

GLOBAL WOMEN'S EXECUTIVE SUMMIT MAY 2015

GLOBALIZATION, TECHNOLOGY, AND SOCIAL CHANGE: A BOARD PERSPECTIVE

Globalization, technology, and social change are creating new industries, reshaping markets, streamlining operations, easing the flow of capital, diversifying the workforce, and enabling newer and faster forms of collaboration and communication. In 2025, the global economic landscape will be vastly different. Hogan Lovells assembled a panel of board members, working in financial institutions, professional services, and industry, to discuss how boardrooms are changing in response.

Boardrooms must adapt to a rapidly evolving business environment, where technological change is driving globalization. In the wake of the credit crisis, there were calls for more women on boards, for example. Some suggested that if Lehman Brothers in fact had been Lehman Sisters, it may not have ended the way it did.

Similarly, many commentators have called for a greater representation of Generation Y consumers – those born since the start of the 1980s – in boardrooms, so as to help business keep pace with rapid technological advances.

A panel of female board members assembled at the Hogan Lovells Global Women's Executive Summit took the view that adding women to the boards of major corporations does make a difference, but cautioned that men do not have a monopoly on making mistakes. One panelist said: "I've been on our leadership board for 10 years, and one thing that's changed is that the word 'feel' now comes into our meetings. We now call them team meetings rather than board meetings, and we begin by discussing how we are all feeling today, and what is going on with us. When people can start to share things and trust each other on that level, that's when you build a real team that knows that when things are tough, it is going to stick together."

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There was a consensus around the need to diversify boards generally, with one panel member pointing out how much a board that she was on had changed with the arrival of a Spanish participant, for example.

Age diversity was seen as an issue, but not one that could be easily addressed because of the counter argument that deep experience holds the greatest value. One panelist said: "Most board members, irrespective of their gender, are in their late fifties and perhaps more commonly their late sixties. We have someone on our board who is 89 years old. Most non-executive directors will not welcome an influx of young people who will seek to change their views, but the more digital we become, irrespective of the type of business we are in, we are going to need more young people."

Technological change

One of the most profound developments in the last decade, as identified by the panel, was the advent and growth of social media, which has transformed the way businesses engage with customers and the way they encounter reputational risk. There is an argument that the rapid expansion of internet use brings both good and bad news. It democratizes access to information and disrupts business models in a way that benefits consumers. Yet allowing for such rapid growth of new business models concentrates wealth in the hands of the few, with the founders of Facebook being a classic example.

The risks to data security, and the challenges wrought by cyber-attacks, are new items on the boardroom agenda, while regulators themselves struggle to keep up with the dynamism in markets such as peer-to-peer lending and online payments systems. The panel took the view that regulators may take time to adapt, but in the medium term, market disruptors will encounter a level regulatory playing field to the benefit of all participants.

One member of the panel noted that disruptors need and in fact often want to be regulated so they can be taken seriously and grow as an industry: "As soon as you have a disruptor, which we have to embrace as consumers, then there's no way they should not be regulated in the same way as everyone else. You also often find that those disruptors want to be regulated in order to be taken seriously and grow as an industry."

Broader implications

The panel discussed the wider implications of technology at board level, including its impact on working patterns. Technology which allows flexible working to be more of an option, also allows clients to disaggregate services and forces providers to be more agile in putting together the best teams to service each customer's personal requirements.



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Finally, in the context of these new challenges, panel members were asked what was currently the most troubling issue for their businesses at board level. Talent attraction, recruitment, and retention was named by one attendee, while others pointed to the impact of technical and digital disruptors and the challenge to continue to create real value for customers. One panelist said: "How are we evolving? What are we doing to meet what our clients' need? Those are our primary concerns. Competitive advantage comes from innovating to meet what the market needs, rather than innovating out of what we need."

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