



## **Next Generation Governance**

Millennial perspectives on  
the future of governance

**icsa**  
The Governance  
Institute

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Introduction

In 2017, ICSA: The Governance Institute initiated a thought-leadership series to explore key governance issues and consider how to address them.

As part of that project, this research sought to understand how different age demographics within our community view the future of governance.

Millennials (sometimes called generation Y and generally defined as those born between 1981- 1996)<sup>1</sup> are expected to make up roughly 75% of the global workforce by 2025.<sup>2</sup>

They have frequently been stereotyped as the ‘entitled generation’ who believe they can have and do anything.<sup>3</sup> This has been seen as both a positive and negative trait – a source of ambition and drive that has led to new ways of thinking and working, as well as the cause of disappointment and restlessness.<sup>4</sup>

What impact might this have on governance trends in the next 10-15 years?

Over 400 company secretaries and governance professionals contributed to our survey, answering questions on the role of governance and future challenges facing organisations and the profession.

The survey allowed us to compare the answers of millennial and generation Z respondents (aged 18-35 and referred to in this research as 'generation Y/Z') with respondents aged 56-65 (termed 'established practitioners' in the report).

Although we recognise that generation Z (born in or after 1997) can be differentiated from millennials in various ways,<sup>5</sup> we have combined the two groups due to the smaller number of generation Z responses received, and the lack of significant variation in the views expressed by the two groups throughout the survey.

Members of generation X – born between the mid-1960s and early 1980s, just before millennials – are likely to be leading many organisations in the next decade. Their views were also sought, and are included in the results that show the combined responses from all age groups (referred to as ‘all respondents’ in the report).

However, we chose not to focus on them as a separate cohort to enable us to concentrate on where differences in perspectives were more marked.

We are extremely grateful to everyone whose participation made this project possible.

## Key findings

Shifting public sentiment and the rising tide of regulation

We found a considerable degree of overlap in the concerns and views of respondents across the board – highlighting the pervasiveness of the issues identified. However, we have also seen nuances in the level of importance that generation Y/Z respondents have attributed to certain challenges, compared to how these same factors are viewed by established practitioners.

Our analysis of the survey has highlighted two main themes:

1.

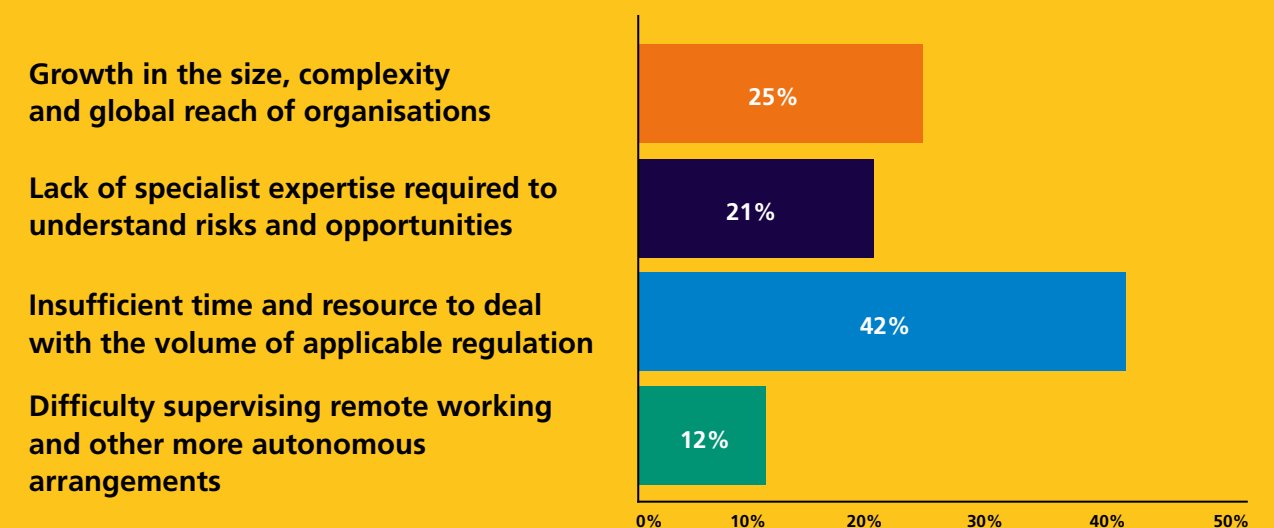
Respondents recognise that changing public expectations will impact the future development of governance.

2.

Respondents are concerned about extensive regulation.

## What do you think will be the biggest obstacle to effective internal oversight in the next 10-15 years? (All respondents)

Please choose one



**81%** of all respondents believe legislation or other political action will be relevant to how concerns about environmental sustainability influence governance in the future.

**87%** of all respondents believe that overlapping or conflicting regulatory frameworks are a feature of globalisation that will impact governance in the future.

Recent developments in the UK and EU demonstrate an increased willingness to use mandatory reporting requirements and other laws to tackle various issues – from diversity and remuneration to other aspects of non-financial reporting.

If governance professionals feel that this trajectory is unhelpful, organisations must show politicians and the public that they can effectively address issues of concern without legislative intervention.

## Key findings (continued)

Organisations need to be proactive about emerging social issues

Respondents across all age groups agreed on the topics they considered most relevant to the development of governance over the next 10-15 years. However, the established practitioners generally viewed the potential impact of these issues as less significant than generation Y/Z respondents.



## Technological change

84%

of generation Y/Z think technological change is **highly likely to cause significant governance challenges**

– compared to

70%

of established practitioners

## Environmental sustainability

48%

of generation Y/Z think environmental sustainability is **highly likely to cause significant governance challenges**

– compared to

27%

of established practitioners

## Financial inequality

71%

of generation Y/Z think financial inequality is **relevant to governance**

– compared to

62%

of established practitioners

## More scrutiny

# 69%

of generation Y/Z respondents strongly agreed that **'the level of scrutiny experienced by organisations will increase in the future'**

– compared to

# 61%

of established practitioners

It is clear that generation Y/Z governance professionals believe certain issues are more pressing than is currently appreciated by those in senior positions with greater levels of influence. If they are correct, this potentially leaves organisations at risk of being blind-sided by social developments, left behind their competitors or subject to more regulation in response to shifting public sentiment.

This report is intended to start a conversation that we hope to continue in collaboration with our members.

The following section highlights how three important social issues could be relevant to governance in the future: demographic change, technological change and environmental sustainability.

The observations made draw on our survey results and conversations with generation Y/Z governance professionals during our focus groups, contextualised by secondary research findings.

The report then considers why broad-ranging social issues may become increasingly relevant to governance in the future, irrespective of whether organisations feel ready to deal with – or responsible for – the issues involved.

We close with a final section on next steps.

## Emerging social issues

We limited our question on demographic change to four aspects of, but allowed space for respondents to contribute their own suggestions. 'Trends in social attitudes' emerged as the element considered most relevant to future governance – with a third of the comments from established practitioners referring to millennials, making this the most frequently mentioned trend.

### High expectations

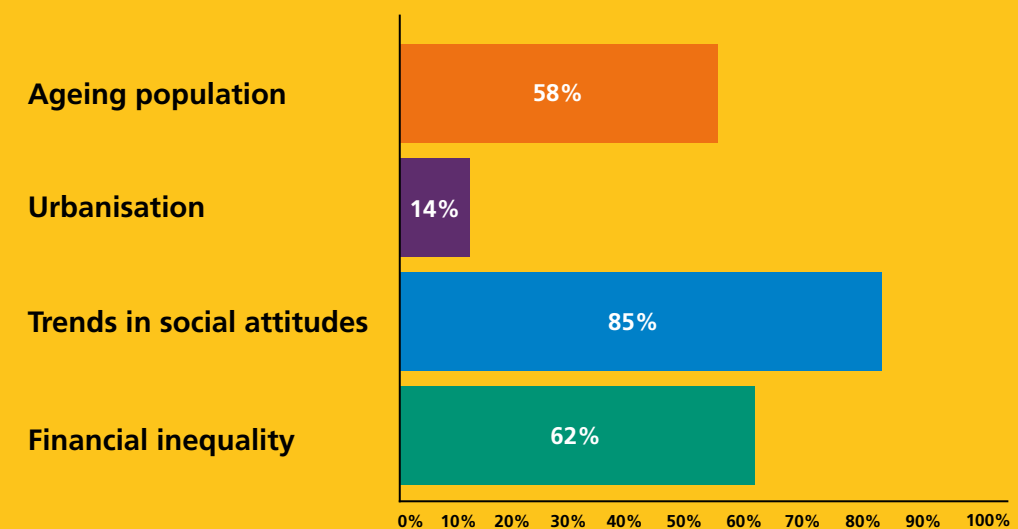
How is the influence of millennials shaping social attitudes? And why might this be relevant to governance? Millennials expect organisations of all types to play a part in dealing with economic, environmental and social challenges – not just the organisations that would typically address these issues as their raison d'être.

A 2017 Deloitte survey of almost 8,000 millennials across 30 countries found that 74% of millennials thought multinational companies have the potential to solve societal challenges – a percentage point more than those who thought the same about charities and NGOs.<sup>6</sup> Although the potential to be problem solvers was viewed similarly across these different kinds of organisations, companies were thought to be behind charities in realising that potential – with only 59% agreeing that multinational companies have a positive impact in this area compared to

## Demographic change

Please indicate the aspects of demographic change that you consider relevant to governance. (All respondents)

Choose all that apply



64% in relation to charities and NGOs.<sup>7</sup> The results from the 2018 survey in the same series showed millennials seem increasingly disillusioned with the social impact of business in particular, but their expectations had not changed.<sup>8</sup>

In light of these high expectations, how might other demographic issues become increasingly relevant?

### Ageing population

An ageing population presents a number of challenges and its relevance to governance was recognised by a majority

of respondents to our survey. By 2040, nearly one in seven people in the UK are projected to be aged over 75.<sup>9</sup> A Foresight report produced by the Government Office for Science in 2016 set out numerous factors that transcend the role of the state and could have governance implications for many organisations, including addressing pensions, workplace adaptations to facilitate an older workforce, service improvements – for example, healthcare and housing – and the need to alleviate the difficulties faced by younger people in balancing work and care responsibilities.<sup>10</sup>

### Urbanisation

Only 14% of respondents thought that urbanisation might be relevant to governance in the future. However, it is a trend that arguably has implications for the political climate that we live in. ‘In 1970, there were two megacities (defined as populations greater than 10 million) – Tokyo and New York. Today, there are 23 megacities, with the total expected to rise to 41 by 2030.’<sup>11</sup> Some commentators predict that megacities have the potential to become ‘the world’s most important economic entities’ – citing action on greenhouse gas emissions taken by the C40 network of megacities as an example of a shift in geopolitical power.<sup>12</sup>

In the UK, the more significant urbanisation trend is the relationship between towns and cities. Research indicates that differing levels of connection to the global economy experienced by suburban communities, post-industrial towns and coastal areas, compared to cities, has contributed to increased political division – including Brexit,<sup>13</sup> with our commuter culture also negatively affecting the health and productivity of workers.<sup>14</sup>

As well as influencing the overall political climate, these trends could transform the stakeholders that organisations find themselves dealing with in the near future. From megacity networks

representing the objectives of like-minded areas across the globe, to decentralised political institutions, SMEs and social enterprises aiming to revive local economies, new alliances are already being called for and cultivated.<sup>15</sup>

### Financial inequality

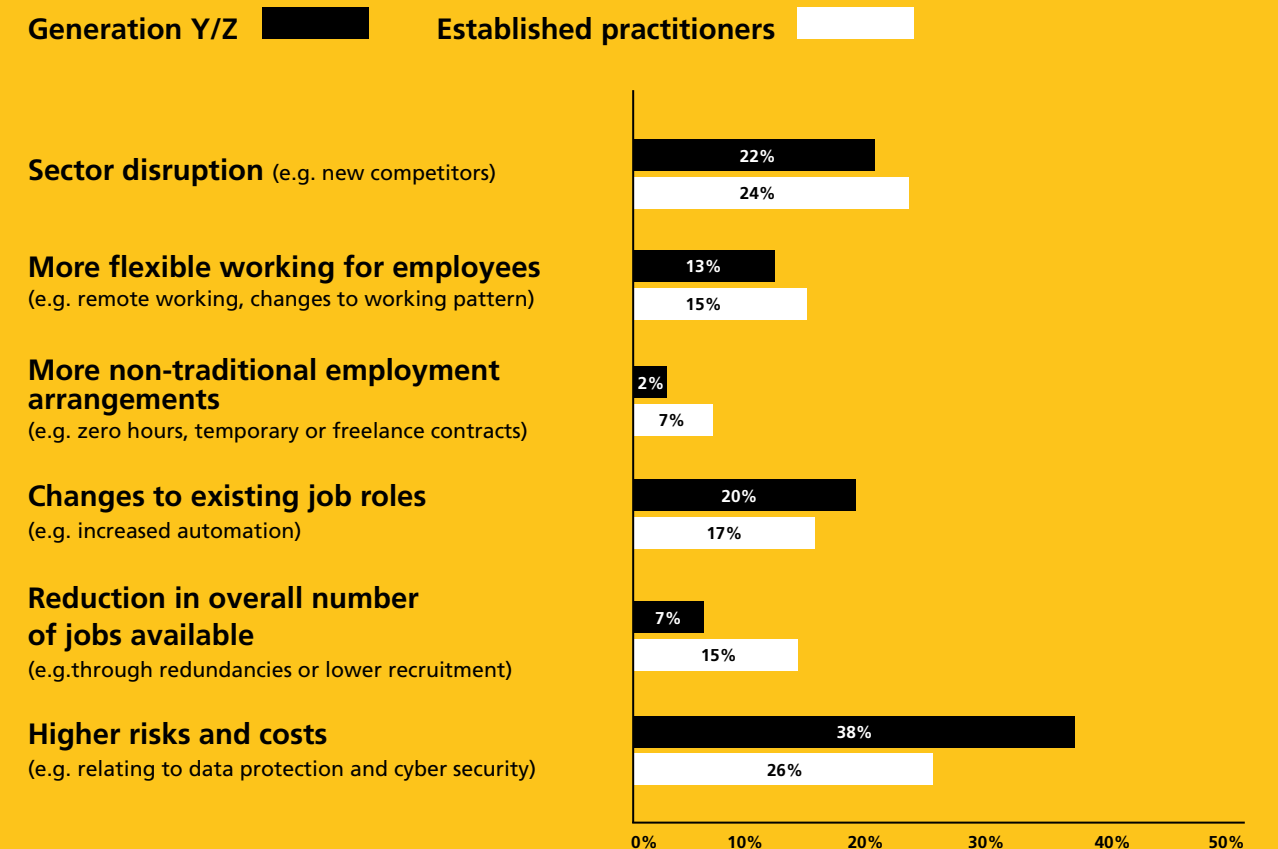
Closely related to these geographical considerations are growing concerns about financial inequality. At the end of 2017, 14 million people in the UK were classified as living in poverty – over one in five of the population – with 8 million of those adults and children living in families where at least one person is in work.<sup>16</sup> More than a third of UK respondents to the Edelman Trust Barometer thought their standard of living would get worse during 2018,<sup>17</sup> and ‘the divide between rich and poor getting bigger’ was listed as one of the top three concerns for the future (selected by 40% of respondents).<sup>18</sup> These observations suggest that attention to executive remuneration will continue, but focus may also extend to related issues such as pay and opportunities for the workforce more generally – as we are already beginning to see.<sup>19</sup>

Overall, we can see that demographic change is creating a number of social challenges – along with the more prevalent expectation that organisations should be providing solutions.

## Technological change

### What impact do you think technological change will have on your organisation?

Please rank (Graph shows answer ranked 1, i.e. most likely)



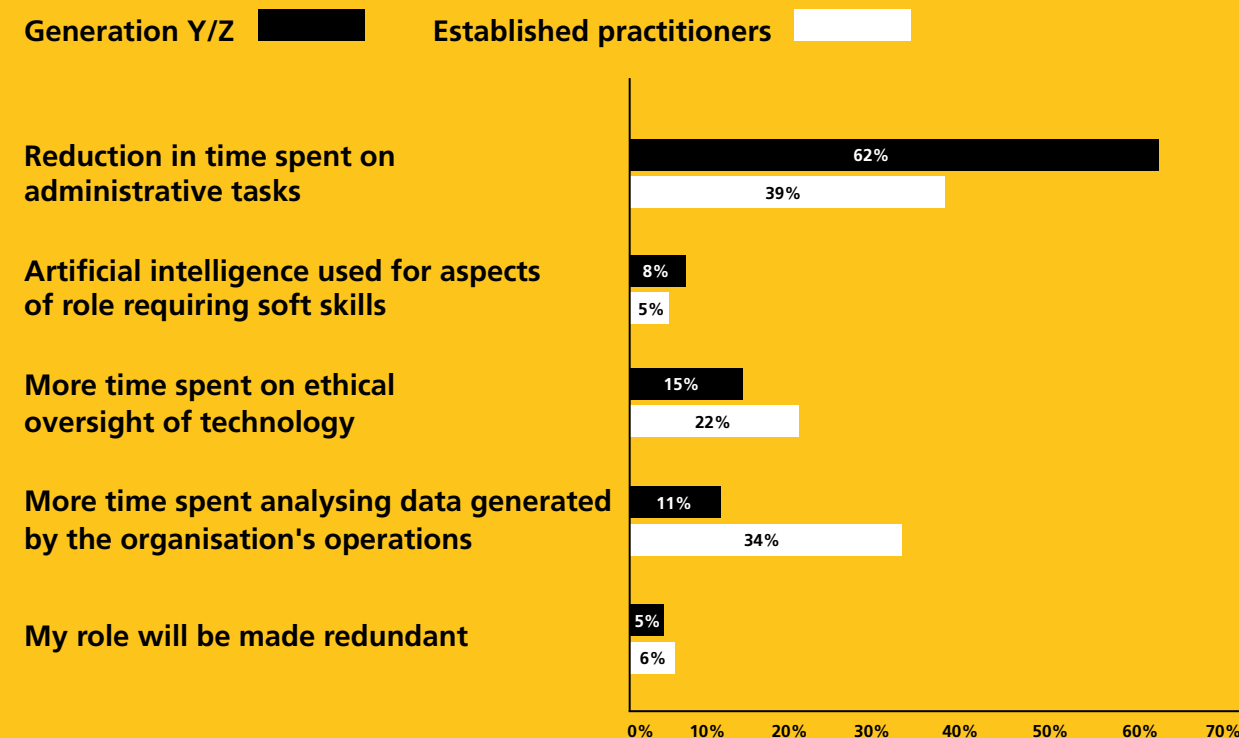


Both age demographics surveyed thought that the most likely impact of technology on organisations would be higher risks and costs, with sector disruption ranked as second. However, the impact of technology on the workforce was viewed differently between the age groups. While the security and strategic risks posed by technology remain an important focus, the potential for technology to create a more unstable job market could

develop into a prominent governance issue. Recent research from the CBI showed strong public sentiment that ‘the biggest contribution business should make to UK society is providing jobs’ (66% of respondents – 25 percentage points higher than the next most popular response).<sup>20</sup> Work by the Taylor Review<sup>21</sup> and TUC<sup>22</sup> has also demonstrated the impact and social cost of insecure work, as well as a possible connection to low productivity.<sup>23</sup>

## What impact do you think technological change will have on your role?

Please rank (Graph shows answer ranked 1, i.e. most likely)



In relation to their own roles, the two age demographics surveyed foresaw different impacts – perhaps reflecting their differing seniority and current areas of responsibilities.

However, the comments from respondents revealed that the picture is more complex. Although some tasks may be streamlined by technology, it was thought that managing those processes would involve a considerable amount of additional work – for example, taking into account ethics and privacy.

Ethical considerations are already emerging as a consequence of technological change, with little ownership being taken over how to address them.<sup>24</sup> The negative side of recent technological developments is becoming more apparent: from controversies surrounding social media firms<sup>25</sup> to an increased awareness of the environmental damage caused by technology<sup>26</sup> – for example, a global annual average of 50 million tonnes of e-waste,<sup>27</sup> or the fact that Bitcoin transactions consume more energy than Ireland, despite still being relatively niche.<sup>28</sup>

The capabilities of AI are also set to take us into uncharted territory. Concerns have been raised regarding learning algorithms based on neural networks –

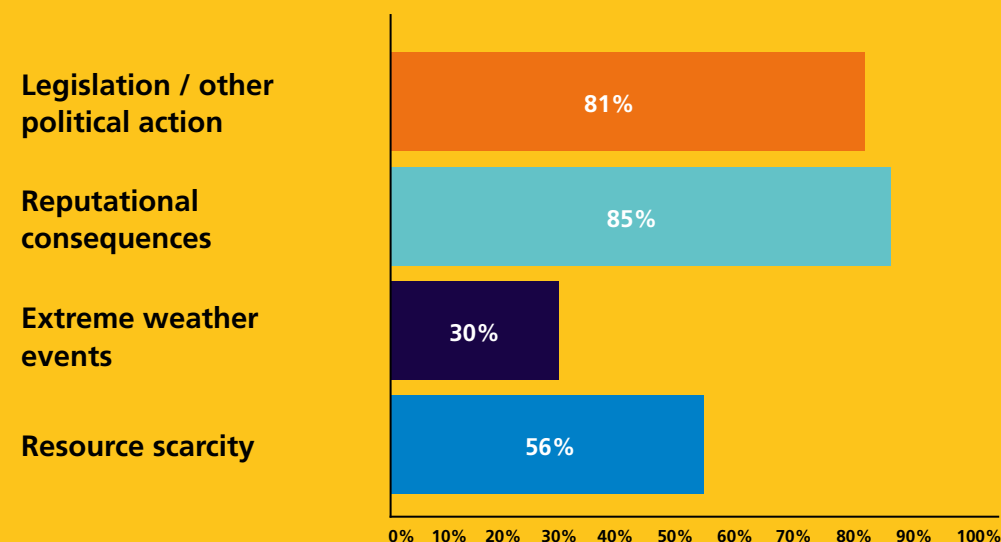
a more complex form of machine learning that makes it significantly harder to trace the basis on which AI makes its decisions, meaning errors cannot be explained or rectified.<sup>29</sup> Similarly, although many experts expect soft skills and creativity to remain the preserve of humans,<sup>30</sup> the ability of forms of AI to interpret and store emotional insights from ‘affective data’ (such as facial expressions or voice intonation) could give rise to sophisticated forms of manipulation or imbalance in many stakeholder relationships – for example, as a form of power over employees or consumers.<sup>31</sup>

In a recent survey of 2,000 British adults by the think tank Demos, over two-thirds (69%) thought that MPs are not taking sufficient action to safeguard against the challenges of the next wave of technological change.<sup>32</sup> It is likely that organisations will be expected to step into the void – providing appropriate leadership and protection, and suffering the consequences of failures.

## Environmental sustainability

**Please indicate the aspects of environmental sustainability that you consider relevant to governance. (All respondents)**

Choose all that apply



Both age demographics in our survey were aligned in their views on the elements of this issue that they considered most relevant to governance – namely, reputation and legislation.

However, as noted above, our survey also indicated that generation Y/Z respondents considered environmental sustainability to be a more pressing issue than the established practitioners. This relative sense of urgency mirrors the increased

prominence of environmental risk in other millennial and generation Z surveys.

In the World Economic Forum (WEF) Global Shapers Survey 2017, climate change and the destruction of nature was cited by over 24,000 respondents aged 18-35 as the most critical global issue – ahead of war and inequality – with 90% agreeing that humans are responsible for climate change.<sup>33</sup> The 2018 Deloitte Millennial Survey also noted a rising

concern: having ranked near the bottom of millennials' concerns in the 2017 survey, this year it finished 'in a statistical tie with terrorism as the top concern of millennials in developed markets...[and] a top-five concern in emerging markets'.<sup>34</sup>

More generally, the annual WEF Global Risks Perception Survey saw environmental factors listed as three of the top five global risks in 2018 – both in terms of likelihood and impact. The specific risks identified were extreme weather events, natural disasters and the failure of climate change mitigation and adaption.<sup>35</sup> Further analysis throughout the report draws attention to 'the depth of interconnectedness' between the different types of environmental risks, but also to the knock-on effect in other areas – such as social instability caused by involuntary migration or the vulnerability of our increasingly complex global food system.<sup>36</sup>

Whilst these surveys tend to examine risks, other commentators have emphasised the potential upsides of a transition to a low-carbon economy, highlighting the benefits that disruptive innovation could bring to the way energy is sourced, stored and supplied.<sup>37</sup>

In the corporate world, these issues are also of increasing importance to investors. Morrow Sodali's 2018 survey of global

institutional investors revealed that 49% of respondents had fully integrated ESG and sustainability into their investment decision-making processes for all asset classes, with a further 44% stating that they were in the process of doing so.<sup>38</sup> A 'Taskforce on Climate related Financial Disclosure' was also set up by the Financial Stability Board in 2015 to develop voluntary recommendations on climate-related reporting.<sup>39</sup>

On its own, environmental sustainability may seem most relevant to the governance of large organisations with significant carbon footprints or sector-specific exposure to the impact of extreme climate events. However, the possibility of climate change having a tangential impact on everything from levels of inequality to political upheaval means it represents a pervasive and growing social concern.

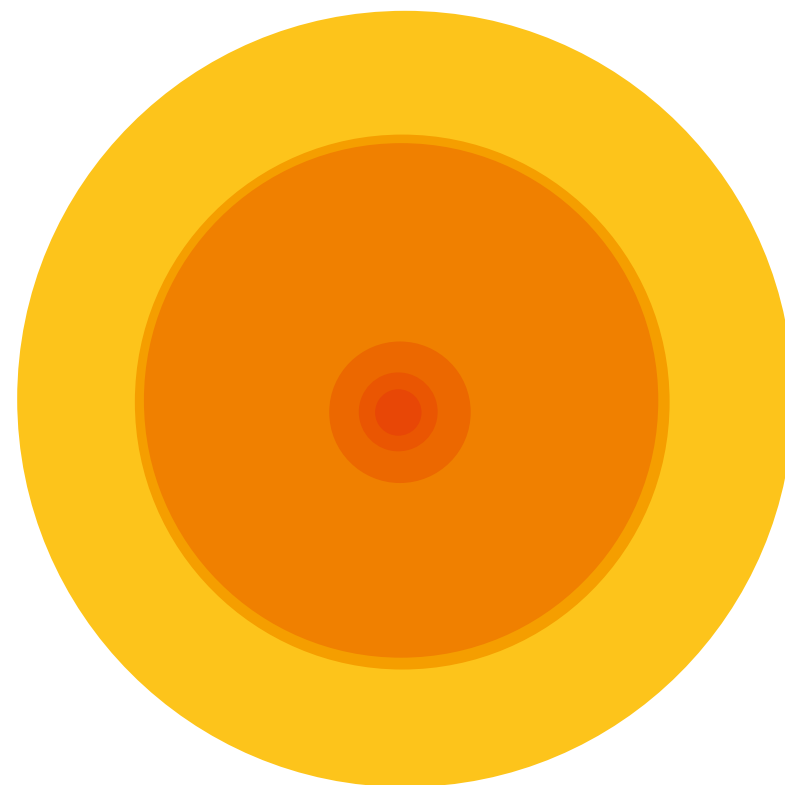
## The expansion of governance

But is this governance?

Even the brief overview of issues above is enough to demonstrate that society is facing a myriad of changes and challenges. But are these really governance issues?

## What factors have the biggest impact on the quality of governance? (All respondents)

(Please rank. Graphic shows answer ranked 1, i.e. biggest impact)



# O ur

The challenge for governance professionals going forward will be to ensure that organisations' procedures and controls go far enough – covering how decision making, authority and accountability are exercised within the organisation in relation to issues of social concern that might once have been considered outside the traditional remit of governance for that type of organisation.

Already, we can see how the expansion of governance expectations is impacting organisations in the UK and elsewhere.

survey suggests that, when thinking about how to safeguard the quality of governance, the focus of company secretaries across all age demographics remains on the core elements of procedures and controls, stakeholder engagement and communication. These are viewed as the bedrock of high-quality governance.

Issues like diversity, remuneration and social purpose that have been the focus of more recent attention from politicians, academics and the media,<sup>40</sup> were consistently considered to have a lesser impact on the quality of governance. However, respondents also commented that it was difficult to rank the factors listed as they are all interrelated, and noted that the culture within an organisation has a significant overarching influence too.

For some companies, the EU Non-Financial Reporting Directive has required more disclosures relating to environmental, employee and social matters – including respect for human rights, anti-corruption and anti-bribery measures.<sup>41</sup> The Modern Slavery Act 2015 requires certain commercial organisations to make mandatory statements about actions taken to avoid engaging in modern slavery.<sup>42</sup> Recent reforms will also lead to annual CEO pay ratio reporting,<sup>43</sup> as well as reporting on how directors have complied with s.172 Companies Act 2006 in taking into account stakeholder interests.<sup>44</sup>

Methods of workforce engagement are also under scrutiny, with the revised FRC UK Corporate Governance Code 2018 addressing the issue more explicitly.<sup>45</sup>

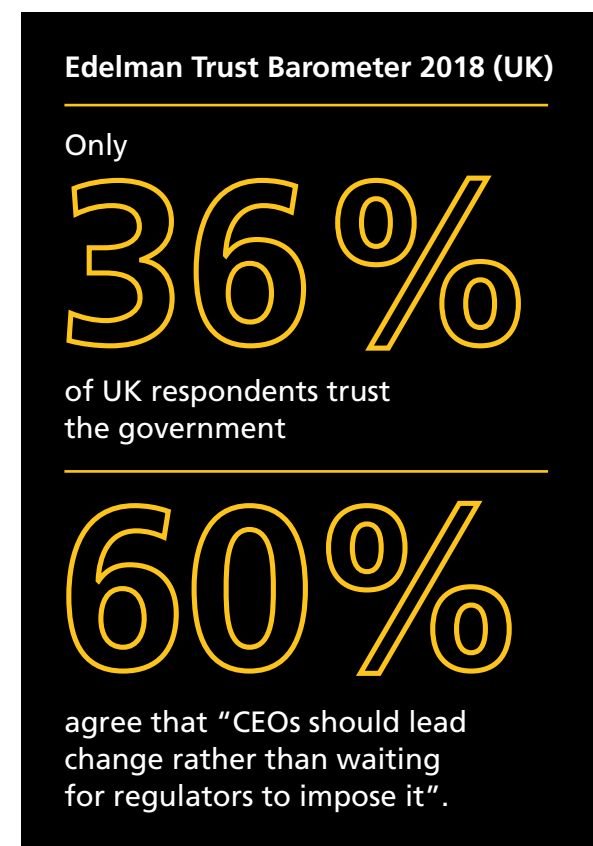
We have also seen this reflected in the way that corporate social responsibility reporting has evolved into a more comprehensive focus on sustainability. Instead of merely covering add-on programmes where organisations match employee charity activities or give employees time off to undertake community service activities, a more holistic view is being taken. Sustainability and social responsibility are more embedded terms, encompassing how a company will be functioning in ten or twenty years' time and what it is doing to ensure that this will be the case.<sup>46</sup>

In short, there is an increasingly prevalent expectation – as noted by BlackRock CEO Larry Fink – that 'to prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.'<sup>47</sup>

Similarly, not-for-profit and public sector organisations are facing more extensive responsibilities as the nature of the world in which they operate changes. One example is the EU General Data Protection Regulation (GDPR)<sup>48</sup> which applies not only to large corporations, but all organisations using personal data – right down to small-scale charities, schools and religious groups. This is a reflection of the fact that the legislation seeks to respond to a pervasive social concern, rather than

an industry-specific problem – privacy in an increasingly data-driven world. Another example is the recent gender pay gap reporting requirements, which also apply to public sector organisations, as well as to the private sector.<sup>49</sup>

Irrespective of whether they initially appear to be relevant, social issues become governance issues when they reach a tipping point – when they are so far-reaching that every aspect of society is called on to take responsibility for shaping a response to those concerns.



It seems that the state alone is no longer sufficient. The UK results from the 2018 Edelman Trust Barometer showed faith in government is at a low, with only 36% of respondents trusting the government – and only 27% of the youth surveyed doing so.<sup>50</sup> Trust in business and NGOs was higher amongst UK respondents (at 43% and 46% respectively) and 60% of those surveyed said that 'CEOs should take the lead on change rather than waiting for regulators to impose it.'<sup>51</sup>

The perceived power of corporations<sup>52</sup> and social necessity of non-profits and the public sector mean people – and generation Y/Z in particular<sup>53</sup> – expect these organisations to pull their weight and be part of the solution, not the problem.

These expectations have implications that are arguably aligned to issues more usually thought of as governance. For example, climate change is primarily a social, political and environmental issue, but can become a governance issue in terms of reputational risk if an organisation is perceived as not doing enough to mitigate its environmental impact.

Similarly, if governments decide to take action on environmental issues – for example, by increasing the cost of carbon<sup>54</sup> – this has the potential to significantly

raise company costs, reduce value and so become a governance issue.

Our survey reflected a strong understanding of this: 85% of all respondents selected the 'reputational consequences' of environmental sustainability as a factor relevant to governance and 81% considered 'legislation or other political action' to be relevant.

Where reputational risks materialise, searching questions can arise that link directly to traditional areas of responsibility for company secretaries, such as board composition, committee oversight and the nature and effectiveness of relevant policies – as has occurred in the fall-out from the Facebook/Cambridge Analytica scandal. The improper access and misuse of data from millions of Facebook users has led to fresh examination of the company's governance structure – in which founder Mark Zuckerberg sits as Chair and CEO, with 'a stranglehold over Facebook's voting shares'<sup>55</sup> – and subsequent proposals from investors for reforms, including more independent input at board level and the creation of a data privacy oversight committee.<sup>56</sup>

# The Expansion of Governance (continued)

## Who is driving change?

Once a social issue gains enough public momentum, recent history suggests that organisations will ultimately be held responsible for their conduct in relation to it. But how does that transition come about? According to our survey, company secretaries see a mixed picture of influencers.

## Which external parties have the greatest influence over the standards of behaviour in organisations?

Please rank (Graph shows answer ranked 1, i.e. most influential)



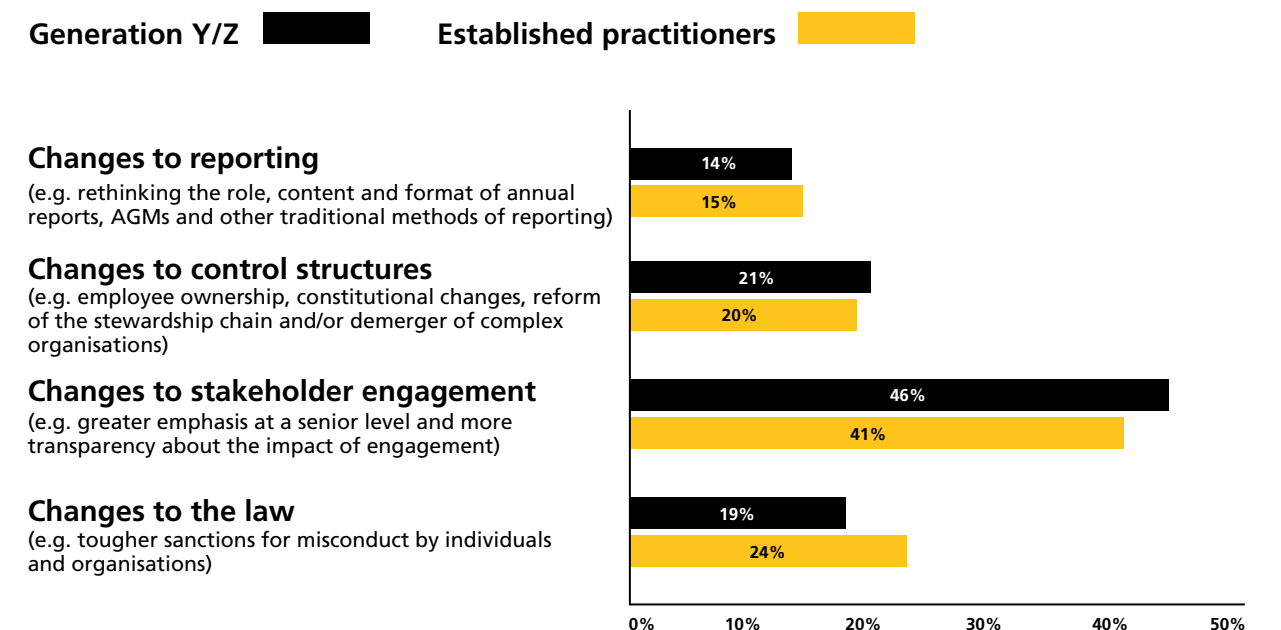
Overall, regulators came out on top as the most influential external party in the eyes of generation Y/Z, whereas established practitioners saw owners, investors and funders as holding the most sway. Perhaps unsurprisingly, generation Y/Z respondents viewed the public voice through social media as more influential than established practitioners who placed greater weight on traditional media. Discussion in our focus groups also highlighted concerns about the potential for governance developments to be too reactionary and a worry that 24/7 news cycles and social

media sound-bites could sometimes distort the nuances involved in understanding and responding to the issues raised. Twenty years ago, a company had perhaps 24 or 48 hours to prepare a press release after some issue had been identified; today it is probably not even 24 minutes.

Our survey reiterated this, but indicated an interesting concern that the stakeholder voice is being drowned out by other commentators with a weaker connection to the organisations in question.

## What would most improve the relationship between organisations and the public?

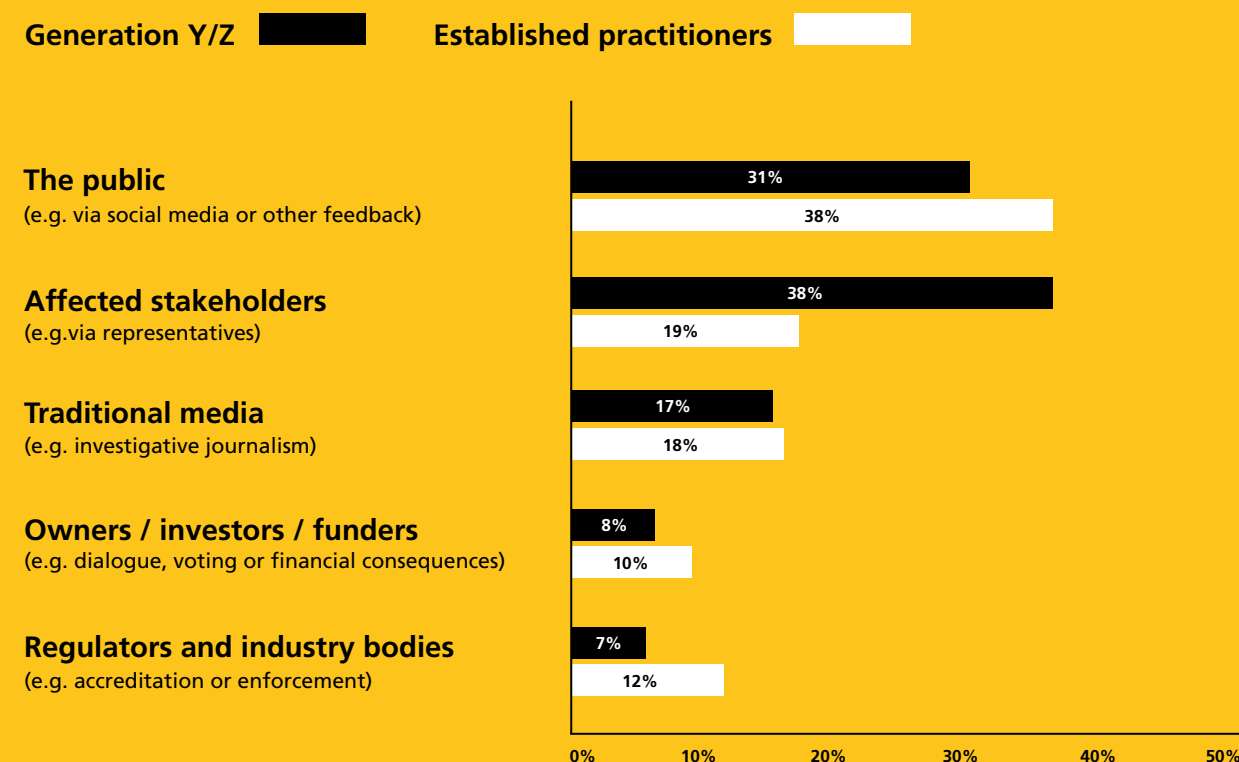
Please choose one





# Which external parties have the least influence over the standards of behaviour in organisations?

Please rank (Graph shows answer ranked 5, i.e. least influential)



Better stakeholder engagement was considered to be the most effective way of improving the relationship between organisations and the public and was also ranked as one of the most important elements of high-quality governance. However, its influence was considered by both age demographics to be relatively low – in fact, generation Y/Z respondents considered stakeholders to be the least influential in reality, despite believing that they were more appropriate influencers than the media or public more generally.<sup>57</sup> Given the emphasis on stakeholder engagement in current governance developments, this is an area where many organisations will be looking to improve; ICSA and the Investment Association have produced practical guidance – The Stakeholder Voice in Board Decision Making<sup>58</sup> – to provide assistance.

These are complicated times. Whether due to pressure from stakeholders, regulators, owners or the public, organisations are being expected to listen to a wider range of voices on a broader spectrum of issues than arguably ever before. It is worth noting that there is a separate debate to be had: about whether this should be the direction of travel, and about managing expectations of what governance can

achieve – questions that are outside the scope of this current report. However – like it or not – this is happening: our discussions, survey findings and wider research review all point towards rising expectations of organisations, in part driven by millennials. Whether these higher expectations are followed by more regulation is, to some extent, in the hands of organisations themselves – how successfully they adapt and communicate in the face of social change.

## Next steps

The next generation of company secretaries and other governance professionals see a stronger connection between pervasive social issues and the governance landscape of the future. By steering their organisations to more proactively engage with these issues, they could help mitigate the increasing tendency to resort to regulation and reporting requirements as a means of making organisations demonstrate that they are paying attention.

The good news is that many of them feel empowered to shape the governance agenda in their organisations.

**89%** of all respondents to our survey agreed or strongly agreed with the statement: **‘I feel able to have a positive impact on governance in my organisation’.**

Participants in our focus groups stressed the variety of ways in which company secretaries exercise influence – from having a granular impact on behaviour and decision making right across the organisation by drafting policies, formulating meeting agendas and conducting training; to relational bridge-building as a result of being part of the senior management team, and providing support and advice to non-executive directors, chairs, CEOs or other relevant leaders.

The focus group participants also felt that company secretaries had oversight of an increasingly diverse range of areas,<sup>59</sup> that these sometimes disparate responsibilities held a common theme of ethics, and that navigating them required greater interpersonal and negotiation skills.

ICSA has recognised these trends, and a number of changes have been made as a result. These include the development of a new competency framework, the introduction of modules on Boardroom Dynamics and Risk Management as part of the new qualifying scheme syllabus, and a new designation of Chartered Governance Professional in recognition of the breadth of roles undertaken by our qualified members.

Whilst these steps go some way to acknowledging the changing landscape of governance, we believe there is more that can be done, and this project has highlighted three questions we hope to help members consider within their own organisations.



## **'Is my organisation paying attention to relevant social issues?'**

A range of potential issues have been considered in this report, but these are not exhaustive. Governance professionals need to be able to understand the shift in public sentiment, driven in part by demographic changes, and think laterally about how social issues might intersect with more traditional aspects of governance if they hope to proactively identify areas that could become more relevant – and regulated – in the future.



## **'Are today's procedures and controls capable of addressing tomorrow's challenges?'**

As expectations change, the tools devised to meet one type of governance challenge may not be capable of addressing the new spectrum of problems. This dilemma was considered in more detail in our first Future of Governance report by Chris Hodge.<sup>60</sup> Company secretaries need to remember the business maxim that 'people don't want a drill, they want a hole'<sup>61</sup> – keeping the ultimate objectives of governance firmly in mind, but embracing the possibility that some existing processes might be best replaced altogether, rather than merely upgraded.



# 3

## 'How successfully are we communicating the 'conscience' of our organisation?'

Participants in our focus groups defined the role of the company secretary as 'the conscience of the company'. Governance professionals are key players when it comes to building trust within organisations and with external parties. However, higher expectations arguably mean higher stakes for organisations – there are more ways to fall short and be perceived as untrustworthy.

So, whether in addressing current hot topics like diversity, remuneration and stakeholder engagement, or stepping up to future challenges such as the impact of technology and concerns about environmental sustainability, organisations need to care, act and communicate. It is only by doing all three that organisations can demonstrate that they meet the standards expected of them, and remain trustworthy as a consequence.

Governance professionals sit at the heart of efforts to achieve this.

## Join us

As The Governance Institute, we want to continue to equip company secretaries and other governance professionals to help their organisations navigate the challenges ahead.

The Next Generation Governance project aims to offer inspiration and space for collaboration to emerging governance leaders, helping you stay on the front-foot in response to evolving expectations of what governance is all about.

For more information, visit [icsa.org.uk/nextgengov](https://icsa.org.uk/nextgengov)

We look forward to working with you.

## Report author



Liz Bradley is a policy manager (corporate) at ICSA: The Governance Institute in the UK. Her interest in governance has developed from a legal background. After graduating in 2010 with a First and two prizes in Law with German Law from Oxford University, she gained commercial experience working in Bristol before qualifying as a corporate solicitor at Slaughter and May in the City. She joined the ICSA policy team in 2016 and is committed to exploring ways to improve the relationship between institutions, regulation and wider society.

# Methodology

The survey was comprised of two context questions (age bracket and sector/organisation type) and 15 substantive questions, with space for additional comments – either integrated into the question or in four standalone commentary boxes. Questions were presented in a range of formats – including ranking questions, response matrices (highly likely/likely, etc.), and single response ('please choose one option').

The selection of topics and framing of questions were based on issues raised in two focus groups that took place in February 2018, and issues highlighted in a research review conducted between January and May 2018. The survey was open for responses from 11 April 2018 - 11 May 2018.

Figures attributed to 'all respondents' include all available data from the 415 responses received, including those

from respondents falling outside of the generation Y/Z or established practitioner age brackets. Figures attributed to 'generation Y/Z' include all available data from the 22 respondents aged 18 to 25 and 116 respondents aged 26 to 35, making a total of 138 respondents. Figures attributed to 'established practitioners' include all available data from the 138 respondents aged 56 to 65. Questions were skipped, so the total number of responses for each question varies.

The report does not discuss every question included in the survey, or every statistic generated as a result. However, every effort has been made to maintain the integrity of the overall findings, whilst highlighting the most significant results.

## End notes

<sup>1</sup> Terms and definitions are evolving over time. 'Defining generations: Where Millennials end and post-Millennials begin' in Pew Research Center Fact Tank (March 2018) [pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/](http://pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/) (accessed 31 July 2018)

<sup>2</sup> Statistic quoted in various articles and publications, including in 'Global Generations: A Global Study of Work-Life Challenges Across Generations' page 1 EY (2015) [ey.com/Publication/vwLUAssets/EY-global-generations-a-global-study-on-work-life-challenges-across-generations/\\$FILE/EY-global-generations-a-global-study-on-work-life-challenges-across-generations.pdf](http://ey.com/Publication/vwLUAssets/EY-global-generations-a-global-study-on-work-life-challenges-across-generations/$FILE/EY-global-generations-a-global-study-on-work-life-challenges-across-generations.pdf); '3 ways millennials are changing the world of work' World Economic Forum (12 February 2015) [weforum.org/agenda/2015/02/3-ways-millennials-are-changing-the-world-of-work/](http://weforum.org/agenda/2015/02/3-ways-millennials-are-changing-the-world-of-work/); 'The Millennial Challenge for Inclusive Capitalism' page 2 Coalition for Inclusive Capitalism (et. al.) (September 2016) [s3-us-west-1.amazonaws.com/inccap-dev/wp-content/uploads/2016/10/The-Millennial-Challenge-for-Inclusive-Capitalism.pdf](http://s3-us-west-1.amazonaws.com/inccap-dev/wp-content/uploads/2016/10/The-Millennial-Challenge-for-Inclusive-Capitalism.pdf) (all accessed 31 July 2018)

<sup>3</sup> 'Millennials: The Me Me Me Generation' in TIME (May 2013) [time.com/247/millennials-the-me-me-me-generation/](http://time.com/247/millennials-the-me-me-me-generation/) (accessed 31 July 2018)

<sup>4</sup> 'Millennials and Entitlement in the Workplace: The Good, the Bad and the Ugly' in Forbes (November 2017) [forbes.com/sites/larryalton/2017/11/22/millennials-and-entitlement-in-the-workplace-the-good-the-bad-and-the-ugly/#6fc5aa263943](http://forbes.com/sites/larryalton/2017/11/22/millennials-and-entitlement-in-the-workplace-the-good-the-bad-and-the-ugly/#6fc5aa263943) (accessed 31 July 2018)

<sup>5</sup> Ibid. endnote 1; See also 'Meet Generation Z' in Business Insider UK (December 2017) [uk.businessinsider.com/generation-z-profile-2017-9](http://uk.businessinsider.com/generation-z-profile-2017-9) (accessed 31 July 2018)

<sup>6</sup> 'The 2017 Deloitte Millennial Survey' page 9 Deloitte (2017) Report downloaded from [www2.deloitte.com/uk/en/pages/about-](http://www2.deloitte.com/uk/en/pages/about-)

deloitte-uk/articles/millennial-survey.html (accessed 31 July 2018)

<sup>7</sup> Ibid.

<sup>8</sup> 'A stark mismatch persists between what millennials believe responsible companies should achieve and what they perceive businesses' actual priorities are... Only a minority of respondents now believe corporations behave ethically (48 percent versus 65 percent [in 2017]) and business leaders are committed to helping improve society (47 percent versus 62 percent [in 2017]). Three-quarters of respondents now see businesses around the world focusing on their own agendas rather than considering the wider society (compared with 59 percent [in 2017]), and nearly two-thirds say companies have no ambition beyond wanting to make money, up from 50 percent.' – 'Insights from the 2018 Deloitte Millennial Survey' in Deloitte Insights (May 2018) [www2.deloitte.com/insights/us/en/topics/talent/deloitte-millennial-survey.html](http://www2.deloitte.com/insights/us/en/topics/talent/deloitte-millennial-survey.html) (accessed 31 July 2018)

<sup>9</sup> 'Future of an Ageing Population' page 6 Government Office for Science (et. al.) (2016) [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf) (accessed 31 July 2018)

<sup>10</sup> Ibid. page 18 – 98

<sup>11</sup> 'The upside of disruption: megatrends shaping 2016 and beyond' page 40 EY quoting United Nations source (2016) [cdn.ey.com/echannel/gl/en/issues/business-environment/2016megatrends/001-056\\_EY\\_Megatrends\\_report.pdf](http://cdn.ey.com/echannel/gl/en/issues/business-environment/2016megatrends/001-056_EY_Megatrends_report.pdf) (accessed 31 July 2018)

<sup>12</sup> Ibid. page 41

<sup>13</sup> 'Cities and Towns: The 2017 General Election and the Social Divisions of Place' New Economics Foundation (October 2017) [neweconomics.org/uploads/files/FINAL-CITIES-AND-TOWNS.pdf](http://neweconomics.org/uploads/files/FINAL-CITIES-AND-TOWNS.pdf) (accessed 31 July 2018)

<sup>14</sup> 'Average worker now spends 27 working days a year commuting' TUC (November 2017) [tuc.org.uk/news/average-worker-now-spends-27-working-days-year-commuting-finds-tuc](http://tuc.org.uk/news/average-worker-now-spends-27-working-days-year-commuting-finds-tuc) (accessed 31 July 2018)

<sup>15</sup> Examples: C40 network ([c40.org/](http://c40.org/)); New Economics Foundation recommendations to tackle the divide between cities and towns include building up local supply chains and developing more decentralised political institutions, amongst other ideas – page IV Ibid (endnote 14); 'How Residents of Frome Took Governance and the Local Economy Into Their Own Hands' Resilience (April 2017) [resilience.org/stories/2017-04-19/how-residents-of-an-english-town-took-governance-and-the-local-economy-into-their-own-hands/](http://resilience.org/stories/2017-04-19/how-residents-of-an-english-town-took-governance-and-the-local-economy-into-their-own-hands/) (all accessed 31 July 2018)

<sup>16</sup> 'UK Poverty 2017' Joseph Rowntree Foundation (December 2017) [jrf.org.uk/report/uk-poverty-2017](http://jrf.org.uk/report/uk-poverty-2017) (accessed 31 July 2018)

<sup>17</sup> 'Edelman Trust Barometer 2018 – UK Findings' slide 34 Edelman (January 2018) [slideshare.net/Edelman\\_UK/edelman-trust-barometer-2018-uk-results/1](http://slideshare.net/Edelman_UK/edelman-trust-barometer-2018-uk-results/1) (accessed 31 July 2018)

<sup>18</sup> Ibid. slide 31

<sup>19</sup> 'Government Response to the BEIS Committee's Third Report of Session 2016-17' Parliament Publications (September 2017) [publications.parliament.uk/pa/cm201719/cmselect/cmbeis/338/33802.htm](http://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/338/33802.htm) (accessed 31 July 2018)

<sup>20</sup> 'Everyone's Business Tracker – Public Attitudes Report' page 6 CBI (January 2018) [cbi.org.uk/insight-and-analysis/everyone-s-business-tracker/](http://cbi.org.uk/insight-and-analysis/everyone-s-business-tracker/) (accessed 31 July 2018)

<sup>21</sup> 'Good work: the Taylor review of modern working practices' Department for Business, Energy & Industrial Strategy (July 2017) [gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices](http://gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices) (accessed 31 July 2018)

<sup>22</sup> 'The Gig is Up: Trade Unions Tackling Insecure Work' TUC (June 2017) [tuc.org.uk/sites/default/files/the-gig-is-up.pdf](http://tuc.org.uk/sites/default/files/the-gig-is-up.pdf) (accessed 31 July 2018)

<sup>23</sup> Ibid. page 5 and page 16

<sup>24</sup> A number of initiatives are emerging, but are in the early stages of development. The UK House of Lords Select Committee on AI published a report with various recommendations, including for an AI Code: [parliament.uk/business/committees/committees-a-z/lords-select/ai-committee/news-parliament-2017/ai-report-published/](http://parliament.uk/business/committees/committees-a-z/lords-select/ai-committee/news-parliament-2017/ai-report-published/) The UK government has also committed to creating a Centre for Data Ethics and Innovation: [gov.uk/government/news/search-for-leader-of-centre-for-data-ethics-and-innovation-launched](http://gov.uk/government/news/search-for-leader-of-centre-for-data-ethics-and-innovation-launched) The Engineering and Physical Sciences Research Council (EPSRC) has devised a set of Principles of Robotics: [epsrc.ukri.org/research/ourportfolio/themes/engineering/activities/principlesofrobotics/](http://epsrc.ukri.org/research/ourportfolio/themes/engineering/activities/principlesofrobotics/) DeepMind's Ethics and Society Programme is producing research: [deepmind.com/applied/deepmind-ethics-society/](http://deepmind.com/applied/deepmind-ethics-society/) Twenty-five EU member states signed a Declaration of Co-operation on Artificial Intelligence on 10 April 2018: [ec.europa.eu/digital-single-market/en/news/eu-member-states-sign-cooperate-artificial-intelligence](http://ec.europa.eu/digital-single-market/en/news/eu-member-states-sign-cooperate-artificial-intelligence) (all accessed 31 July 2018)

<sup>25</sup> 'The Cambridge Analytica Scandal: Understanding Facebook's data privacy debacle' The Verge (April 2018) [theverge.com/2018/4/10/17165130/facebook-cambridge-analytica-scandal/](http://theverge.com/2018/4/10/17165130/facebook-cambridge-analytica-scandal/); 'Twitter CEO Jack Dorsey... pledges big fixes' Business Insider UK (March 2018) [uk.businessinsider.com/twitter-ceo-jack-dorsey-on-fixing-fake-news-abuse-2018-3?r=US&IR=T](http://uk.businessinsider.com/twitter-ceo-jack-dorsey-on-fixing-fake-news-abuse-2018-3?r=US&IR=T) (accessed 31 July 2018)

<sup>26</sup> 'The year the internet goes green... 2018 will be the year we start to care about its impact on the planet' Nesta – 10 predictions for 2018 (January 2018) [nesta.org.uk/feature/10-predictions-2018/the-year-the-internet-goes-green/](http://nesta.org.uk/feature/10-predictions-2018/the-year-the-internet-goes-green/) (accessed 31 July 2018)

<sup>27</sup> '50m tonnes of e-waste generated every year – and it is increasing' The Guardian (April 2014) [theguardian.com/sustainable-business/50m-tonnes-ewaste-designers-manufacturers-recyclers-electronic-junk](http://theguardian.com/sustainable-business/50m-tonnes-ewaste-designers-manufacturers-recyclers-electronic-junk) (accessed 31 July 2018)

<sup>28</sup> 'Bitcoin mining consumes more electricity a year than Ireland' The Guardian (November 2017) [theguardian.com/technology/2017/nov/27/bitcoin-mining-consumes-electricity-ireland](http://theguardian.com/technology/2017/nov/27/bitcoin-mining-consumes-electricity-ireland) (accessed 31 July 2018)

<sup>29</sup> 'We have to keep the bots under control' in 'Future of Work' page 4 Raconteur Special Report (December 2017) Report downloaded from [raconteur.net/future-of-work-2017](http://raconteur.net/future-of-work-2017) (accessed 31 July 2018)

<sup>30</sup> 'My job (and yours) is threatened by digital technologies' Professor Erik P.M Vermeulen (February 2018) [hackernoon.com/my-job-and-yours-is-threatened-by-digital-technologies-a8af2c9aa1b7](http://hackernoon.com/my-job-and-yours-is-threatened-by-digital-technologies-a8af2c9aa1b7); 'If you want your child to get a good job, let them play more' World Economic Forum and Quartz (March 2018) [weforum.org/agenda/2018/03/if-you-want-your-kid-to-get-a-good-job-let-them-play-more](http://weforum.org/agenda/2018/03/if-you-want-your-kid-to-get-a-good-job-let-them-play-more) (all accessed 31 July 2018)

<sup>31</sup> Ibid. endnote 29

<sup>32</sup> 'Public Views on Technology Futures' Demos (November 2017) [demos.co.uk/project/public-views-on-technology-futures/](http://demos.co.uk/project/public-views-on-technology-futures/) (accessed 31 July 2018)

<sup>33</sup> 'Global Shapers Survey 2017' slide 1 (of thumbnails on website) World Economic Forum (2017) [shaperssurvey2017.org/](http://shaperssurvey2017.org/) (accessed 31 July 2018)

<sup>34</sup> 'The Deloitte Millennial Survey 2018' page 7 Deloitte (2018) Report downloaded from [www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html](http://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html) (accessed 31 July 2018)

<sup>35</sup> 'The Global Risks Report 2018 – 13th Edition' World Economic Forum (2018) Report downloaded from [reports.weforum.org/global-risks-2018/](https://reports.weforum.org/global-risks-2018/) (accessed 31 July 2018)

<sup>36</sup> Ibid. page 12

<sup>37</sup> Ibid. endnote 11 – page 50

<sup>38</sup> "Institutional Investor Survey 2018" page 10 Morrow Sodali (February 2018) [morrowssodali.com/attachments/1517483212-IIS\\_2018\\_final.pdf](https://morrowssodali.com/attachments/1517483212-IIS_2018_final.pdf) (accessed 31 July 2018)

<sup>39</sup> 'About TCFD' [fsb-tcfd.org/about/](https://fsb-tcfd.org/about/) (accessed 31 July 2018)

<sup>40</sup> The discussion of social purpose is perhaps less mainstream than diversity and remuneration, but examples include – 'What would a moral organisation look like?' Management Today (March 2018) [managementtoday.co.uk/moral-organisation-look-like/any-other-business/article/1459771](https://managementtoday.co.uk/moral-organisation-look-like/any-other-business/article/1459771) 'Conscious Capitalism in Not an Oxymoron' Harvard Business Review (January 2013) [hbr.org/2013/01/cultivating-a-higher-conscious](https://hbr.org/2013/01/cultivating-a-higher-conscious) (all accessed 31 July 2018) – Both articles are written by academics with books on the subject.

<sup>41</sup> Overview: 'Non-financial reporting' European Commission [ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en) (accessed 31 July 2018)

<sup>42</sup> Overview: 'Modern Slavery Act 2015' UK Government [gov.uk/government/collections/modern-slavery-bill](https://gov.uk/government/collections/modern-slavery-bill) (accessed 31 July 2018) – The statement is required by section 54

<sup>43</sup> Enacted by The Companies (Miscellaneous Reporting) Regulations 2018 [legislation.gov.uk/uksi/2018/860/contents/made](https://legislation.gov.uk/uksi/2018/860/contents/made) (accessed 31 July 2018)

<sup>44</sup> Ibid.

<sup>45</sup> The UK Corporate Governance Code 2018, Provision 5 FRC (July 2018) [frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF](https://frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF) (accessed 31 July 2018)

<sup>46</sup> These observations are made primarily on the basis of ICSA's role in judging reports for the Annual ICSA Awards

<sup>47</sup> 'A Sense of Purpose' Larry Fink's Annual Letter to CEOs (2018) [blackrock.com/corporate/investor-relations/larry-fink-ceo-letter](https://blackrock.com/corporate/investor-relations/larry-fink-ceo-letter) (accessed 31 July 2018)

<sup>48</sup> Overview: 'EU General Data Protection Regulation' ICSA (2017) [icsa.org.uk/knowledge/resources/eu-general-data-protection-regulation](https://icsa.org.uk/knowledge/resources/eu-general-data-protection-regulation) (accessed 31 July 2018)

<sup>49</sup> Overview: 'Gender Pay Gap Reporting' Equal Pay Portalequalpayportal.co.uk/gender-pay-gap-reporting/ (accessed 31 July 2018)

<sup>50</sup> Ibid. endnote 17 – slide 22

<sup>51</sup> Ibid. endnote 17 – slides 4 and 40

<sup>52</sup> According to figures last updated in autumn 2016, sixty-nine of the world's top 100 economies are companies – '10 biggest corporations make more money than most countries in the world combined' Global Justice Now (September 2016) [globaljustice.org.uk/news/2016/sep/12/10-biggest-corporations-make-more-money-most-countries-world-combined](https://globaljustice.org.uk/news/2016/sep/12/10-biggest-corporations-make-more-money-most-countries-world-combined) (accessed 31 July 2018)

<sup>53</sup> 'Millennials and members of Generation Z want [business leaders] to drive societal and economic change, presenting an opportunity for employers to win back their loyalty' – 'Insights from the 2018 Deloitte Millennial Survey' Deloitte Insights (15 May 2018) [deloitte.com/insights/us/en/topics/talent/deloitte-millennial-survey.html](https://deloitte.com/insights/us/en/topics/talent/deloitte-millennial-survey.html) (accessed 31 July 2018)

<sup>54</sup> 'What is a carbon price and why do we need one?' LSE and Grantham Research Institute on Climate Change and the Environment (May 2018) [lse.ac.uk/GranthamInstitute/faqs/what-is-a-carbon-price-and-why-do-we-need-one/](https://lse.ac.uk/GranthamInstitute/faqs/what-is-a-carbon-price-and-why-do-we-need-one/) (accessed 31 July 2018)

<sup>55</sup> 'Facebook board has to look past Mark Zuckerberg for reform' The Guardian (April 2018) [theguardian.com/technology/nils-pratley-on-finance/2018/apr/05/facebook-board-has-to-look-past-mark-zuckerberg-for-reform](https://theguardian.com/technology/nils-pratley-on-finance/2018/apr/05/facebook-board-has-to-look-past-mark-zuckerberg-for-reform) (accessed 31 July 2018)

<sup>56</sup> 'NYC Comptroller: Why we're calling for board changes at Facebook' CNBC video clip (April 2018) [cnbc.com/video/2018/04/02/nyc-comptroller-why-were-calling-for-board-changes-at-facebook.html](https://cnbc.com/video/2018/04/02/nyc-comptroller-why-were-calling-for-board-changes-at-facebook.html) (accessed 31 July 2018)

<sup>57</sup> Generation Y/Z respondents considered stakeholders to be more appropriate influencers than the public or media – Evidenced by response to Question 6 'In an ideal world, which external parties are best suited to influence the standards of behaviour in organisations? (Please rank, 1 = most appropriate)': 66% ranked traditional media last (i.e. least appropriate) and 23% ranked the public last, compared to 1% that ranked stakeholders last

<sup>58</sup> 'The Stakeholder Voice in Board Decision Making' ICSA and the Investment Association (September 2017) [icsa.org.uk/knowledge/resources/stakeholdervoice](https://icsa.org.uk/knowledge/resources/stakeholdervoice) (accessed 31 July 2018)

<sup>59</sup> Examples given included 'information governance' – i.e. data protection (particularly in smaller organisations without the capacity to recruit the separate resource/expertise of a data officer) – and matters arising from increased attention on stakeholder engagement

<sup>60</sup> 'Untangling Corporate Governance' ICSA – Chris Hodge (February 2017) [icsa.org.uk/](https://icsa.org.uk/)

knowledge/research/the-future-of-governance (accessed 31 July 2018)

<sup>61</sup> Paraphrase of quote attributed to Harvard Business School marketing professor Theodore Levitt: 'People don't want to buy a quarter-inch drill. They want a quarter-inch hole' – from Working Knowledge, Harvard Business School (January 2006) [hbswk.hbs.edu/item/what-customers-want-from-your-products](https://hbswk.hbs.edu/item/what-customers-want-from-your-products) (accessed 31 July 2018)



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