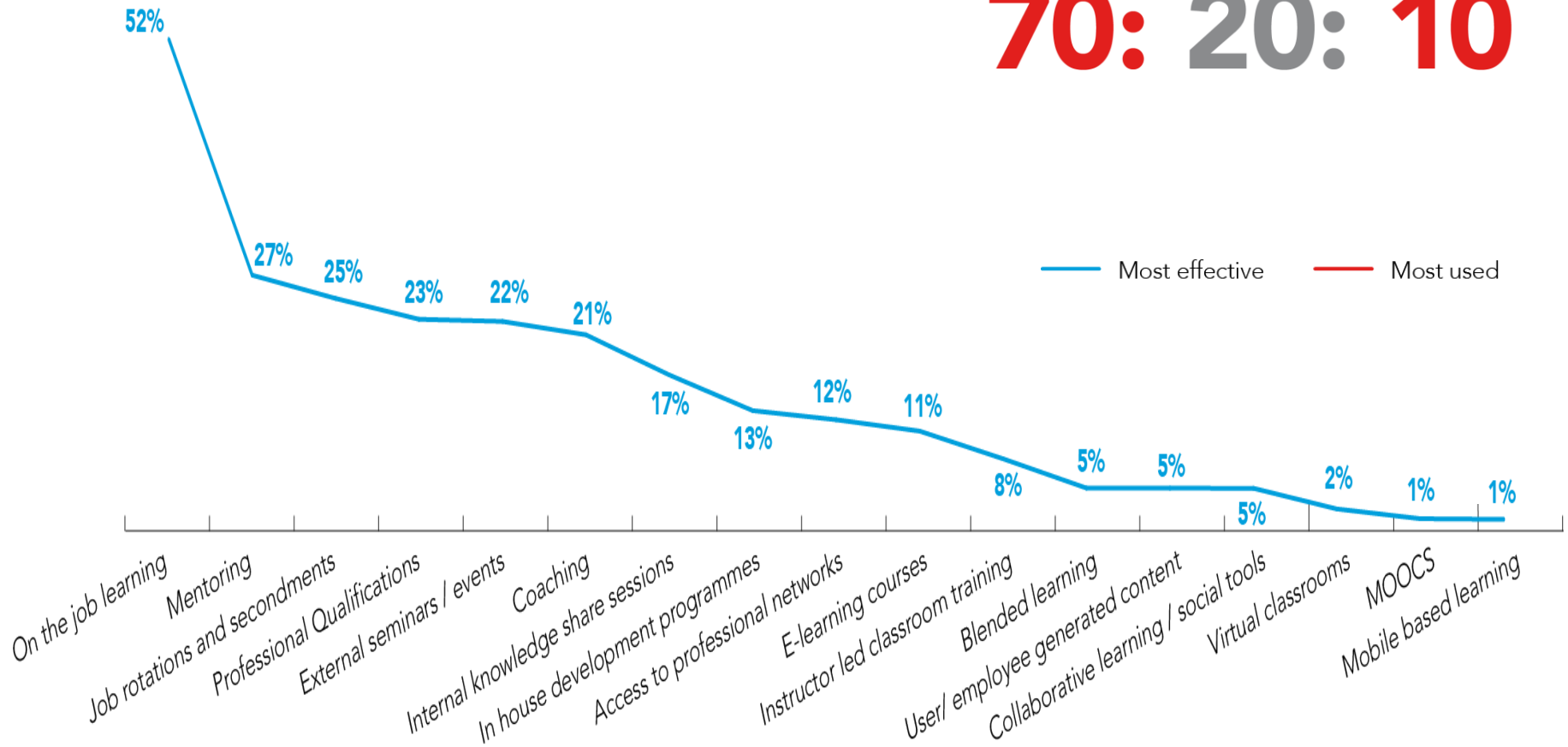
What happens when millennials run the workplace?

Millennials struggle to buy a home

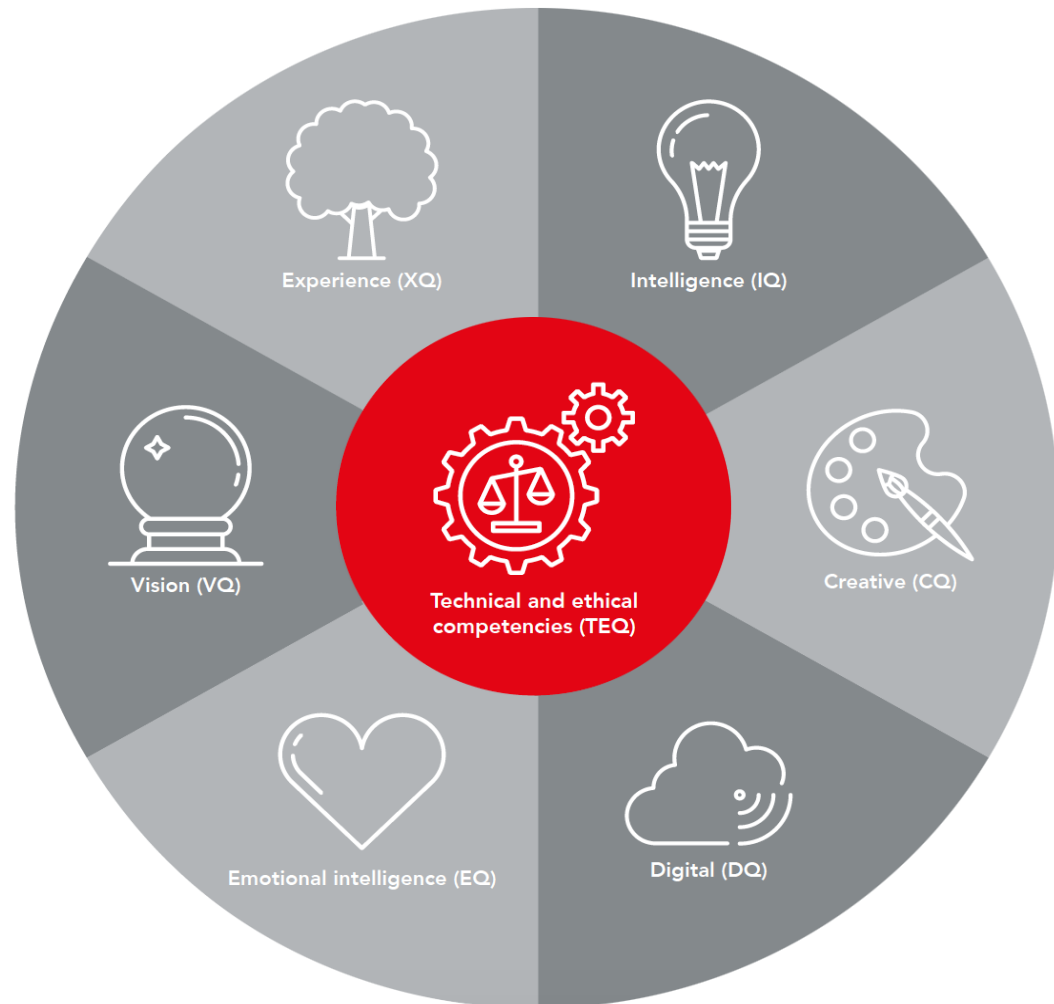
Why are the millennials so unhappy?

# How Millennials learn

**70: 20: 10**



# Quotients of success?





# Breakout Questions



# Summary and Key Actions

