



INSTITUTE OF DIRECTORS
IN IRELAND

Leadership Challenges

in an uncertain age



November 2017

TERMS OF REFERENCE

This report is based on the findings of an online survey undertaken by members of the Institute of Directors in Ireland between 7th - 18th September 2017. Throughout the report, percentages may be rounded up / down for illustrative purposes.

CONTENTS

Foreword	04
.....	
Profile of Respondents	05
.....	
Section 1: Planning for the Future	09
.....	
Section 2: Known Uncertainties	13
.....	
Section 3: Risk and Governance in Uncertain Times	19
.....	
Section 4: Impact of Uncertainty on Personal Life	29
.....	
Conclusion	37
.....	

FOREWORD



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.....
**Maura Quinn, Chief Executive,
Institute of Directors in Ireland**

The Institute of Directors in Ireland (IoD) is pleased to present the **Leadership Challenges in an Uncertain Age (2017)** report, which aims to measure how our members – directors and senior executives – perceive and manage the uncertainty that currently dominates the business agenda. It reports on how this unpredictable business environment has impacted the board's approach to preparedness for the future, governance, and known uncertainties and it also shows how business leaders are managing personally, as they live and work in uncertain times.

In recent times, business leaders and companies have had to shift and adapt their focus as they face unprecedented levels of geo-political, economic uncertainty and policy changes on a domestic and global scale.

Organisations need to continuously adapt in order to accommodate for, and protect against, the challenges of the day. Indeed, companies in Ireland face a rapidly evolving risk landscape, and boards must take steps to ensure they oversee those risks effectively. Regulation is constantly developing and business leaders must keep abreast of any changes in the legal or regulatory environment that may impact upon their organisation.

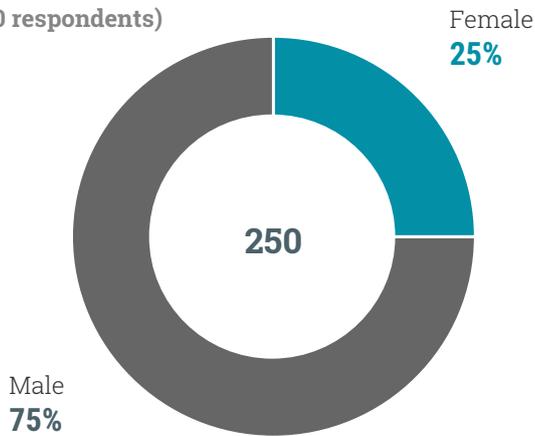
This is why informed and strong leadership, with all of the necessary supports and controls in place, will be vital for Ireland's future. Particularly, directors and senior executives must be mindful of the consequences, unintended or otherwise, of decisions taken at board level, as the organisation's strategy is pursued.

As the leading voice in the debate on improving corporate governance standards, the IoD is dedicated to enhancing the effectiveness and performance of directors and boards throughout Ireland. Certainly, one way to inform the corporate governance framework is to showcase how business leaders in Ireland are managing uncertainties as they work to move their companies forward, and to convey how boards assess and mitigate the challenges and risks they are facing.

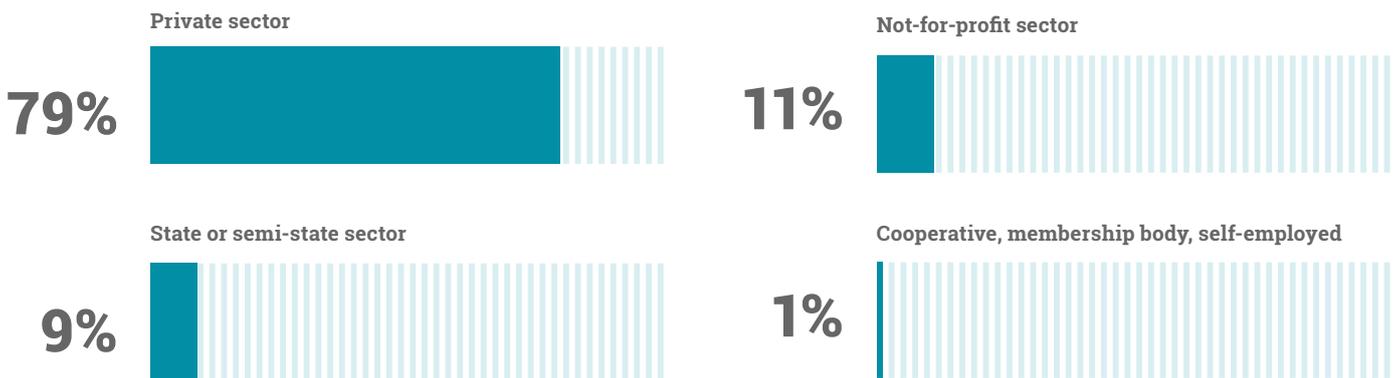
PROFILE OF RESPONDENTS

DEMOGRAPHICS

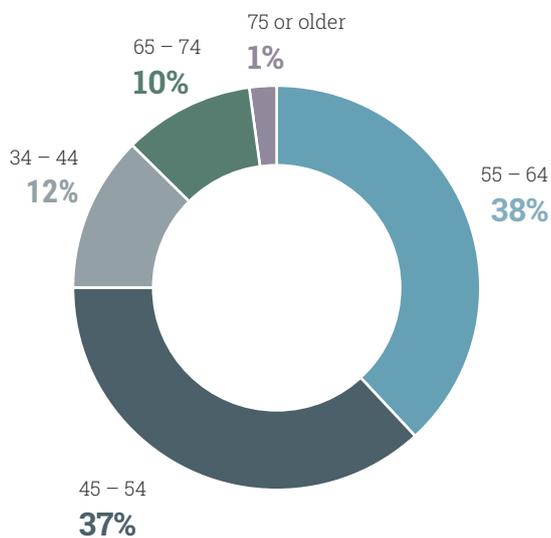
(250 respondents)



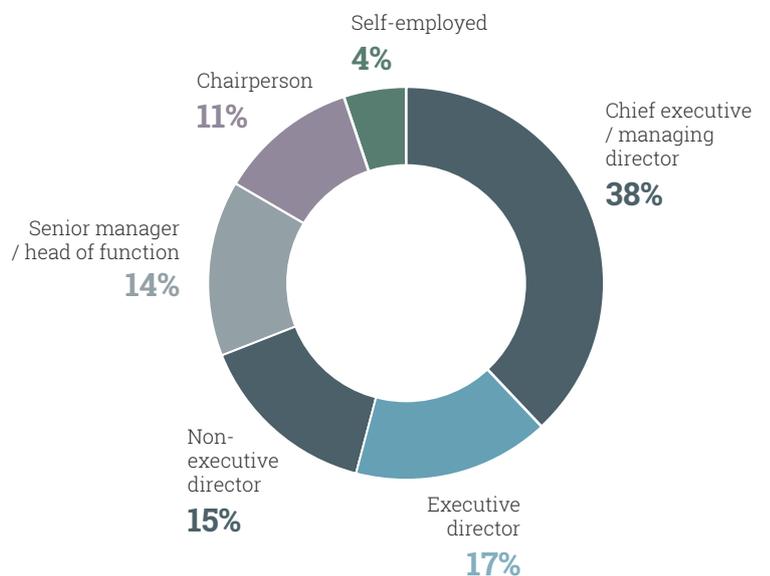
SECTOR



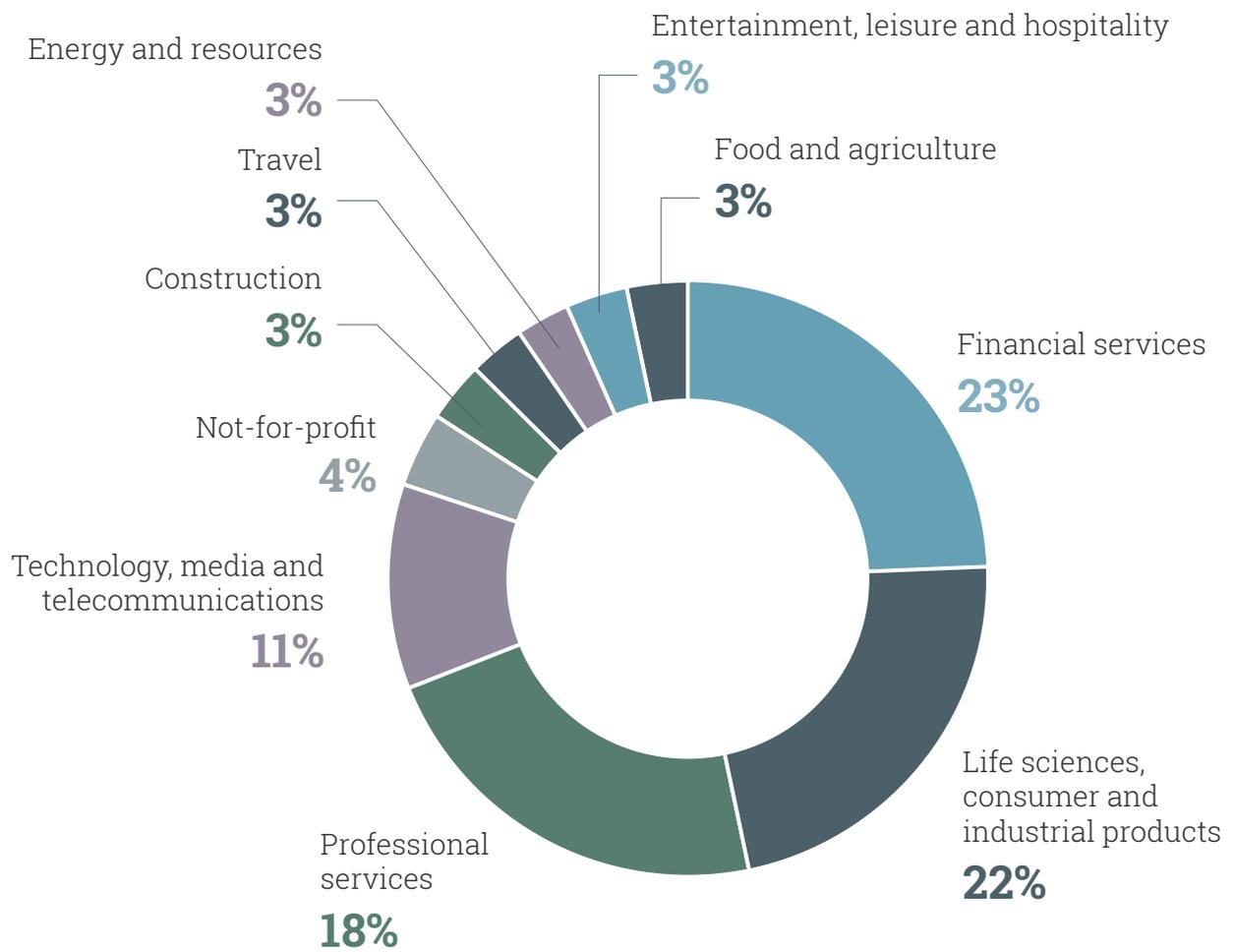
AGE



ROLE



INDUSTRY



The survey

The responses of 250 directors and senior executives, who are members of the Institute of Directors in Ireland (IoD), were captured in the [Leadership Challenges in an Uncertain Age](#) online survey, which was conducted in September 2017.

Survey participants were asked to respond to a mix of open-ended, closed-ended and multiple-choice questions related to four key themes: The Business Environment and Its Impact, Regulatory and Compliance Challenges, Reputational Challenges and Personal Impact.

The IoD acknowledges that the context of the survey is broad (leadership challenges) and the theme may extend beyond the aspects covered.

The report

This report examines key issues and challenges faced by directors and senior executives in a volatile and unpredictable business environment.

In devising this report, the IoD's primary aim was to publish its members' responses to the survey in respect of how they are managing personally and professionally as they work to move their businesses forward at a time when uncertainty dominates the business agenda. This is done in the context of the following themes:

1. Planning for the Future
2. Known Uncertainties
3. Governance in Uncertain Times
4. Impact of Uncertainty on Personal Life

Background

Business leaders in Ireland today must discharge their responsibilities and work to move their companies forward at a time when evolving technologies and cyber security concerns are persistent, when geo-political disruption is pervasive, and changing regulatory requirements are a constant.

In the midst of these challenges, boards and directors must balance the need to provide strategic oversight and invest in the future, while ensuring regulatory compliance and delivering on the expectations of shareholders and stakeholders. Organisations need to, now more than ever before, shift and adapt their focus in order to remain relevant and effective.

Introduction

This report traces the views and experiences of company directors and senior executives in Ireland on the key issues arising from an uncertain business environment, and the outcomes are two-fold;

1. The results show how this unpredictable business environment has impacted the board's approach to preparedness for the future, governance, and known uncertainties (ie Brexit, cyber security and the GDPR).
2. The findings also show how business leaders are managing personally, as they live and work in uncertain times.

Executive summary

Priorities

- In respect of those areas which businesses intend to prioritise the most in the year ahead, [market diversification, developing supply chains, and business partnerships](#) rank the highest (54%), [talent sourcing and retention](#), and [skills development](#) came in second at 49% and [information technology \(risk management, data protection \(GDPR\) cyber security\)](#) was identified by 37% of respondents.
- In terms of boards' priorities, there is little difference between the features of business that are currently prioritised and those which they believe they should be prioritising. It is also noted that boards are more likely to focus on the issues that they can control.
- Financial and compliance matters strongly outrank 'softer' priorities such as research and development, fostering innovation, diversity and board training.

Talent sourcing and retention

- [Talent sourcing and retention](#) is a key challenge for businesses in terms of growth, priority and risk. Findings show that the [availability of talent with key skills](#) is the most significant constraint to business growth (74%), [talent sourcing and retention](#) is the feature of business that is rated the second-highest current priority (49%) and [talent sourcing and retention](#) received the third-highest percentage (82%) in respect of current risks facing companies in Ireland.

Risk management and governance

- Risk management is a top priority for boards (47%) and the majority of boards have a risk management framework in place. However, 37% say that board / management's risk appetite presents a constraint to the growth of business.
- In terms of reputational risk, 29% disagree or don't know whether the board is prepared for the possibility of a damaging event and 30% either disagree or don't know whether the board knows its role in reacting to a damaging event.
- 37% say that inadequate governance / board leadership is currently a high or moderate risk facing companies in Ireland.

Barriers to effective board decision-making

- Respondents say that the main barriers to effective decision-making are insufficient long-term strategic planning (44%), inadequate expertise or skillset on the board (35%), insufficient challenge / questioning by the board of management proposals (29%) and a dominant chairperson / board member (29%).
- A quarter (25%) of respondents believe that the added pressure of an uncertain business environment has contributed to poor decision-making in the boardroom.
- 45% of respondents say that stress plays either a moderate or major role in decision-making at board level.

Cyber security, GDPR, Brexit

- Aspects of Brexit causing the most concern include sterling weakness / exchange rate volatility (51%), the prospect of a troubled transition (ie an unstable exiting period) is ranked as the second highest concern (38%) and joint third are the commercial implications / impact on competitiveness (37%) and trade concerns (eg supply chain disruption, tariffs on goods / services) (37%).
- 85% of respondents indicate that they have taken steps to prepare for a cyber-attack.
- Most respondents (48%) indicate that they are moderately prepared for the GDPR. However, 30% say that they are either slightly or not at all prepared for the regulation.

Personal impact of uncertainty

In relation to the issues that are causing respondents the most concern on a personal level, adequate pension provision (45%) is the main concern for business leaders. The volatility of the business environment (37%) is their second biggest concern and joint third concerns are family concerns (eg divorce, bereavement, children's prospects) (27%), concern about care for elderly parents (27%), financial concerns (27%).

Planning for the Future

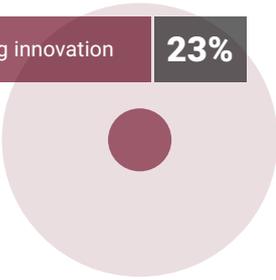
There are a variety of matters that boards must consider when planning for the future, including fostering innovation, sourcing and retaining talent, evaluating the board / management's appetite for risk as well as the role of technology. This section reports on each of these aspects in respect of how boards are currently planning for the future in a time of uncertainty.

Fostering innovation

Innovation encompasses a wide range of activities including research and development, training, testing, marketing and design. It is a powerful engine for business development and growth, and for addressing social and global challenges.

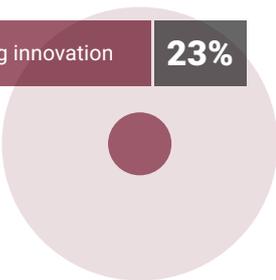
Q What are the current top priorities for your board?

Fostering innovation 23%



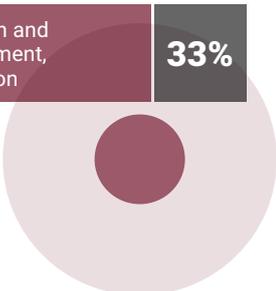
Q What are the top issues that the board should be prioritising?

Fostering innovation 23%



Q What features of business do your organisation intend to prioritise the most in the year ahead?

Research and development, innovation 33%



Summary

While 23% of respondents say that actively fostering innovation is a current priority for their board, and the same percentage say that the board should be prioritising fostering innovation, it is also notable that research and development, innovation are the fifth highest ranked priority (33%) for the year ahead.

Conclusion

In consideration of these results, it appears that fostering innovation is not currently a significant priority for boards, nor is it a priority when respondents are given the opportunity to select what boards should be setting their focus on. However, it is encouraging that there is a slight percentage increase regarding organisations' innovation intentions for the year ahead.

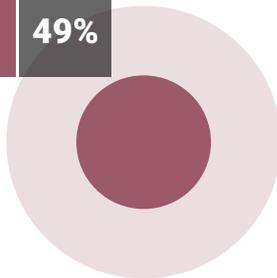
Sourcing and retaining talent

In order for businesses to thrive today, they must respond to a more technological, unpredictable and connected world, by sourcing and appointing the right talent.

Q What features of business do your organisation intend to prioritise the most in the year ahead?

Talent sourcing and retention

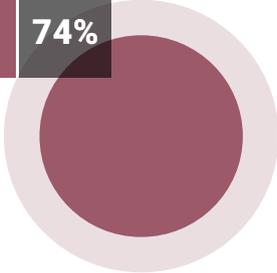
49%



Q In your opinion, which elements of the business operating environment present constraints on the growth of your business?

Availability of talent with key skills

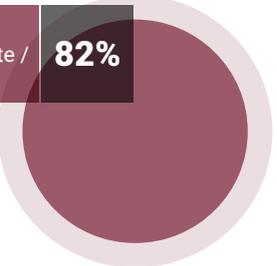
74%



↑
↓ Rate the current risks facing companies in Ireland

Talent sourcing and retention is a moderate / high risk

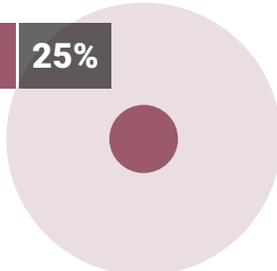
82%



Q What are the current top priorities for your board?

Succession planning

25%



Summary

Talent sourcing and retention are rated the second highest priority for the year ahead at 49% and availability of talent with key skills is selected as the main constraint to the growth of business by most respondents (74%). 82% say that talent sourcing and retention are a moderate / high risk facing companies in Ireland. 25% of respondents note succession planning to be a current priority for the board.

Conclusion

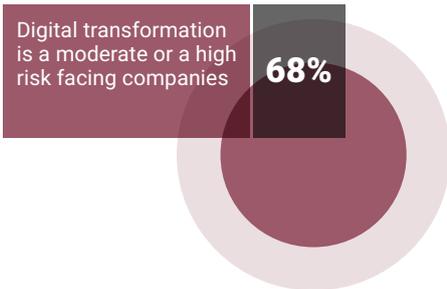
These findings suggest that both sourcing and retaining talent are of significant importance for businesses as they plan for the future, and the failure to source such talent is viewed as a significant risk facing companies in Ireland. The lack of available talent with key skills is clearly viewed as a hindrance in terms of moving the business forward. As a result, both sourcing and retaining talent and, to a lesser extent, succession planning, as well as recruiting talent with the relevant skillset are of concern to business leaders now and into the future.

The role of technology

In an uncertain business environment, consideration of the role of constantly-evolving technology is essential to planning for the future for organisations.

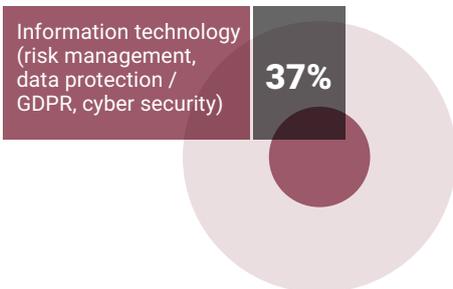
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Rate the current risks facing companies in Ireland



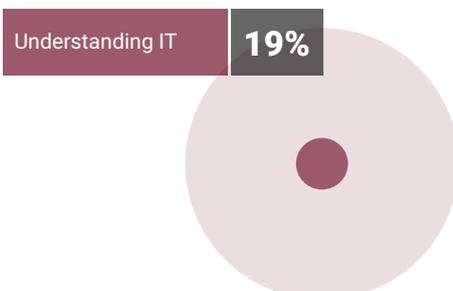
Q

What features of business do your organisation intend to prioritise the most in the year ahead?



Q

What are the current top three priorities for your board?



Summary

68% of survey respondents note that digital transformation is either a moderate or a high risk facing companies and 37% of respondents say that their organisation intends to prioritise information technology (risk management, data protection / GDPR, cyber security) in the year ahead, ranking third out of all responses. 19% of respondents indicate understanding IT as being a current priority for the board.

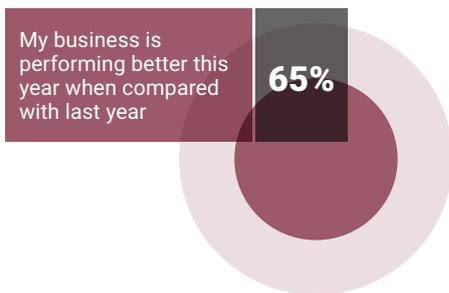
Conclusion

These findings suggest that respondents recognise the significance of the risk that digital transformation poses to business, and the importance of information technology (risk management, data protection / GDPR, cyber security). However, just 19% say that actually understanding IT at board level is a current priority.

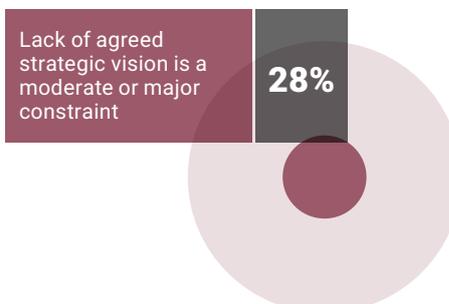
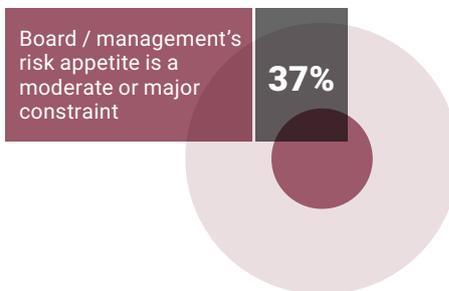
Board / management’s risk appetite and vision

Appropriate board / management risk appetite, along with a strong vision for the organisation is the hallmark of a progressive and resilient business.

Q How would you say your business is performing in comparison to this time last year?



Q In your opinion, which elements of the business operating environment present constraints on the growth of your business?



Summary

65% say that their business is performing better this year when compared with last year. 37% of respondents say that the board / management’s risk appetite is presenting a moderate or major constraint to the growth of their business. This is the fourth highest ranked constraint.

28% of respondents say that a lack of agreed strategic vision for the business is either a moderate or major constraint to the growth of their business.

Conclusion

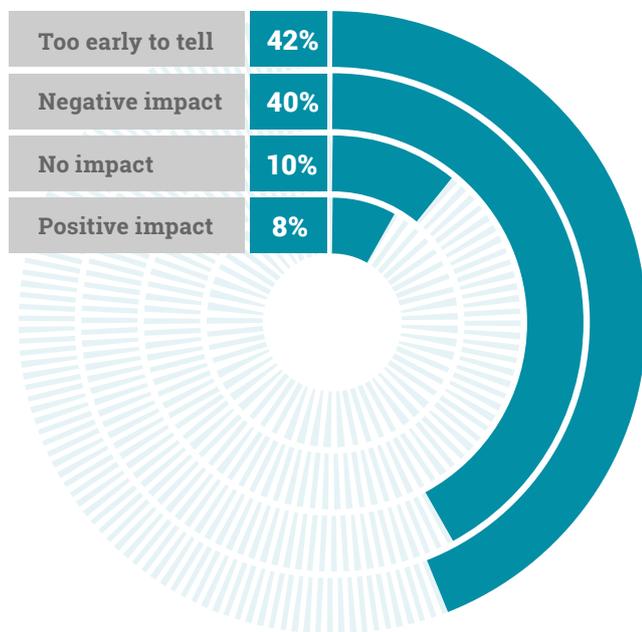
The outlook is positive in terms of how businesses are performing in comparison to this time last year. However, in terms of the 37% of respondents who say that the board / management’s risk appetite is a constraint to the growth of their business, this is an issue that can be addressed by the board.

Known Uncertainties

Uncertainties that boards and their organisations are currently facing in Ireland include three widely-publicised issues; Brexit, the General Data Protection Regulation (GDPR) and cyber security. This section examines business leaders' views on these three issues and aims to measure the level of board preparedness for the General Data Protection Regulation (GDPR) and cyber security.

Brexit

Q In your view, what will be the likely impact of Brexit on your business?



Q Which aspects of Brexit are causing the most concern for your organisation?

Top causes of concern



Comments

- Deterioration of public finances
- Delayed investment decisions by clients
- Uncertainty of UK investors to invest in Ireland
- Rejection of EU guidelines / legislative commitments by UK
- Damage to the economy and government finances

Q

There is currently a high level of uncertainty surrounding Brexit. Please indicate if / how this uncertainty is affecting your business?

- Uncertainty is itself a hindrance
- Some uncertainty but without indicators of how specifically Brexit will impact the business operations, it is difficult to put in place some measures to address issues
- Unknown unknowns
- Lack of clarity on what actions to take
- Inability to future plan and protect against currency exchange and other variables
- Clients postponing decisions

Key concerns

While most respondents (42%) say that it is too early to tell what will be the likely impact of Brexit on their business, the aspect of Brexit causing them the most concern is [sterling weakness / exchange rate volatility](#) (51%). The prospect of a [troubled transition \(ie an unstable exiting period\)](#) is ranked as the second highest concern (38%) and joint third concerns for organisations are the [commercial implications / impact on competitiveness](#) (37%) and [trade concerns \(eg supply chain disruption, tariffs on goods / services\)](#) (37%).

Unknown unknowns

The uncertainty around Brexit appears to be the most significant point of concern for respondents. Most (42%) say that the likely impact of Brexit on their business is as yet unknown, because it is too early to tell.

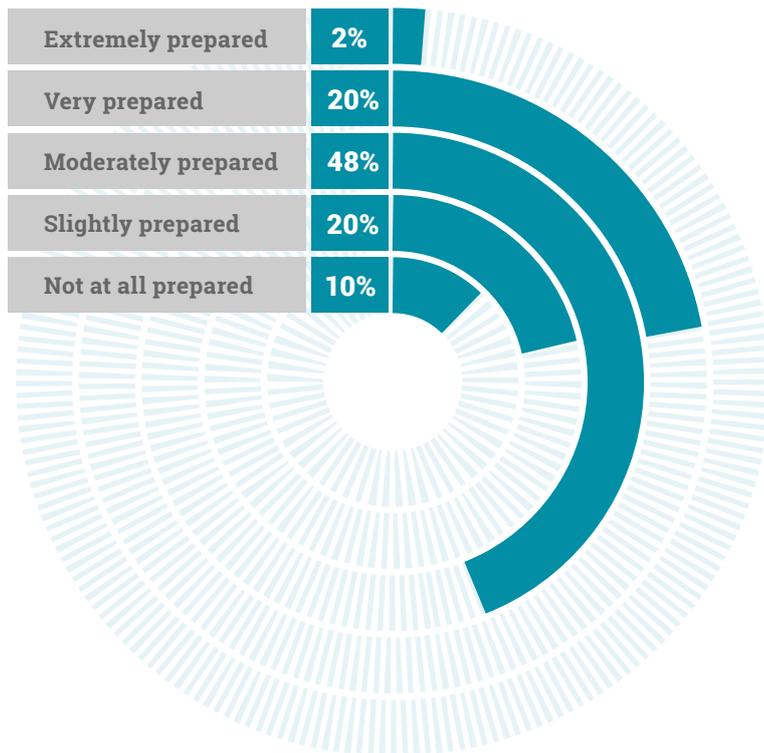
Regarding the commentary on how uncertainty surrounding Brexit is affecting respondents' businesses, a large number of them are focused on the concept of uncertainty itself - that the very lack of assuredness is ultimately impacting the way businesses are being run. Other comments are on the inability to prepare for the outcome of Brexit, the exchange rate volatility and delays in decision-making.

Within the commentary, a number of respondents also say that their business is currently not at all affected by the uncertainty surrounding Brexit.

The General Data Protection Regulation (GDPR)

Q

What is your organisation's level of preparedness for the General Data Protection Regulation (GDPR)?



Comments

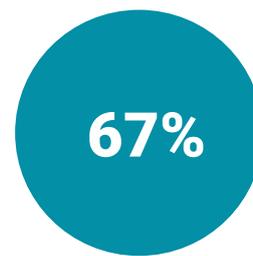
- Huge project with no additional funding or resources to support on top of enhanced FOI legislation and a new Code of Practice for State Bodies
- Cost of this and loss of time for other value-add programmes

Q

Which aspects of the GDPR are causing you the most concern?

Top causes of concern

Ensuring that the organisation will be GDPR compliant by May 2018



Appropriate treatment of data (collecting, protecting, managing, destroying and sharing data)



The cost of ensuring full compliance (including staff training)



Consequences of non-compliance



Ensuring continuous review of data protection measures



Ensuring that all external parties who handle our data are fully compliant



Preparedness

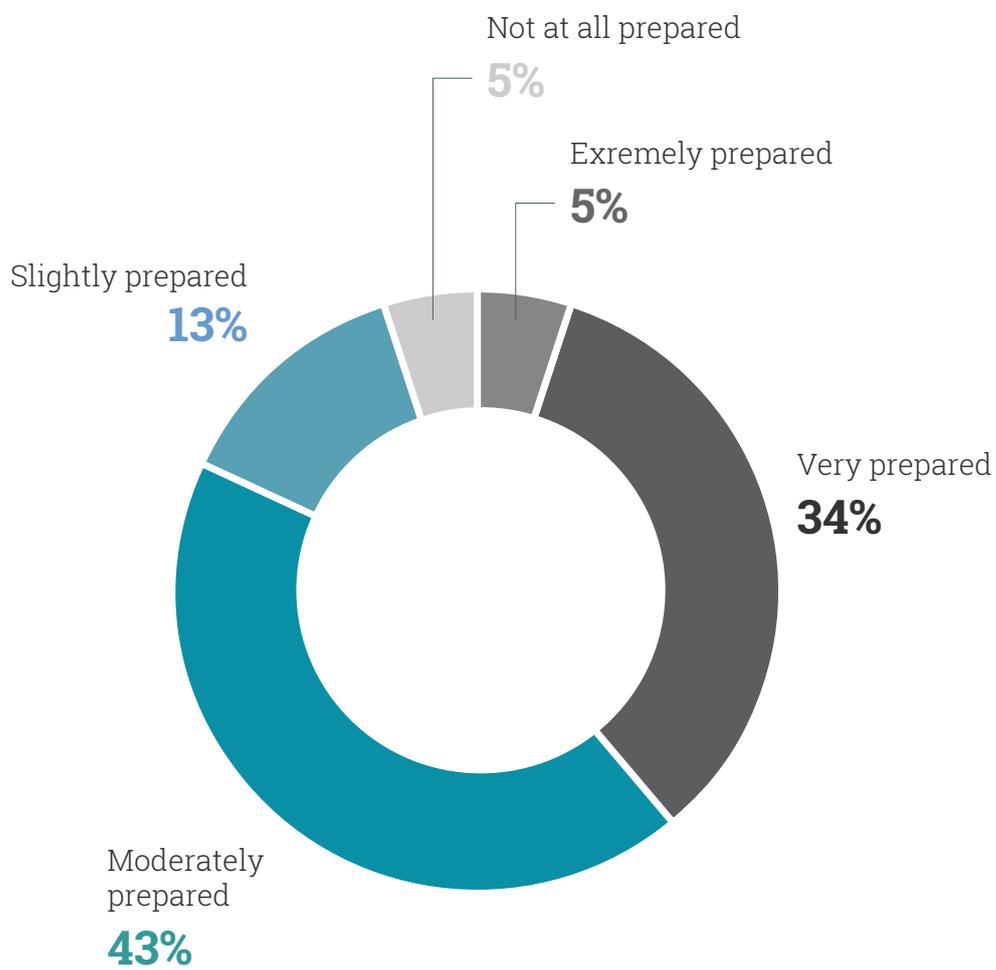
Most respondents (48%) indicate that they are moderately prepared for the GDPR. However, 30% say that they are either slightly or not at all prepared for the GDPR.

Key concerns

In answer to the question about which aspects of the GDPR are causing them the most concern, the primary cause for concern is [ensuring that the organisation will be GDPR compliant by May 2018](#) (67%). The second most significant concern is that data is treated appropriately (54%) and [the cost of ensuring full compliance](#) is cited as the third concern.

Cyber security

Q How would you describe your organisation's level of preparedness for a cyber security breach?

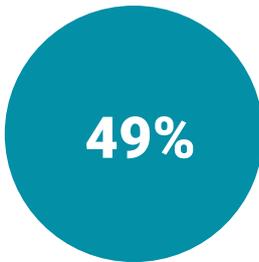




Please indicate what steps (if any) your organisation has taken to prepare for a cyber-attack



Conducted an external risk assessment



Developed a cyber security strategy



Cyber-risk is a standing item on the board's agenda



Appointed a cyber-risk officer



No steps have been taken



Other

Preparedness

While it is the case that information technology (risk management, data protection (GDPR), cyber security) is the third most significant priority for organisations for the year ahead (pg 11), the results in respect of organisations' current preparedness for a cyber-breach present a concern – 43% (the highest proportion of respondents) are just moderately prepared for a cyber-breach.

However, 85% of respondents indicate that they have taken steps to prepare for a cyber-attack.

Conclusion

It appears that organisations' overall preparedness for known uncertainties is moderate. More work needs to be taken by organisations to effectively combat the risks involved.

Comments

Of the 5% who selected the 'other' option, the representative comments include:

- Engaged a firm to test our security
- I rely on the expertise and advice etc of our IT people and service providers
- Most of our infrastructure is handled at a group level. There is a cyber security strategy in place at that level
- Cyber security is outsourced

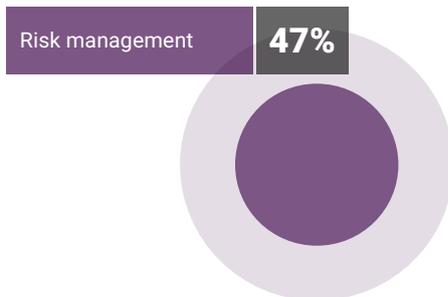
Risk and Governance in Uncertain Times

This section examines the general outlook in respect of leading a business in the current business environment, including governance and risk, the key priorities of the board, as well as transparency, ethics and decision-making at board level.

Risk management

The board has a key role to play in ensuring that the strategic direction pursued by an organisation achieves long-term value, while putting in place appropriate risk management and compliance structures and processes to strengthen and protect the organisation.

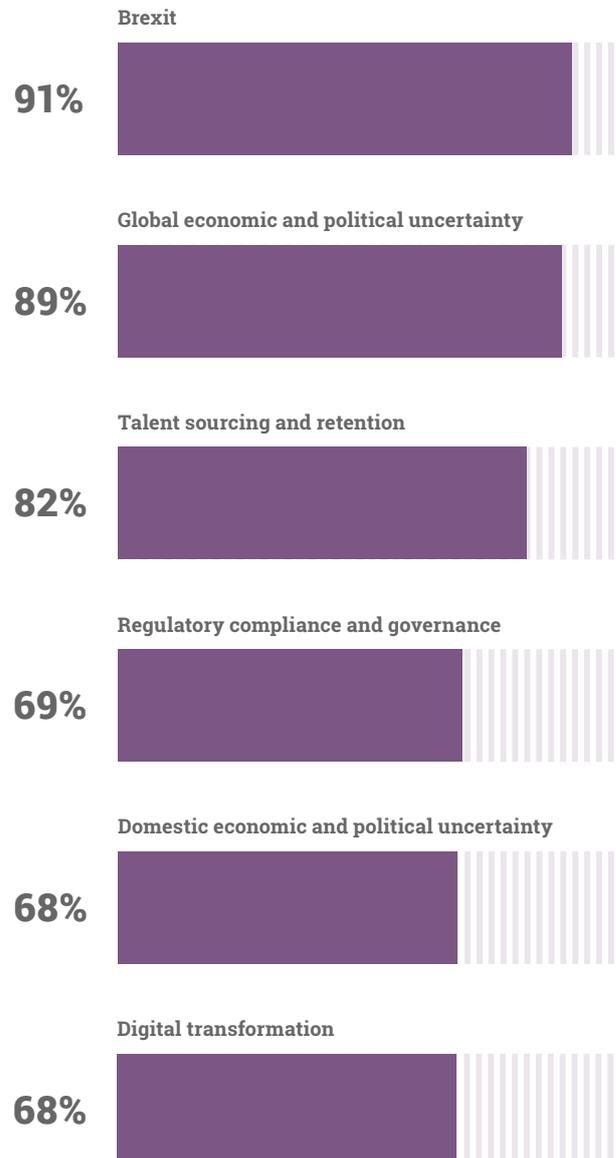
Q What are the current top priorities for your board?



Q In your opinion, which elements of the business operating environment present constraints to the growth of your business?



↑ ↓ Rate the current risks facing companies in Ireland



Q In respect of risk management, what is your board's position with regard to the following?	Agree	Disagree	Don't know
Members of the board are each aware of their risk oversight responsibilities	86%	8%	6%
The board knows its role in mitigating damage to the organisation's reputation	80%	13%	7%
The board is prepared for the possibility of a damaging event	71%	20%	9%
The board knows its role in reacting to a damaging event	71%	19%	11%

Q If your organisation has experienced a damaging reputation event, what was the outcome?



Summary

Overall, it is clear from these findings that risk management is given prominence at board level.

Risk management is assigned priority in respect of what boards are currently prioritising (47%) and what they believe they should be prioritising (40%) and the majority of respondents say that the board is aware of its role and responsibilities in respect of reputation management. The commentary provided shows that the majority of boards have a robust system in place to manage risk.

Highest rated risks

Notably, in respect of the main risks that companies in Ireland are currently facing, the highest rated risks are outside the control of the board.

91% of respondents rate Brexit as a moderate or high risk, 89% rate global economic and political uncertainty as a moderate or high risk and 68% rate domestic economic and political uncertainty as a moderate or high risk. 68% of respondents also rate digital transformation as a moderate or high risk.

Other highly rated risks are talent sourcing and retention (82%) and regulatory compliance and governance (69%). These findings show that they receive key focus from the board / organisation.

In response to the risk of talent sourcing and retention, earlier findings show (pg 10) that 49% - the second highest percentage - of respondents' organisations intend to prioritise talent sourcing and retention in the year ahead.

In respect of reputational risk, 74% say that a top area of concern for their board is non-compliance with regulatory requirements / governance failing (pg 22).

Risk and reputation

In answer to the question, 'if your organisation has experienced a damaging event, what was the outcome?', 70% say that this question is not applicable to them, which suggests that they have yet to experience a negative reputation event. Nonetheless, it is important that there are plans in place to mitigate risk and manage the outcome.

However, 29% disagree or don't know whether the board is prepared for the possibility of a damaging event and 30% either disagree or don't know whether the board knows its role in reacting to a damaging event.

Risk and governance

The findings below present the issue of risk management as reported from the perspective of corporate governance.

↑
↓
Rate the following in respect of current risks facing companies in Ireland

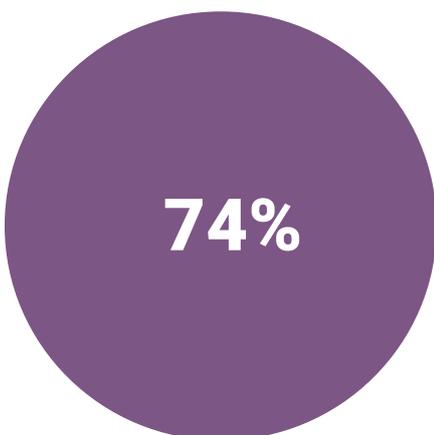


Regulatory compliance and governance (moderate / high risk)



Inadequate governance / board leadership (moderate / high risk)

Q In respect of reputational risk to the organisation, what are the top areas of concern for your board?



Non-compliance with regulatory requirements / governance

Summary

74% of respondents say that non-compliance with regulatory requirements / governance failing is a top concern for boards. While this is the case, 69% say that regulatory compliance and governance is either a moderate or a high risk facing companies and 37% say that inadequate governance / board leadership is a moderate to high risk facing companies.

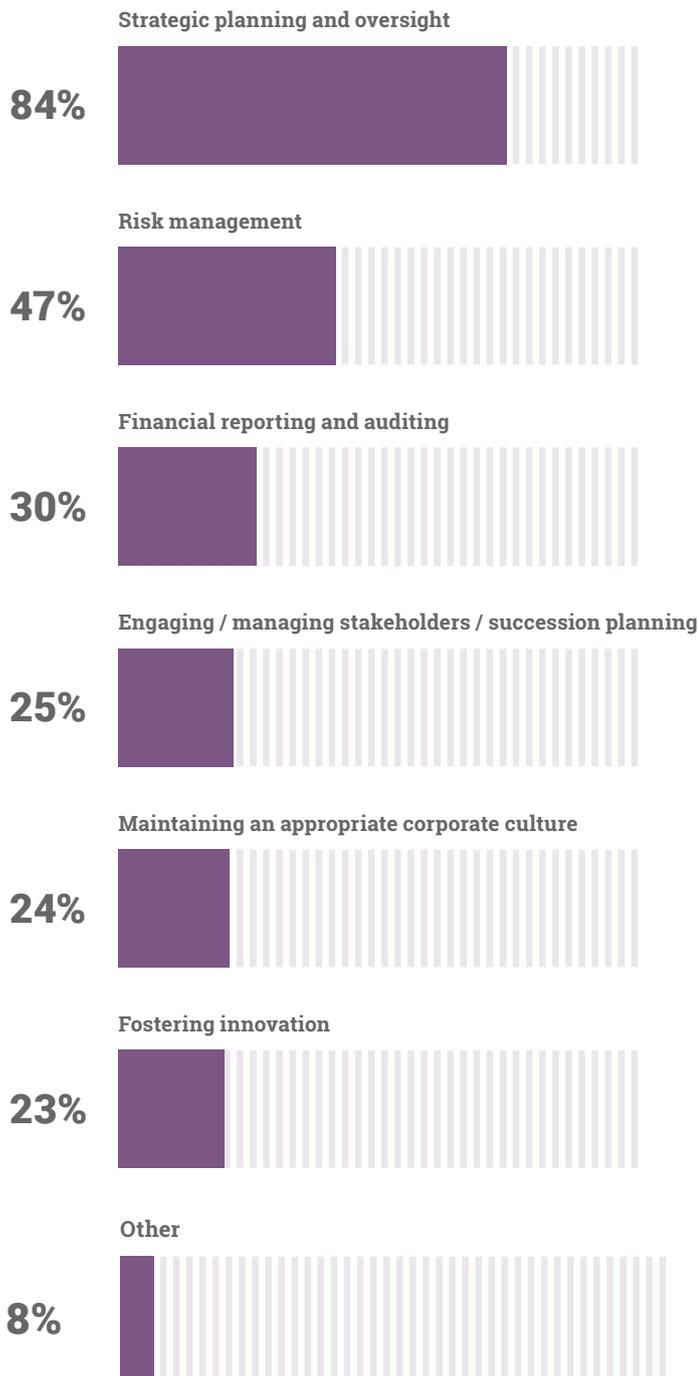
Conclusion

Respondents fully recognise the risk to companies associated with governance failures. However, despite this, many respondents say that the leadership of the board is also a significant risk.

Priorities for the board

A key task of the board is to ensure that it works to develop and to improve its effectiveness.

Q What are the current top priorities for your board?

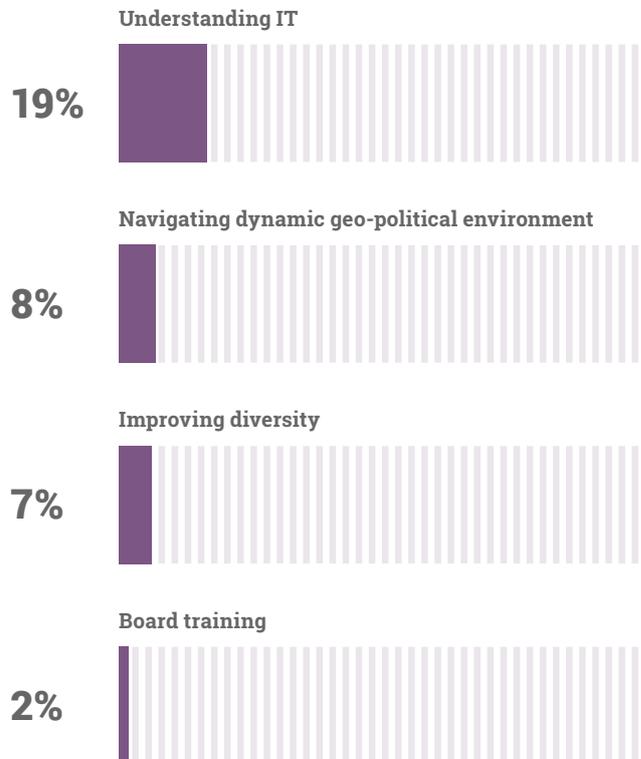


Comments

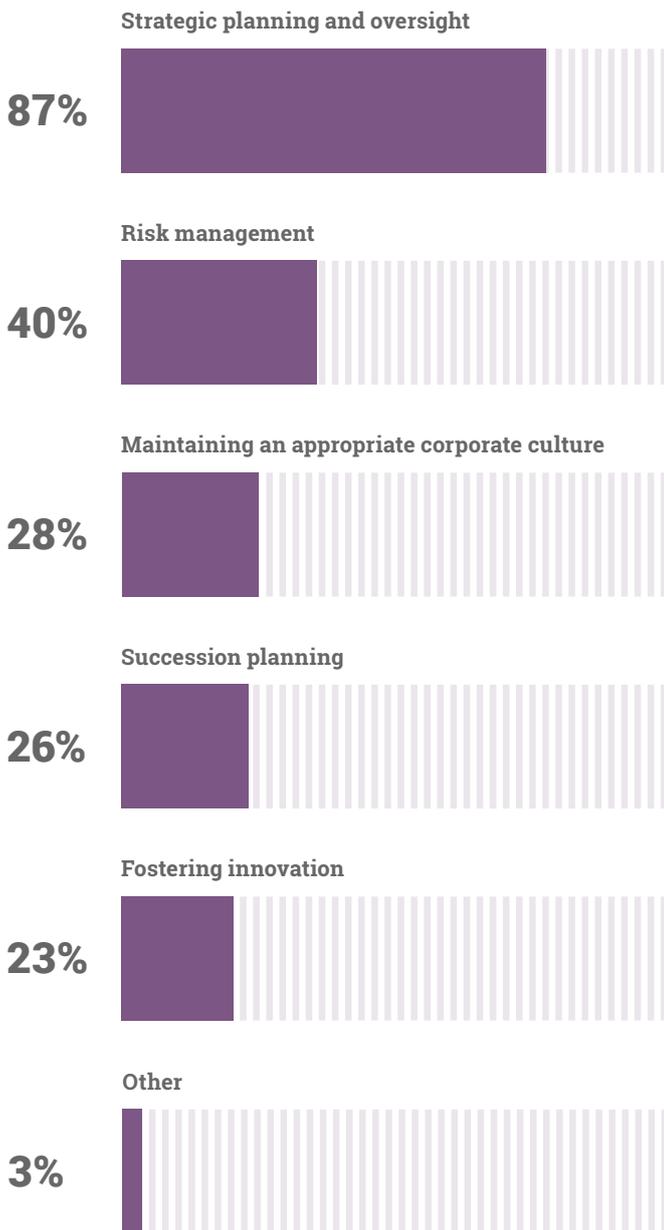
Of the 8% who selected the 'other' option, the representative comments are as follows:

- Driving company performance out of start-up mode
- e-commerce competition
- Regulatory compliance
- Driving customer experience & business expansion
- Diversification into unrelated businesses

Other findings of note are:



Q What are the top issues that the board should be prioritising?

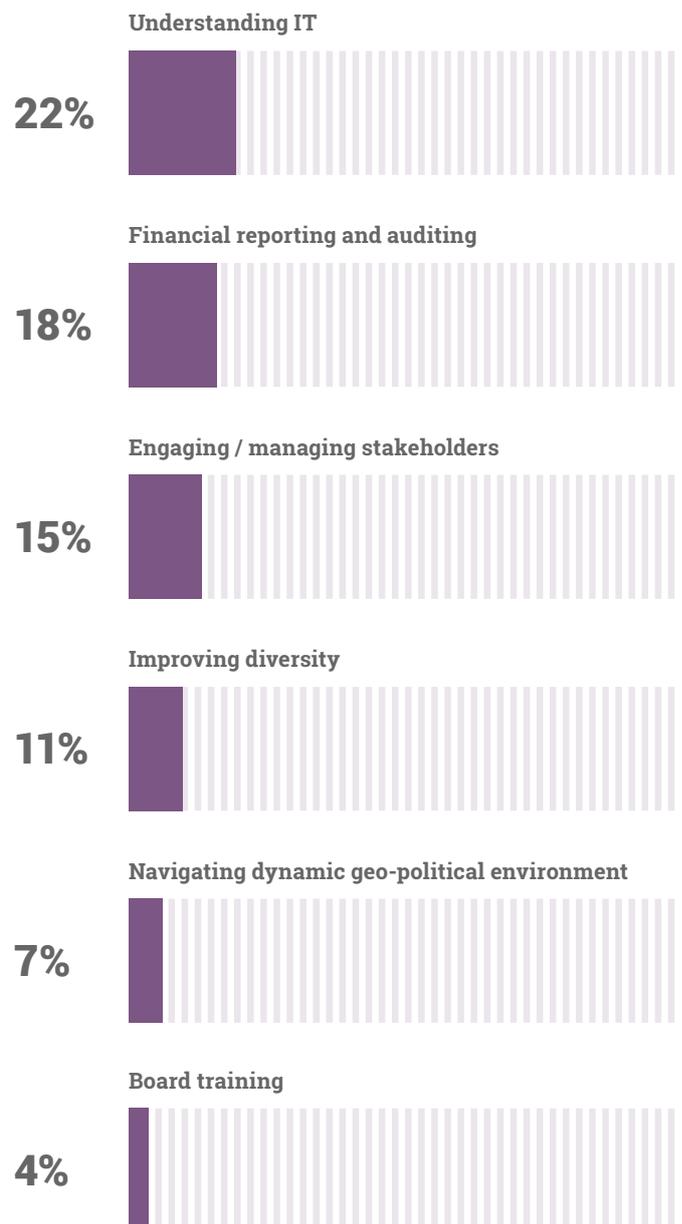


Comments

Of the 3% who selected the 'other' option, the representative comments are as follows:

- Product / market innovation
- Expanding into new markets
- Business transformation
- e-commerce competition

Other findings of note are:



Strategy, financial reporting and risk

It is notable that strategic planning and oversight (84%) are, by far, the most prioritised issues for boards. Risk management (47%) and financial reporting (30%) are also given high priority on the board's agenda. Indeed, all of these priorities feed into the paramount task of the board of directors, which is the independent oversight of management and corporate stewardship.

In respect to the question on the board's current priorities, many of the lower percentage findings are issues that are influential in the management of uncertainty in business, including the following:

2%

2% of respondents say that the board **prioritises board training**

7%

7% of respondents **prioritise improving diversity**

8%

8% of respondents **prioritise navigating the dynamic geo-political environment**

19%

19% of respondents say that **understanding IT is a priority for their board**

What boards should be prioritising

Respondents say that there should be slightly less priority attached to financial reporting and auditing. Maintaining an appropriate corporate culture is also given slightly more priority (28%) than is currently in place (23%) and understanding IT, board diversity and board training are all given slightly greater priority. However, in terms of what boards should be prioritising, engaging / managing stakeholders fell from 25% to 15%.

Conclusion

Overall, the results show that there is little difference between what boards are currently prioritising and what they believe they should be prioritising, which indicates that there is little motivation for change in the future.

Decision-making in an uncertain world

Board members require the right environment, skillset and relevant information on a timely basis in order to support decision-making. Are board members making decisions effectively despite the concerns associated with navigating the current uncertain business environment?

Q In your opinion, have the added pressures of an uncertain business environment contributed to poor decision-making in the boardroom?

Yes	No	Don't know	Other
25%	61%	13%	1%

Q What do you believe are the main barriers to effective decision-making in the boardroom?



Summary

A quarter (25%) of respondents say that the added pressures of an uncertain business environment have contributed to poor decision-making in the boardroom.

21% of respondents say that there are no barriers to effective decision-making on their boards. However, there are many respondents who indicate that the following issues are negatively affecting their boards' capacity to effectively carry out decisions:

- The two highest ranking barriers to effective decision-making are both focused on features that are under the control of the board; insufficient long-term strategic planning (44%) and inadequate expertise or skillset on the board (35%).
- The third highest ranked barrier to effective decision-making (29%) is insufficient challenge / questioning by the board of management proposals.
- 29% of respondents say that either a dominant chairperson or board member is responsible for negatively affecting decision-making in the boardroom.
- Inadequate information and advice is a barrier to effective decision-making according to 24% of respondents, the third-highest percentage of respondents.
- Reluctance to adopt alternative approaches is a key barrier to effective decision-making according to 20%.

Conclusion

The added pressures of the uncertain environment have contributed to poor decision-making in the boardroom according to a quarter of respondents.

In terms of the two biggest barriers to effective decision-making by the board, it is noteworthy that, while the highest proportion of respondents believe that insufficient long-term strategic planning is a main barrier to effective decision-making, strategic planning and oversight are indicated as being top priorities for boards (84%) in earlier findings (pg 23). Thus, it can be concluded that boards are currently giving considerable attention to issues relating to strategic planning.

The second highest percentage of respondents believe that inadequate expertise or skillset on the board is a main barrier to effective decision-making by the board. Considering this, the earlier finding that just 2% of boards are prioritising board training is significant (pg 23).

In terms of the third highest barrier, insufficient challenge / questioning by the board of management proposals, the role of the board's chairperson is to set the agenda, style and tone of board discussions, promote effective decision-making and constructive debate. (Director's Handbook, 2nd edition, Institute of Directors in Ireland).

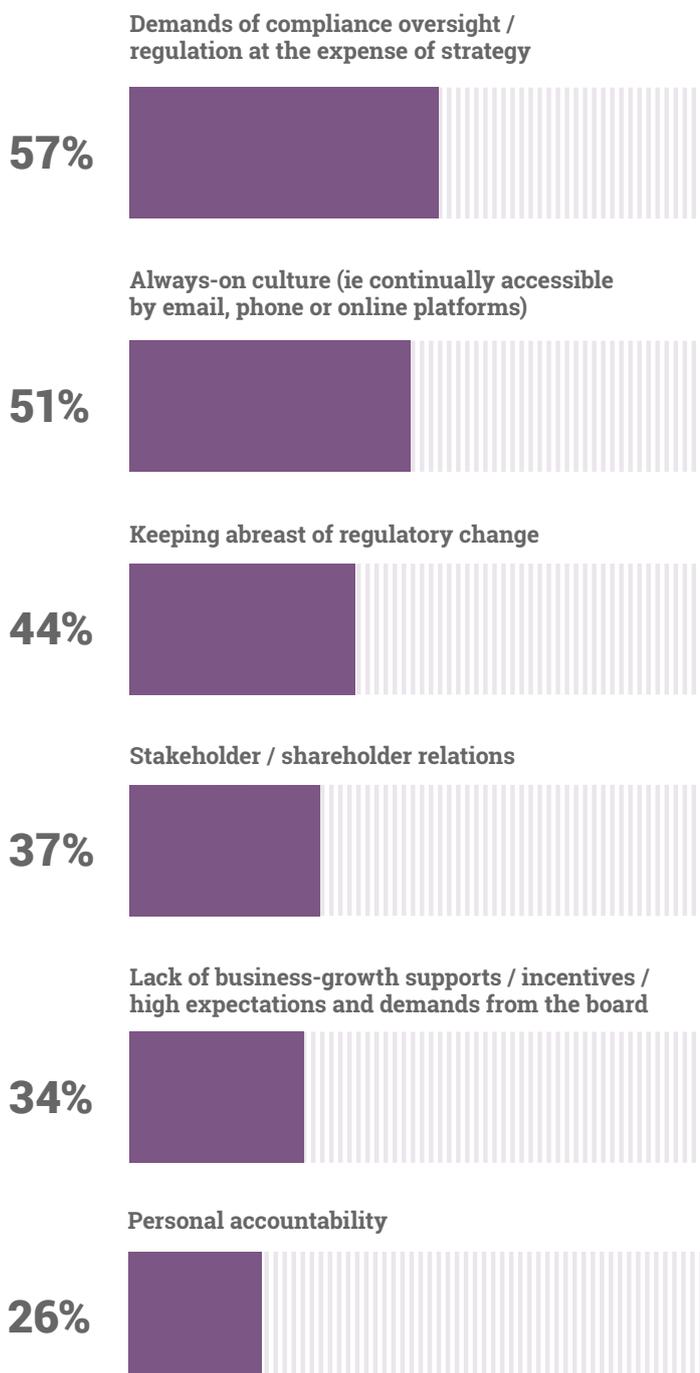
Further, the finding that many board members are disinclined to adopt new approaches (20%) indicates that many boards are not entirely open to new ideas and this is ultimately affecting the boards' decision-making process.

Leadership challenges

Leadership challenges are constant when business leaders are tasked with identifying risks related to uncertainty and mitigating the effects of it.

↑
↓
Rate the key leadership challenges in terms of performing your role as a director / senior executive

Moderately challenging or extremely challenging



Summary

Demands of compliance oversight / regulation at the expense of strategy are the main challenges according to most respondents (57%). 51% say that the always-on culture is either moderately challenging or extremely challenging and keeping abreast of regulatory change is the next biggest challenge for respondents (44%). 37% say that stakeholder / shareholder relations are a key challenge, while lack of business-growth supports / incentives and high expectations and demands from the board are the joint fifth rated challenges (34%). Personal accountability is either moderately or extremely challenging according to 26% of respondents.

Conclusion

Directors and senior management believe that significant demands are made by oversight and compliance matters at the expense of strategy. 51% of respondents say that the always-on culture is a key leadership challenge in terms of performing their role as a director / senior executive. Indeed, results in section 4 will show that always-on culture is the cause of most stress in respondents' business roles, according to 55%

Over a quarter (26%) of respondents say that personal accountability is either moderately challenging or extremely challenging in terms of performing their role as a director / senior executive. This is a concern as the onus is on all directors to know and understand their duties, and to take full responsibility for them.

In terms of compliance, earlier findings (pg 22) have shown that regulatory compliance and governance is either a moderate or a high risk facing companies (69%). However, while this is the case, 44% say that keeping abreast of regulatory change is either a moderate or an extreme challenge.

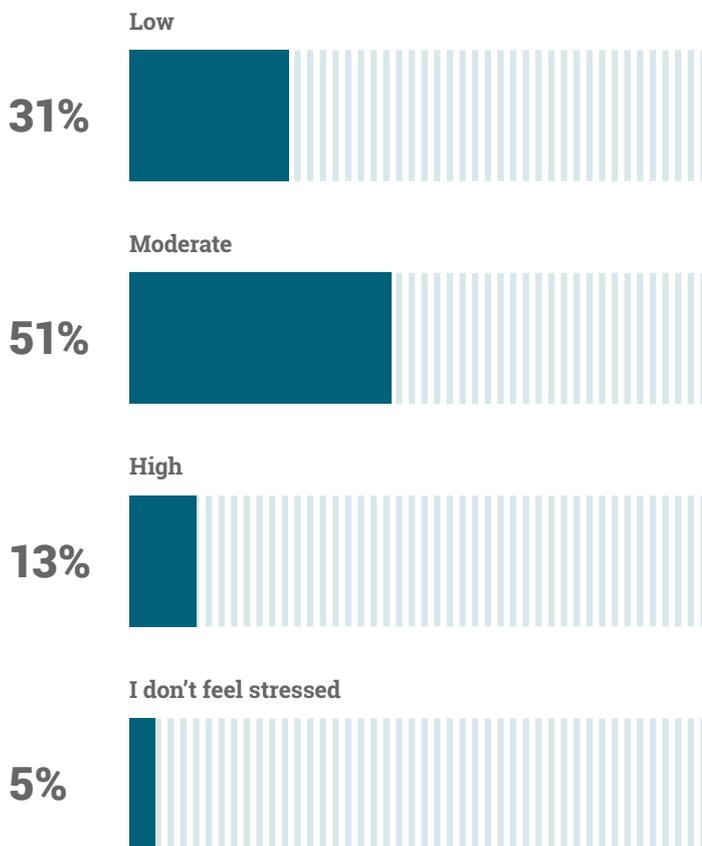
Impact of Uncertainty on Personal Life

This section reports business leaders' views on the main stressors, challenges and concerns that are currently present in their lives.

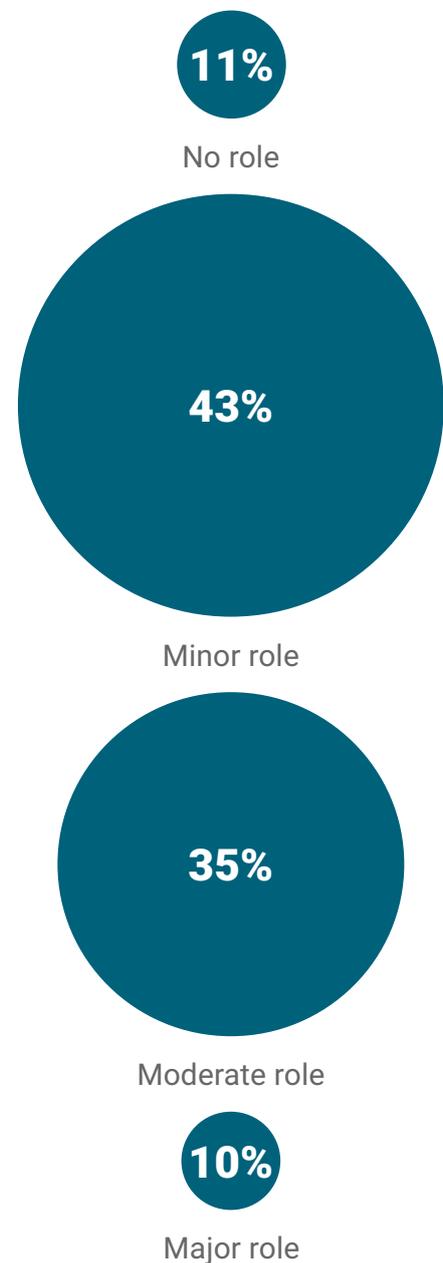
Stress in an uncertain world

The issue of business leaders' stress in an uncertain world is significant. If stress is constant, this has the potential to impact negatively both personal and professional life.

Q Where do your current stress levels sit?

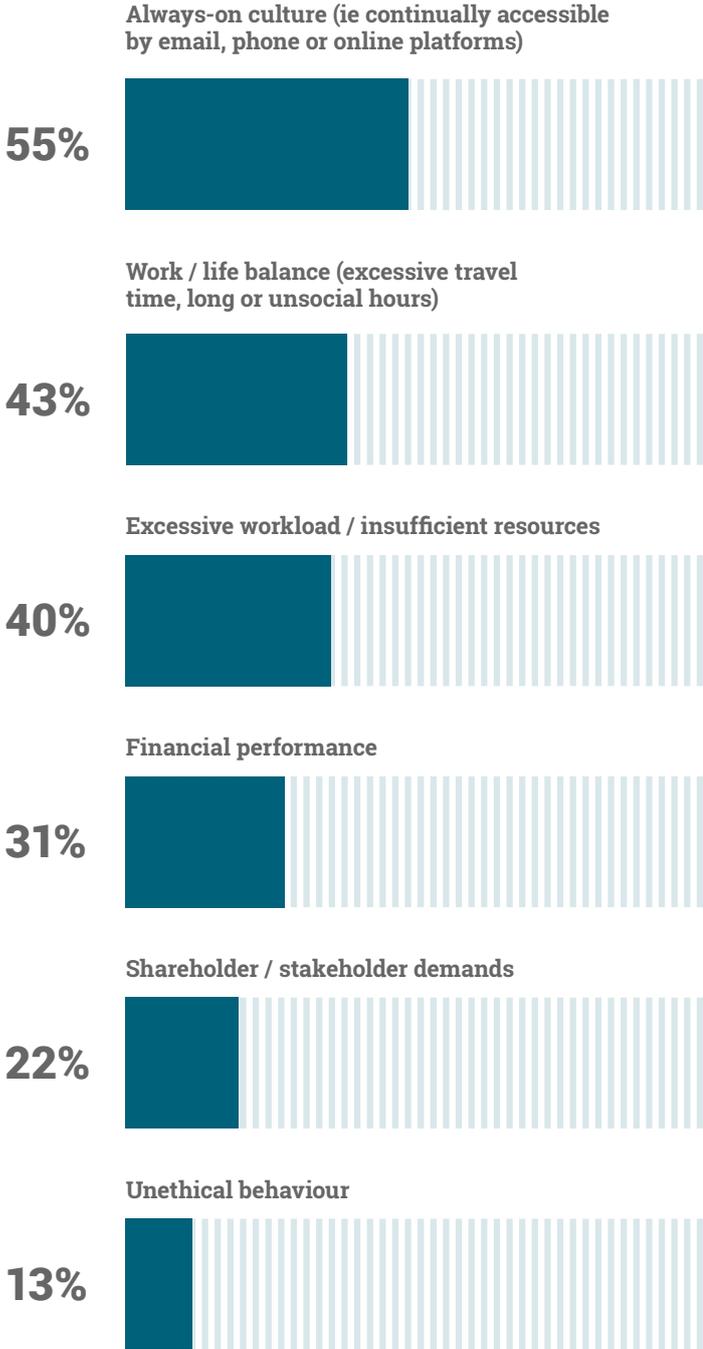


Q In your view, what role does stress play in board decision-making?



Q In your experience, which of the issues below cause you the most stress in your business role?

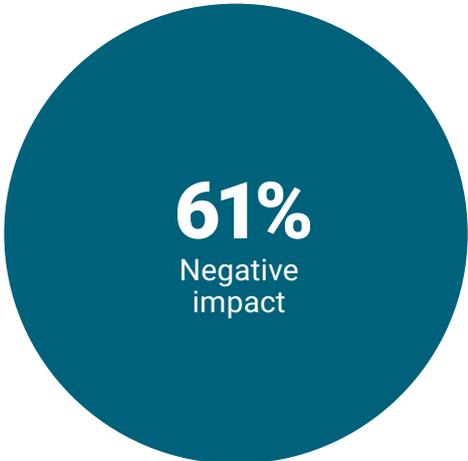
Top causes of stress



Comments

- People / talent development
- Continuity of employment
- Inadequate Irish Government strategy on Brexit and implications for large corporations in Ireland
- Lack of effective and efficient communications on UK companies' ability to re-locate to Ireland quickly and easily
- The job is always in my thoughts
- It's just a big responsibility

Q What impact does the always-on culture have on your stress levels?





Please read each of the following statements and indicate your level of agreement with them:

Top 'strongly agree' or 'agree' statements

I am aware of potential burnout and act accordingly

80%



I manage stress effectively

62%



Work is the primary source of my stress

45%



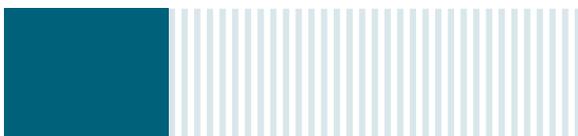
I am less stressed at work than I was five years ago

41%



I am more stressed at work than I was five years ago

32%



Top 'strongly disagree' or 'disagree' statements

I have sought medical attention due to my stress levels

70%



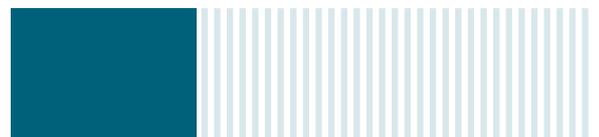
I am more stressed at work than I was five years ago

50%



I am less stressed at work than I was five years ago

36%



Stress and always-on culture

Most (55%) respondents say that always-on culture (ie continually accessible by email, phone or online platforms) is the top cause of stress in their business role. Additionally, when asked what impact the always-on culture has on respondents' stress levels, 61% say there is a negative impact.

Stress and decision-making

45% of respondents say that stress plays either a moderate or major role in decision-making at board level. Indeed, just 11% say that stress plays no role in decision-making.

On a more positive note, 82% of respondents say that their current stress levels sit at either low or moderate levels and just 13% say that they are currently highly stressed.

However, respondents' stress levels and management of stress could be better; 32% strongly agree or agree that they are more stressed at work than they were five years ago, 28% neither agree nor disagree that they manage stress effectively and 45% strongly agree or agree that work is the primary source of their stress.

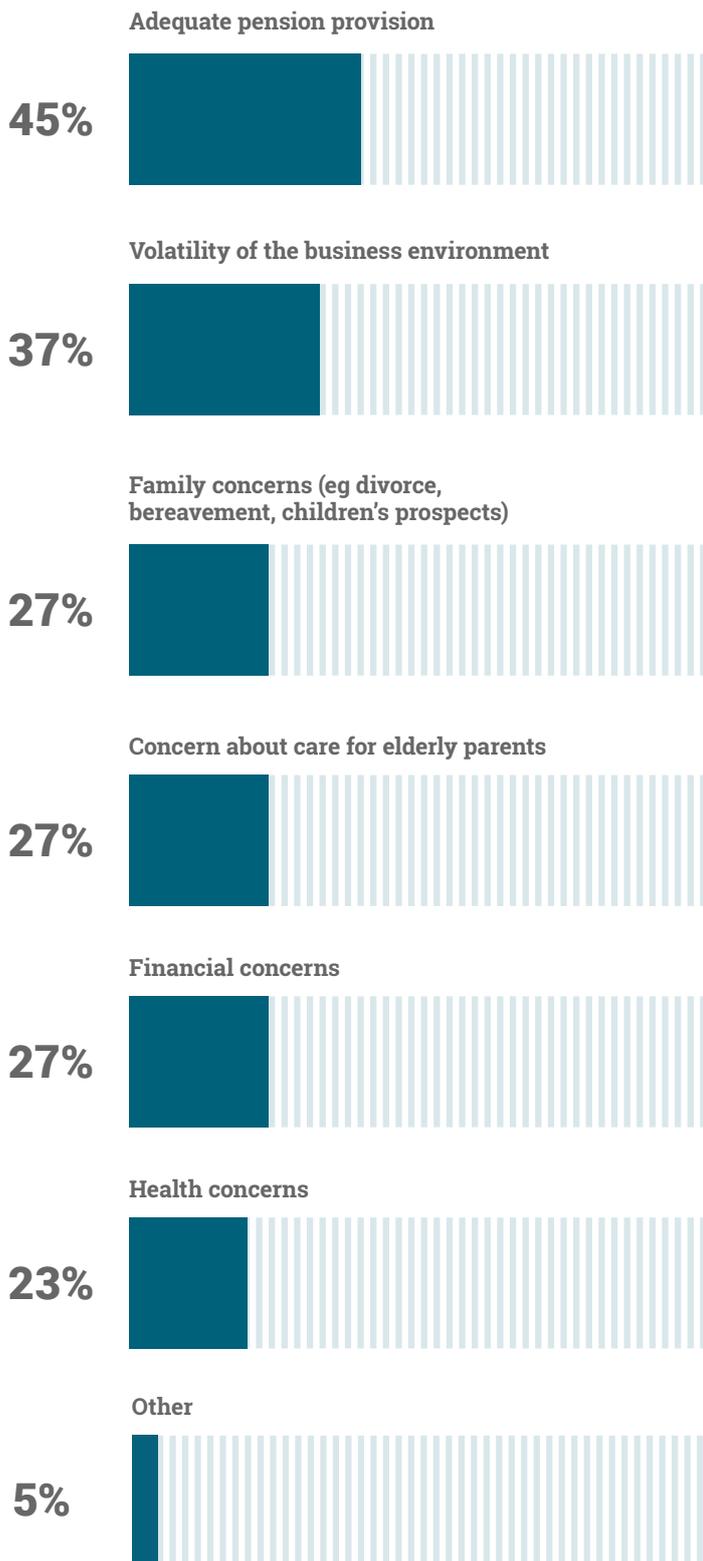
13% say that unethical behaviour at senior executive or board level causes respondents the most stress in their business role.

Conclusion

Most respondents say that always-on culture is the top cause of stress in their business role and the majority say that it has a negative impact on their stress levels. Furthermore, there is evidence that, while the majority of respondents are not currently highly stressed, it is a feature of work that is not managed as well as it could be. This is concerning considering that almost half (45%) of respondents say that stress plays either a moderate or major role in decision-making at board level.

Q On a personal level, what issues are causing you the most concern?

Top causes of concern

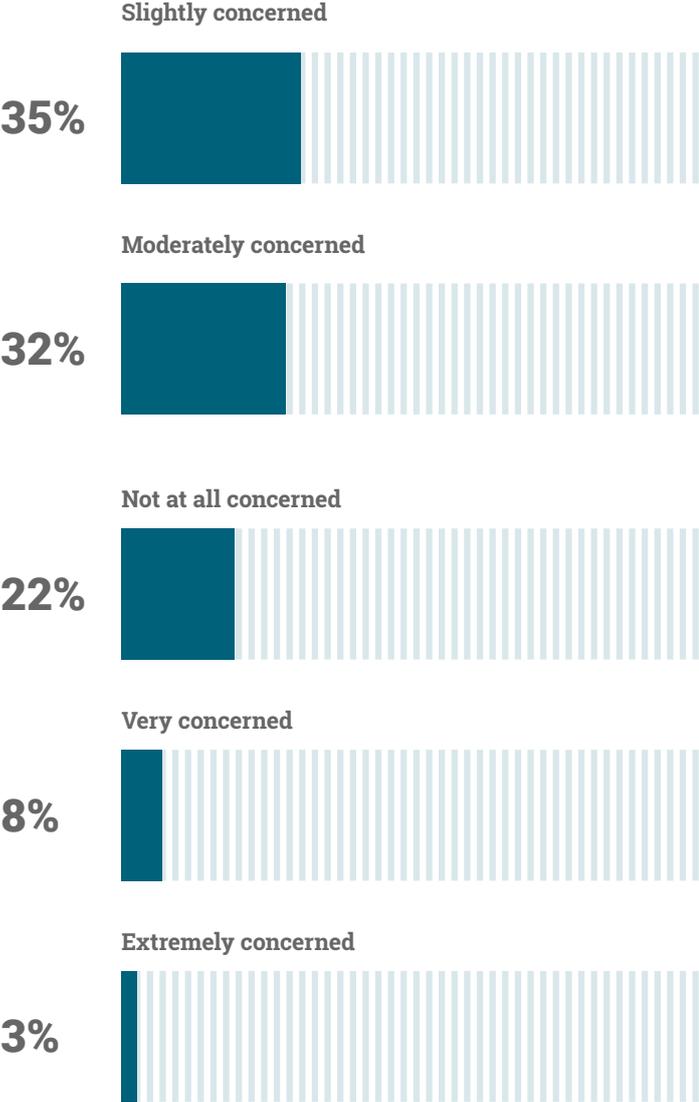


Comments

Of the 5% who select the 'other' option, the representative comments are as follows:

- That I find the time to invest enough time in my marriage, my family, my extended family, my friends and myself
- Tax levels make Ireland very expensive to live in
- Job security

Q How concerned / worried are you about retirement?



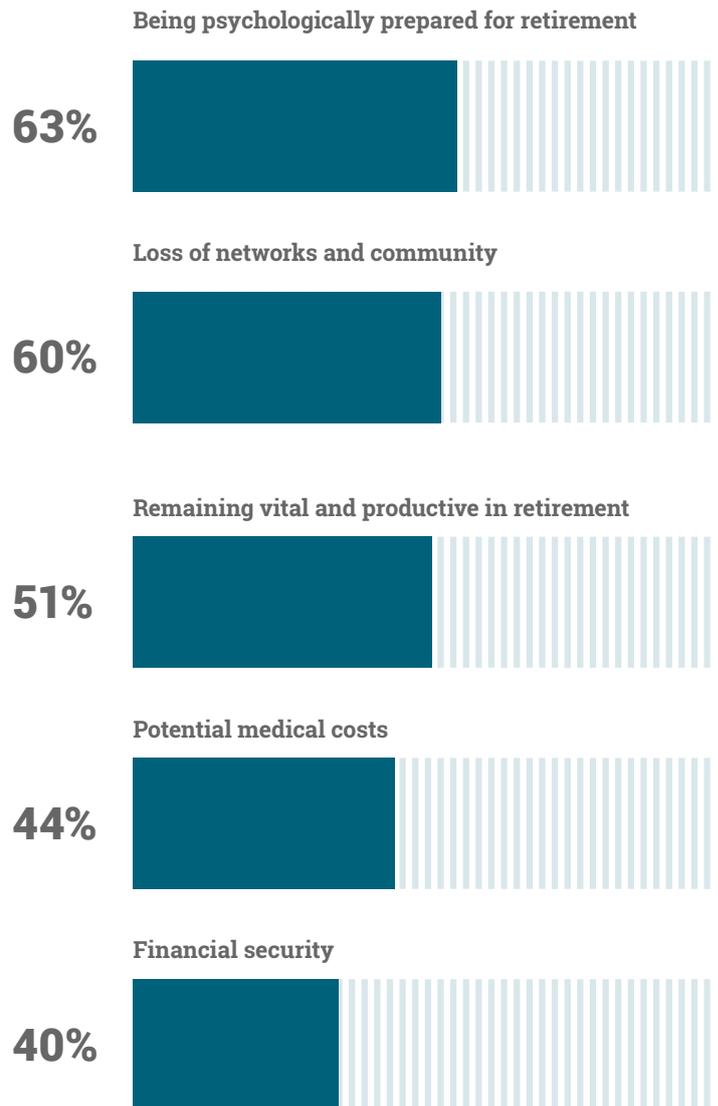
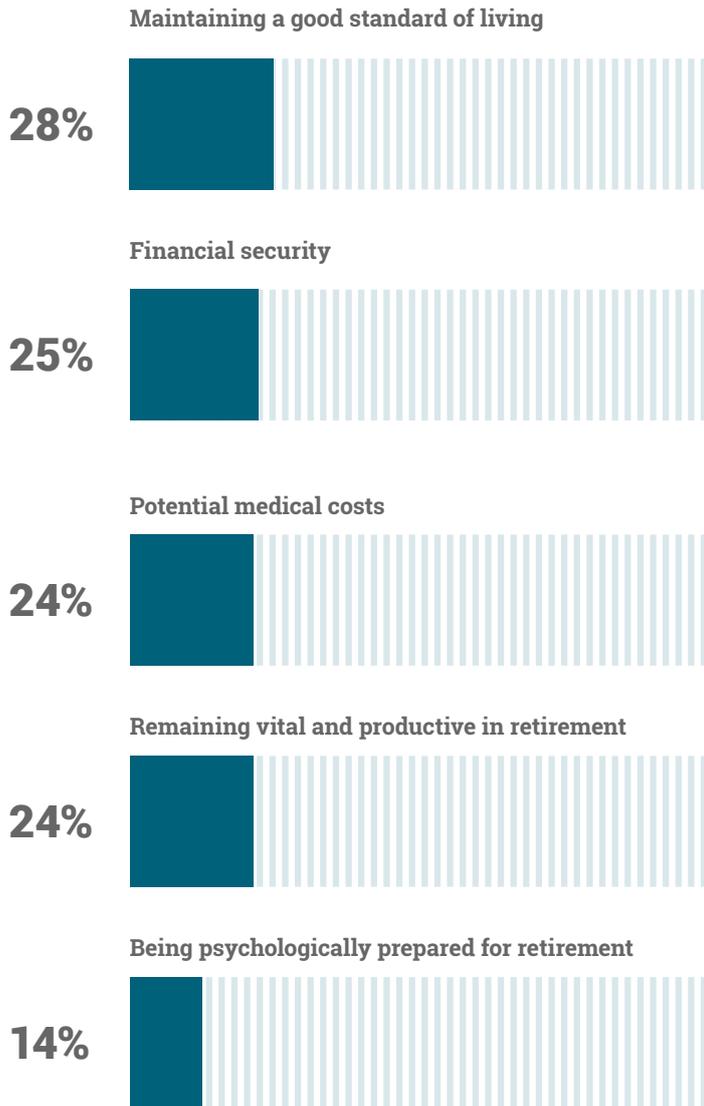
Q Following your retirement, do you plan to seek non-executive directorships or consultancy positions?

Yes	No	Undecided	Other
78%	4%	17%	1%

Q How concerned are you about the following aspects of retirement?

Very concerned / extremely concerned

Not at all concerned / slightly concerned



Top causes of concern

In relation to the issues that are causing respondents the most concern on a personal level, **adequate pension provision** (45%) is the main concern for business leaders. The **volatility of the business environment** (37%) is the second biggest concern.

Concerns that are ranked joint-third are: **Family concerns** (eg **divorce, bereavement, children's prospects**) (27%), **concern about care for elderly parents** (27%) and **financial concerns** (27%).

Of the 5% who selected the 'other' option, the representative comments include concerns about Irish living expenses, investing in relationships and job security, as well as a lack of confidence in the capabilities of the workforce.

Retirement

Retirement does not appear to be a primary concern for respondents (22%), however, adequate pension provision (45%) is the main source of concern for respondents. This suggests that while respondents are not apprehensive about the act of retiring, successfully living through retirement is a cause for worry.

The main concerns that respondents have about retirement are the prospect of **maintaining a good standard of living** (28%), followed by **financial security** (25%) and **potential medical costs / remaining vital** (24%).

Conclusion

In their personal lives, directors and senior executives are currently more likely to be concerned and stressed by issues related to the unpredictable business environment than issues related to family circumstances.

The prospect of retirement is generally not a great concern for business leaders.

CONCLUSION

With evolving technology, geo-political turmoil and business disruption, one of the hardest learned lessons that boards have had to accept in recent years is to expect the unexpected. It is the role of the board to act accordingly; to adapt board practice to consider change, to challenge executive management, to ask the difficult questions and to anticipate risks to the organisation. These findings show that, in most cases, business leaders and their boards have it within their power to manage the challenges that they are facing.

Board priorities – Findings suggest that there is more focus by boards on 'hard' issues than 'soft' issues. In terms of board priorities - both current priorities and what boards should be prioritising - financial and compliance matters strongly outrank 'softer' issues such as fostering innovation, board training and improving diversity, which are key to preparing for future challenges.

These findings also suggest that, given the imbalance of priority attributed to 'harder' business features over 'softer' ones, directors and their boards may be focusing on procedure over opportunity.

Significantly, business leaders do not believe that current priorities in the boardroom need to be enhanced or changed. Many boards are currently operating within existing parameters, without the incentive to adapt their practices.

Under the board's control – The board puts more time, focus and effort into those issues that it can control, according to findings. For example, risk management, regulatory compliance, financial reporting, audit, strategic planning and oversight are main priorities. Conversely, issues that are not fully under the board's control such as navigating the geo-political environment and a disrupted business environment, do not receive as much focus and attention by the board.

Risk management is strong but there are still external factors to consider – In respect of this report's results, while the management of risk appears to be a robust staple of board practice in Ireland, and is a top priority for boards, it appears that the highest rated risks to companies in Ireland are outside the control of the board.

Furthermore, in respect of reputational management, the majority of respondents say that their organisation has yet to experience a negative reputational event. However, many disagree or don't know whether the board is prepared for the possibility of a damaging event or whether the board knows its role in reacting to a damaging event.

Preparing for known uncertainties (Brexit, the GDPR and cyber security) – While steps have been taken in terms of preparing for the GDPR and cyber-breaches and attacks, it appears that organisations' overall preparedness for these known uncertainties could be improved. Brexit is rated as the highest current risk to Irish companies (91%) and the commentary indicates that the very concept of uncertainty around Brexit is negatively affecting businesses. On the whole, more work needs to be done by organisations to effectively combat the potential risks involved with these known uncertainties.

Governance – Many business leaders are indicating a lack of confidence in the governance and leadership of boards at a time when effective governance is critical. This is particularly significant considering that respondents fully recognise the risk to companies associated with governance and the reputational risk of a governance failing.

Negative impact of stress on decision-making – In respect of decision-making, it has been found that stress plays a negative role. Respondents say that they are 'always on', which creates stress, and stress has been indicated by a quarter of the respondents as negatively affecting decision-making in the boardroom. Although there is little suggestion that respondents are currently under a lot of stress, findings show that respondents' management of stress could be improved. Stress in the boardroom can be a threat to effective decision-making and this should be well managed.

It is significant that the added pressures of the uncertain environment have contributed to poor decision-making in the boardroom, according to a quarter of respondents. However, in terms of the additional barriers to effective decision-making, they are all under the direct control of the board and can be successfully managed.

Key leadership challenges – In respect of leadership challenges as respondents perform their role, many directors and senior management believe that significant demands are made by oversight and compliance matters such that they are unable to devote sufficient focus on strategic matters. This is supported by the finding that most respondents say that insufficient long-term strategic planning is the main decision-making barrier. While there is primary focus on strategy planning and oversight (84%), there appear to be gaps in the execution of that strategy.

The 'always on' culture is also pointed out as a key leadership challenge as well as a chief source of stress. Furthermore, it appears that there is currently a burden of compliance on business leaders, and this is limiting the growth of business.

The prospect of retirement – Retirement is generally not of great concern for business leaders. This may be due to their intention to seek non-executive directorships or consultancy positions following their retirement for financial security, to sustain a good standard of living and to remain vital and productive.

Findings indicate that business leaders and their organisations have work to do in order to better prepare for future challenges. However, it is a positive finding that many features of business and barriers to effective decision-making, are under the direct control of the board, and as such, can be effectively managed. The prioritising of 'harder' issues above 'softer' issues can also be reviewed so that focus is more evenly spread across business features that are required to address the uncertainties of today's business environment.

Business leaders do not believe that current priorities in the boardroom need to be greatly enhanced or changed, however, these findings also suggest that there is a clear recognition that more discussion on strategic matters, which is vital for effecting change, needs to take place.



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