Emerging Governance Issues: Millennials in the Boardroom

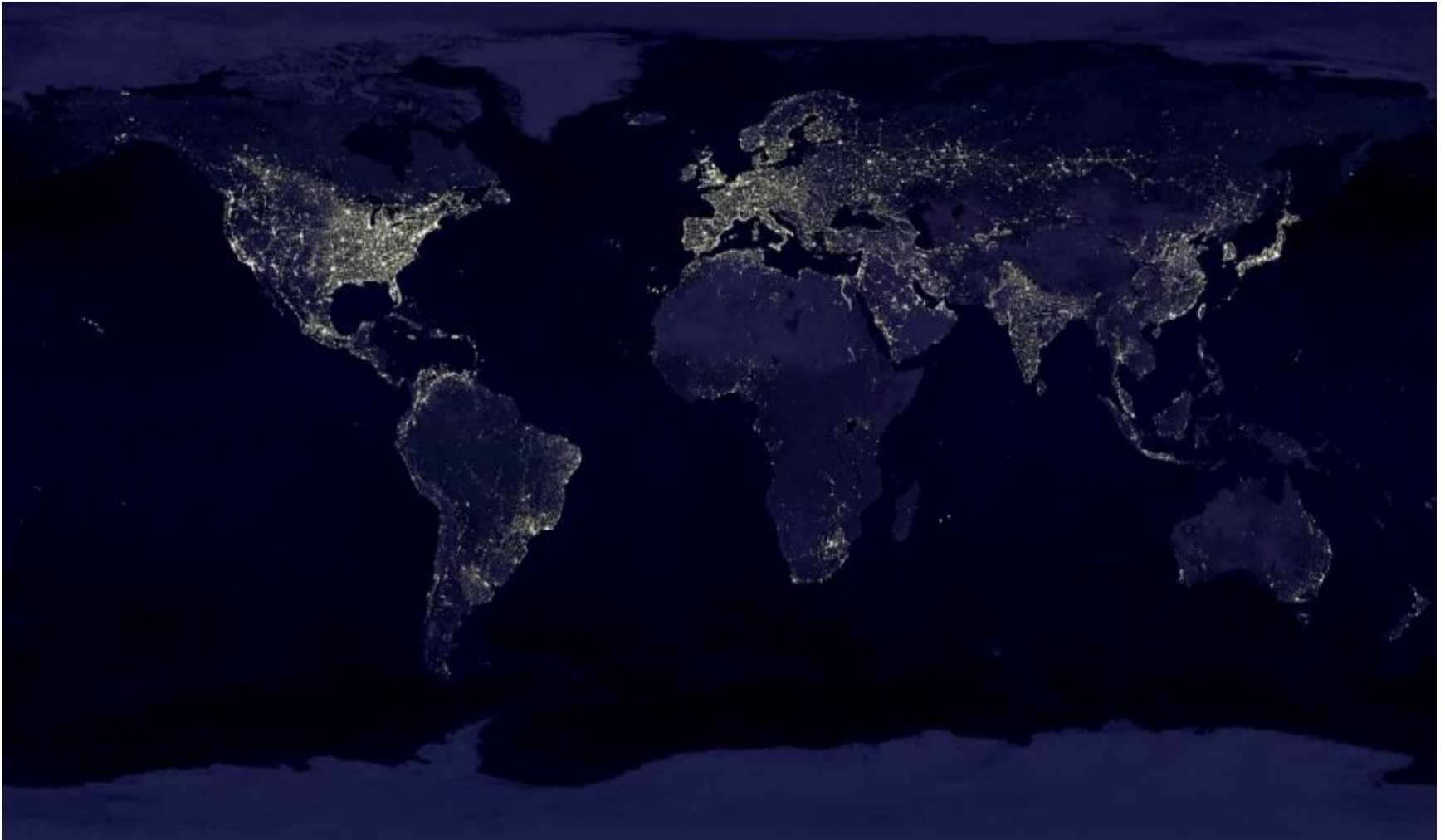**Calvin Nyachoti**

Human Needs...?

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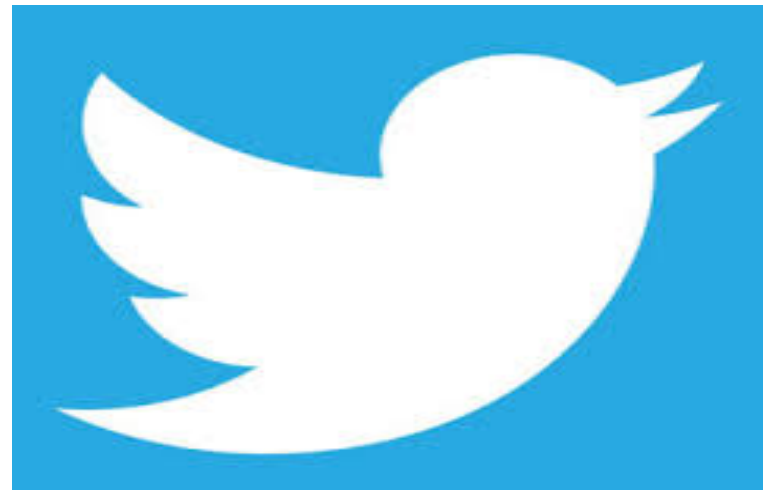6. Conclusion

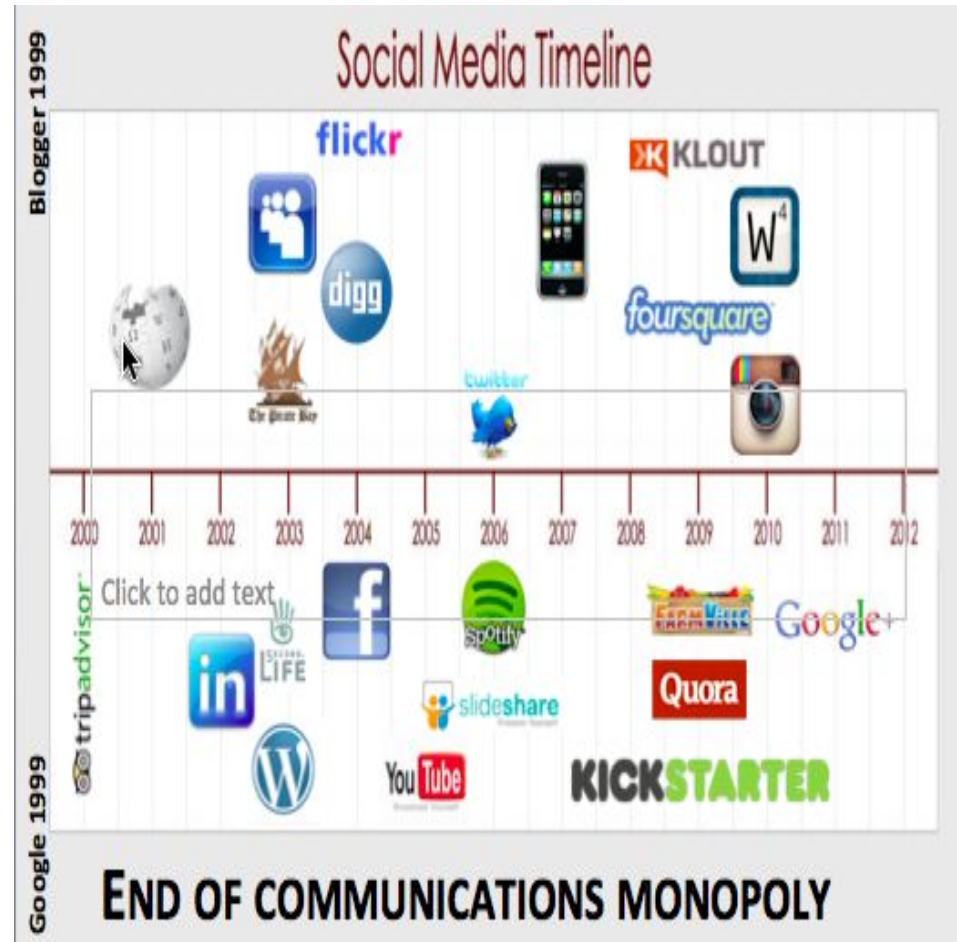Best
Practices

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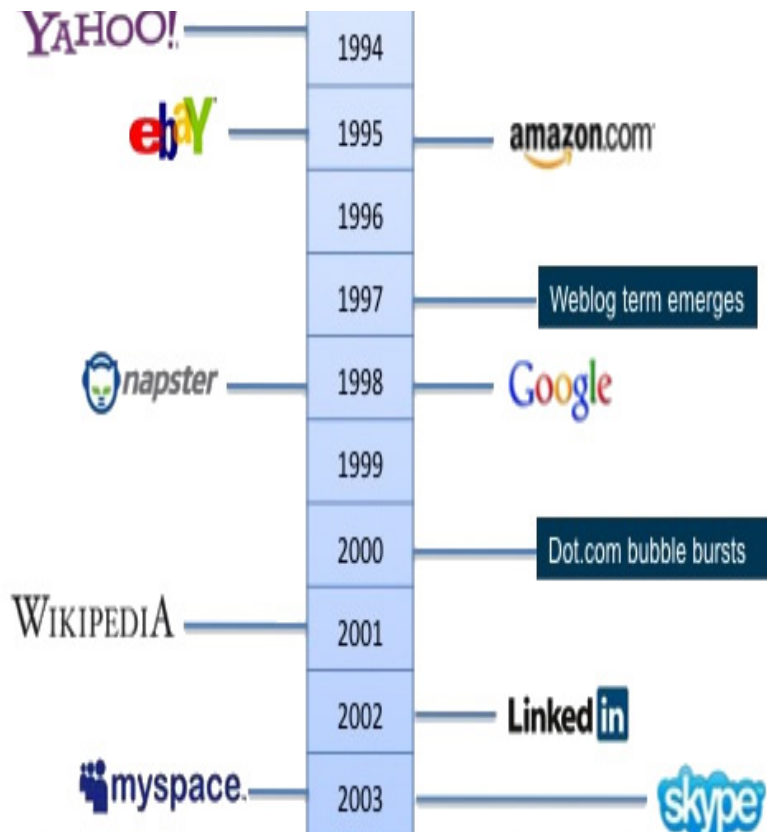
Social media timeline

Corporate Governance in a Digital Era

- Corporate governance is all about the system by which corporations are directed, controlled and held to account.

- It is about how, why and where decisions affecting the organization are made.

- Largely these decisions have been made in the boardroom, even when made elsewhere, they must be formally adopted in the boardroom. Hence power traditionally lay in the boardroom.

- Emerging trends appear to suggest otherwise. Power is no longer in the boardroom. So where does power reside?

- Power even in public corporations has shifted to the smartphone.

Governance and the Millennial

- Corporate governance has shifted to renewed attitude towards compliance away from the tick-box approach that characterized earlier governance stipulations.

- The Mervin King Committee met together just over 3 years ago to embark on the biggest change in the history of governance that involved moving to a whole new era that will change the world forever… through social media.

- Digital revolution has contributed to the introduction of faster, smarter consumer solutions to address the demands of the new generation.

- It is about finding solutions for the millennial. A generation that does not trust and believe, has little regard for tick-box approach.

King IV Report

- On 1st November 2016, the King Committee published the King IV Report on Corporate Governance effective 1st April 2017 and which replaces King III.

- The code represents a positive step forward and takes into consideration the realities and challenges of today's business and by extension the boardroom.

- Key among them are emerging risks and opportunities from new technologies. Principle 12 states that the governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.

- In particular, set the approach and approve policy on technology and information; delegate effective management of technology and information, oversee results including protection of privacy and security, receive periodic independent assurance of effective ICT and disclosure of current or future focus areas.

Appealing to the Millennials

The Organization's Conscience

- To appeal to the millennial, organizations and in particular financial decisions must be ethical and responsible. How is the product made or service offered. Otherwise the millennial will vote with their feet.

- When decisions are not conscientious, incidents are rife where the boardroom becomes powerless - it takes only seconds to go viral.

- If you ignore Millennials, they will trash the decision and by extension, the organization on social media. It doesn't mater how powerful the brand is, social media can trash it in seconds.

- Globally, the Cannes Film Festival and in Kenya, the NSE, Safaricom are good examples.

The Millennial as Part of Diversity

- Average age of boards is growing younger. Millennials want more of their numbers in the boardroom.

- Businesses whose products target millennials must have millennials on their boards to influence and determine emerging customer needs.

- In public service, public servants challenge the status quo in unorthodox ways: - - No shortage of people willing to go to court on their behalf.
  - Auditors / accountants

- Social media is also easily accessible, efficient, swift and generates instantaneous pressure, often times, results e.g. NACADA

- The inclusion in top leadership of Chief Reputation Officers, Chief Social Media Officers, Digital Strategists who are expected to understand the legal framework within which social media exists.

- Organizational disclosure of information, good corporate citizenship

What do Millennials Want in the Boardroom?

- Extensive data mining and analytics capacity to facilitate decision making.

- Use of technology to facilitate integrated reporting. Do away with information silos.

- Use of digital communication and information solutions in the boardroom e.g. virtual meetings (tele-conference), paperless meeting (e-board) and circularized resolutions, whatsapp groups, virtual cash collections.

- Legal and governance audits in addition to the traditional audits to offer an independent view of the activities and systems of an organization.

- Organizations should leverage on social media not just to reach customers but assure but reach out to communities and give back. In return the communities will support the organization

- Automating compliance software e.g. the Lexis GRC or Lexis Assure – compliance tools.

The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn – Alvin Toffler