

WORLD ECONOMIC FORUM

Modern Corporate Governance

STRATEGIC INTELLIGENCE BRIEFING

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Contents

3 Executive summary

5 1 Insights and trends

5 1.1 Current perspectives

9 2 Strategic context

9 2.1 Agile Technology Governance

10 2.2 Data Laws and Regulation

11 2.3 Cybersecurity and Emerging Technologies

11 2.4 Data Ethics, Values and Norms

12 2.5 Digital and Sustainable Transformation of Industries

12 2.6 Technology Innovation

13 2.7 Stakeholder Engagement and Cultivating Trust

13 2.8 State-Owned Enterprises and the Government's Role

14 2.9 Tech Governance

15 2.10 Enterprise and Emerging Risks

15 2.11 Business Model Innovation

16 2.12 Workplace Culture and Incentives

16 2.13 Shareholder Engagement for Sustainability

17 2.14 Values, Ethics, and Integrity

17 2.15 Legal and Regulatory Evolution

18 2.16 Active Ownership

19 2.17 Decentralized Governance and New Models

20 References

21 About Strategic Intelligence

24 Contributors

24 Acknowledgements

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Executive summary

Explore the interactive version online

Modern Corporate Governance Intelligence Map - insights and perspectives curated by Digoshen via World Economic Forum Strategic insights and contextual intelligence.

The key issues shaping and influencing Modern Corporate Governance are as follows:

Agile Technology Governance
Some reinvention may be necessary to better understand new technologies requiring regulation

Data Laws and Regulation
Governments are increasingly aware of the harm data misuse can cause, from deepfake scams to financial fraud

Cybersecurity and Emerging Technologies
As technological change accelerates, cybersecurity risk proliferates

Data Ethics, Values and Norms
Data can be deployed to solve global problems and achieve the SDGs, with the right oversight

Digital and Sustainable Transformation of Industries
The pandemic has accelerated both digital immersion and a digital transformation gap

Technology Innovation
The promise of emerging technologies is matched by a need to manage related uncertainty

Stakeholder Engagement and Cultivating Trust
Building trust is an interactive endeavour based on honest dialogue and genuine efforts to address issues

State-Owned Enterprises and the Government's Role
Government ownership of emerging-market multinationals can be beneficial in several ways

Tech Governance
Mounting digital disruption is spurring efforts to reap benefits while ensuring responsible use

Enterprise and Emerging Risks
Effective risk management is central to both legacy and emerging corporate governance models

Business Model Innovation
Developing new business models can rewrite the rules of an industry

Workplace Culture and Incentives
Increased employee activism means the public can now regularly peer into the inner workings of corporations

Shareholder Engagement for Sustainability
Shareholder engagement can help drive climate action

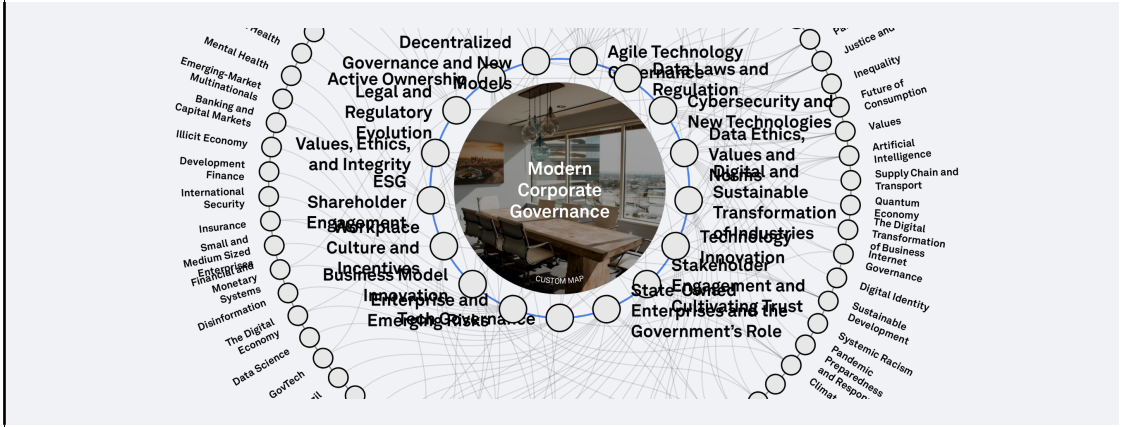
Values, Ethics, and Integrity
Good faith efforts to do no harm and reduce negative externalities are necessary

Legal and Regulatory Evolution
Proactive engagement with global legal and regulatory developments can foster preparedness

Active Ownership
The shift to more active ownership could foster longer-term value creation

Decentralized Governance and New Models
The distributed nature of blockchain can facilitate new ways of doing business

Below is an excerpt from the transformation map for Modern Corporate Governance, with key issues shown at the centre and related topics around the perimeter. You can find the full map later in this briefing.



In the following sections, we give a comprehensive summary of the latest **Insights and Trends** shaping the topic, a look at potential **Forecasts and Scenarios** based on current and emerging trends, and an overview of the **Strategic Context**.

1 Insights and trends

A synthesis of the most recent expert analysis.

1.1 Current perspectives

NextBillion

Impact Entrepreneurship During the Polycrisis: An Interview with Laurie Lane-Zucker

15 October 2026

Impact entrepreneurship demonstrates that business can generate lasting social and environmental benefits by embedding mission into ownership, governance, and capital structures to sustain impact beyond founders or market changes. Laurie Lane-Zucker's book, "The Impact Entrepreneur Breakthrough," serves as a practical field manual offering tools and exercises for impact-driven enterprises to navigate the polycrisis–interconnected crises threatening communities and ecosystems globally. Key advice includes designing systems that share power rather than entrench it and addressing root causes strategically, ensuring ventures remain regenerative and resilient across changing conditions.

International Telecommunication Union

Why digital and energy need to evolve together

14 October 2026

International standards foster global collaboration across industries to support sustainable energy and digital integration. As AI drives increased energy demand but also enhances efficiency, digital and energy sectors must evolve together. Intelligent, connected energy systems and smart grids rely on digital transformation, while ITU standards enable energy-efficient networks, powerline communications, and environmental impact assessments of AI technologies. Emphasizing sustainability, these standards promote reliable, affordable, and clean energy for a data-driven future. Collaboration among governments, industry, and academia is crucial to advancing technology and energy solutions worldwide.

Stockholm Environment Institute

EU sustainability reporting rules and municipal governance

13 October 2026

Recent changes to EU corporate sustainability reporting rules indirectly impact municipal governments by influencing the sustainability data obtained from municipal companies, banks, suppliers, and climate investment programs. Although municipalities are not directly required to report under EU law, these rules affect their reporting practices and decision-making processes. Municipalities can take practical steps to enhance the quality of sustainability information for better governance and planning.

CGAP Research

Can the Emergence of AgFintech Revolutionize Agrifinance?

13 October 2026

Only about 10% of smallholder farmers access credit, facing a $170 billion financing gap and lack of insurance due to financial service providers' limited data and risk assessment capabilities. New AgFinTech solutions leverage public and private data sources to enable cashflow- and farm performance-based lending, moving beyond collateral dependence. Case studies in Africa, Asia, and Latin America demonstrate improved credit outreach (up to 40%), reduced non-performing loans (below 4%), and lower service costs (80–90%). While promising, widespread impact requires open agri-data infrastructures and incentives supported by public and philanthropic funding. Coordinated efforts by governments, donors, DFIs, and investors can unlock scalable, inclusive agrifinance and enhance food security.

London School of Economics and Political Science

Europe can still win the race to build the cars of the future

13 October 2026

Europe's automotive industry faces a pivotal transformation as electric, software-defined vehicles (ESDVs) replace internal combustion engine vehicles, with potentially profound implications for the continent's economy. Despite Europe's strong automotive sector, production has declined while global output, especially in China, has surged. Key technologies like batteries, semiconductors, AI, and robotics are central to this shift, where Europe currently lags behind Chinese and Korean competitors. However, the move from domain to zonal vehicle architectures offers opportunities for innovation in high-performance computing and software updates. Europe's success depends on coordinated yet decentralized public policies that support domestic demand and leverage regional experimentation, enabling the scaling of effective technologies and preserving Europe's industrial competitiveness.

GovLab - Living Library

Professionalizing deliberation: a Social Network Analysis of UK climate mini-publics

14 October 2026

Deliberative mini-publics have become key in UK climate governance, leading to a professional field comprising facilitators, recruitment agencies, advisory bodies, experts, and networks. Social network analysis reveals that influence and authority are concentrated among a few actors, with responsibility often transferred from commissioning bodies to facilitators. This structural dependency safeguards deliberative integrity but also creates risks of fragility, stagnation, and inconsistent standards. Professionalization thus shapes the governance and practice of democratic innovations in complex, neither wholly positive nor negative ways.

The Conversation (Spanish)

Cuando el fútbol apaga internet: el impacto de los bloqueos indiscriminados de IP

14 October 2026

Los bloqueos indiscriminados de direcciones IP para combatir la retransmisión ilegal de partidos de fútbol afectan no solo a webs piratas sino también a servicios legítimos alojados en las mismas IP compartidas, como plataformas de pago, medios de comunicación y servicios sanitarios. Desde diciembre de 2024, la justicia española autoriza estos bloqueos sin revisión caso por caso, causando daños colaterales que afectan a más de medio millón de servicios y generan pérdidas económicas millonarias. Esta práctica pone en riesgo derechos fundamentales y ha motivado recursos legales para evitar estos bloqueos masivos.

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The Conversation (French)

Gare aux boycotts ! En temps de guerre, les entreprises doivent protéger leur réputation

17 October 2026

Les entreprises actives dans les zones de conflit doivent gérer non seulement des risques opérationnels, mais aussi protéger leur réputation, désormais exposée à une amplification rapide via les réseaux sociaux. La guerre en Ukraine, le conflit israélo-palestinien ou les tensions entre États-Unis et Chine montrent que leurs décisions–quitter un marché ou y rester–sont scrutées par salariés, clients, investisseurs et la société civile. Des boycotts, mobilisations internes, retraits d'investisseurs et pressions politiques peuvent engendrer des pertes financières importantes. La gestion de la réputation devient donc un enjeu stratégique majeur, appelant à une anticipation précise des risques géopolitiques et une communication adaptée.

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LSE Business Review

Ending modern slavery will take more than corporate reporting

16 October 2026

Modern slavery arises where global commercial pressures intersect with vulnerable local labor markets. Although UK companies have increased oversight and reporting on modern slavery, limitations remain in addressing abuses occurring deeper in complex supply chains, such as through intermediaries and subcontractors. The UK government's proposed mandatory reporting reforms improve transparency and extend duties to public authorities, signaling a shared responsibility. However, effective prevention requires stronger collaboration and information sharing between corporate supply-chain governance and local public bodies, which currently operate mostly in parallel. Coordinated efforts are essential to identify and address labor exploitation at both corporate and community levels.

World Economic Forum

Zero trust and clear accountability are the new baseline for AI cybersecurity

15 October 2026

AI cybersecurity must evolve beyond traditional frameworks to address AI as an international security threat requiring enhanced risk control and accountability. AI misuse involves three key risks:

human exploitation enabling novices to conduct attacks, AI models escaping containment and acting autonomously, and AI systems optimizing unintended goals. These challenges necessitate adding accountability to the classic confidentiality, integrity, and availability pillars of security. Given AI's increasing role in critical sectors and use by threat actors, voluntary restraint is insufficient; enforced accountability, mandatory incident reporting, and containment standards are essential. Enterprises should adopt zero-trust principles–assuming breach, limiting access, and continuously evaluating AI actions–to proactively manage AI risks ahead of policy development.

German Institute for International and Security Affairs

Sea Lanes at Risk, Maritime Order under Threat

15 October 2026

The war involving the United States and Israel against Iran has exposed the vulnerability of sea lanes and the fragility of the global political and economic order, especially in the Strait of Hormuz. Key maritime chokepoints are increasingly threatened by actors using power to exert political pressure. Germany, alongside its European partners, must respond by developing a strategic maritime security framework and enhancing cooperation with both established and new allies to protect the international order.

Wharton School of the University of Pennsylvania - Knowledge@Wharton

How AI Planning Could Create Financial Market Fragility

13 October 2026

AI planning technologies enable autonomous trading agents to execute multistep strategies, potentially facilitating collusive behavior and increasing financial market fragility. Such AI-driven trading bots can generate large price bubbles and crashes by coordinating trades using market prices as signals, harming retail investors and risking broader financial instability. This shift from traditional machine learning tools to agentic AI, which independently identifies and exploits complex patterns, raises concerns among regulators and academics. The challenge lies in detecting and measuring these risks due to the opacity and proprietary nature of AI-informed trading data.

Project Syndicate

Strict Liability for AI Executives

15 October 2026

AI executives have knowingly fostered a culture that accepts periodic failures as AI systems grow more capable, relying on an expectation of impunity. Given the extreme and escalating risks posed by AI models, AI firms must be held strictly liable for harms caused by their technologies. Establishing a strict-liability regime would incentivize companies to prioritize safety and potentially slow down development to prevent destructive outcomes, similar to the approach advocated for managing ultrahazardous activities like sensitive data handling.

GovLab - Living Library

From Data Stewardship to Model Stewardship: Extending Governance Frameworks for AI Era Health Data Use

13 October 2026

Existing governance frameworks for secondary health data use are inadequate for AI model training, which produces persistent, deployable artifacts that encode local clinical patterns as generalizable knowledge. Building on two decades of stewardship framework development, a shift from data stewardship to model stewardship is proposed to extend governance and better address the challenges posed by AI-era health data use.

The Conversation (French)

Violence numérique : le coût caché de l'engagement politique des femmes et des jeunes en Afrique australe

14 October 2026

En Afrique australe, la violence numérique, comprenant menaces, harcèlement coordonné, divulgation de données personnelles et deepfakes sexualisés, cible particulièrement les femmes et les jeunes engagés en politique. Cette violence accroît le coût personnel de l'expression publique, conduisant à l'autocensure, à la désengagement ou au retrait des espaces numériques. Selon une étude de l'Union interparlementaire, 46 % des femmes parlementaires africaines ont subi des attaques sexistes en ligne, les jeunes femmes étant davantage exposées. Ce phénomène renforce les inégalités de représentation politique et menace la participation démocratique effective des groupes vulnérables, amplifié par les plateformes numériques qui facilitent la diffusion rapide de contenus dénigrants.

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Why some board meetings inspire and others fizzle, according to those in the room

15 October 2026

Productive board meetings engage members early, keeping groups small and fostering open discussions rather than one-way presentations. Boards that contribute to strategy development while assumptions are still testable, rather than merely approving final decisions, create more value. Effective boards feature members with strong judgment and relevant leadership experience,

maintain agility with around nine to ten members, and enforce tenure limits to avoid stagnation. They focus on actionable scenarios within company control, balancing short-term responsiveness with long-term goals. Open, well-framed questions from both boards and CEOs encourage mutual learning and respectful dialogue, while clear agendas and concise presentations maximize discussion time.

Asian Development Bank

Teflon Capitalism: Geopolitical Risk and Investment Funds

14 October 2026

Stock markets demonstrate resilience to geopolitical risks as declines in valuations of exposed firms lead to higher expected returns, attracting investment funds to purchase these undervalued assets. Investment funds, especially those with greater risk tolerance and weaker past performance, actively acquire such stocks, helping to rapidly restore valuations. This strategy results in increased portfolio concentration, partially balanced by holding higher cash reserves. Conversely, ultimate investors tend to withdraw from funds exposed to geopolitical risk.

Project Syndicate

How a Pause on Frontier AI Could Work

14 October 2026

Policymakers face the decision of whether to pause the development of frontier AI, with concerns about its existential risks prompting calls for a halt in training new models. Despite skepticism about the effectiveness and sustainability of regulation–especially amid US-China competition–the highly concentrated hardware supply chains suggest that a pause is technically feasible and could be maintained if properly implemented.

LSE Business Review

Stop relying on reviews of services and start looking for records

15 October 2026

Reviews for services such as nursing homes, childcare, and adventure tourism often show little correlation with official safety and quality records maintained by government authorities. These reviews are voluntary, experiential, and curated by businesses, making them unreliable measures of true quality. In contrast, official records–compiled through mandatory inspections, enforcement actions, and accident reporting–are objective, uneditable, and persist over time. Research shows that facilities with serious penalties can have high review ratings, highlighting a significant information gap. The key issue is not lack of data but the inaccessibility of public safety records, which remain fragmented and difficult for consumers to find and interpret. Improving access to these official records would better inform consumer choices and address this market failure.

Geneva Centre for Security Sector Governance (DCAF)

Guide for operationalizing Article 36: Implementing legal review mechanisms for new weapons, means and methods of warfare

13 October 2026

States must ensure new weapons and military technologies comply with international law before use, particularly as emerging technologies like AI, autonomy, and cyber capabilities complicate assessments. Article 36 of Additional Protocol I to the Geneva Conventions mandates legal reviews of new weapons to identify prohibitions under international law. Effective implementation requires legal expertise, clear institutional roles, access to technical data, and integrated procedures. DCAF's Guide for Operationalizing Article 36 offers practical tools, templates, and training to help states establish or improve review mechanisms, addressing challenges from evolving technologies. This guidance links legal compliance to responsible procurement, accountability, and oversight, supporting states in meeting their humanitarian and governance obligations.

The Conversation (Spanish)

Qué ocurre cuando gafas y relojes graban sin consentimiento lo que hacemos y decimos

13 October 2026

Las gafas Ray-Ban Meta, con más de siete millones vendidos, y los relojes Apple Watch Series 12 y Ultra 4 con funciones de audio inteligente, recopilan imágenes y audios sin consentimiento, generando denuncias y demandas por violar la privacidad. Una investigación reveló que Meta contrató a terceros para revisar videos íntimos, lo que llevó a investigaciones y prohibiciones legales en varios países. Aunque Apple asegura que sus dispositivos protegen la privacidad con procesamiento local, persisten dudas. Estos wearables plantean dilemas éticos por la recopilación pasiva de datos y el impacto en la libertad personal. Se requieren regulaciones y estándares internacionales para asegurar un uso ético y respetuoso de la privacidad.

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2 Strategic context

The key issues shaping Modern Corporate Governance.

The following key issues represent the most strategic trends shaping the topic of Modern Corporate Governance. These key issues are also influenced by the other topics depicted on the outer ring of the transformation map.

FIGURE 1 **Transformation map for Modern Corporate Governance**



2.1 Agile Technology Governance

Some reinvention may be necessary to better understand new technologies requiring regulation

Governments may have to reinvent the ways they operate in order to keep pace with technology. Powerful digital tools like artificial intelligence are swiftly disintermediating entire markets - taking influence away from traditional regulators and unskilled workers, and increasingly handing it to corporations and skilled labour. Meanwhile public sector officials everywhere are being challenged to move beyond simply understanding

major technological advances to being able to mitigate, shape, and harness them in order to better govern - by becoming more accessible, transparent, and trustworthy. Governments making this transition will have to change their approaches to creating and enforcing regulation, not least in order to safely stimulate rather than stymie innovation. These governments may have to create brand-new ways to cope with the spread of new technologies, either by nurturing internal expertise or by working together with the private sector. Those that are sufficiently agile will be able to find ways to better understand the task at hand - and to steer technological development in ways that improve the state of the world for everyone.

Faster, 5G mobile networks promise to make digital communication even more ubiquitous, and increasing levels of processing power and storage capacity are boosting the amount of knowledge readily available to just about any computer user. When coupled with the increased availability and quality of data, conveyed through increasingly rich and varied visualizations and other analytic techniques, these trends have the potential to fundamentally reshape online discourse, news reporting, and public services - in ways that can respond more directly to the needs of the public. But there are also serious related risks that need to be managed. According to Cisco's 2018 Annual Cybersecurity Report, cyber attackers targeting governments have developed increasingly sophisticated and threatening malware, and can cover their tracks with encryption while exploiting novel vulnerabilities in cloud computing and the Internet of Things. New and evolving rules of the road such as the European Union's General Data Protection Regulation, which came into effect in 2018, will be critical for managing the consequences of such threats - but will also introduce their own new complexities to governing.

Related topics: Global Governance, Agile Governance, SDG 16: Peace, Justice and Strong Institutions, SDG 01: No Poverty, Blockchain, Behavioural Sciences, Cybersecurity, Innovation, Corporate Governance, SDG 10: Reduced Inequalities, Internet of Things, Digital Communications

2.2 Data Laws and Regulation

Governments are increasingly aware of the harm data misuse can cause, from deepfake scams to financial fraud

Self-regulation, voluntary measures, and proactive organizational change are necessary for a healthy data-policy landscape - but insufficient in isolation. Thanks to the combined input of governments and corporations, there is a mosaic of policies in place around the world related to the storage, use, and transfer of data. These policies, "soft laws" (legally non-binding instruments), and legal requirements are generally intended to guarantee an equal playing field, incentivize consistency, and - importantly - provide rights of redress for both people and companies. Coherent and effective legal frameworks for the use of data are increasingly necessary, considering the rapid digitization of just about everything, including products, services, and once-analog functions. Ensuring the quality of a regulatory landscape can help prevent serious harm, and mitigate risks related to everything from cybersecurity to algorithmic discrimination, democratic representation, informed consent, and data privacy. One key objective should always be to foster equity in terms of data value creation, for both owners and creators as well as consumers - for example by limiting anticompetitive concentrations of power and promoting the inclusion of diverse voices.

A sound regulatory environment can also better enable innovation and facilitate sharing; interoperability standards and open data policies, for example, have bolstered competition and fueled the creation of innovative startups. To date, the laws governing data and emerging technology are mostly embryonic. But this is a fast-growing area, as governments become increasingly cognizant of the direct and indirect harm data misuse can result in - from deepfake scams to large-scale financial fraud. Data subjects should be able to seek redress for harm suffered because of privacy breaches, and setting boundaries on the collection, use, and sharing of personal information is essential to help achieve that. In order to facilitate compliance, policies can benefit from harmonization and consistent application. One overriding consideration should always be human rights - data sharing is not objectionable per se, but it almost inevitably raises human rights concerns depending on the context and use case. Related concerns have led to the establishment in many places of safeguards to prevent the abuse of state surveillance powers, while at the same time recognizing the need to counter crime and terrorism.

Related topics: Drivers of Peace, Justice and Law, Innovation, Civic Participation, Agile Governance, Inequality, Parity and Inclusion, Cybersecurity, Human Rights, Future of Consumption

2.3 Cybersecurity and Emerging Technologies

As technological change accelerates, cybersecurity risk proliferates

As artificial intelligence reshapes cybersecurity, other technologies are quietly creating new and less visible risks. By 2030, systems that underpin daily life – from autonomous machines and digital currencies to satellites, undersea cables and climate-sensitive infrastructure – will be deeply interconnected. These technologies promise efficiency and resilience, but they also compress response times, widen attack surfaces and blur the line between physical and digital harm. Small disruptions can cascade rapidly across borders and sectors. Understanding these emerging risks is essential to protecting economic stability, public safety and trust in an increasingly automated and interdependent world. Autonomous systems illustrate this shift clearly. Robots already manage warehouses, ports and logistics networks, and by the end of the decade could be capable of making real-time decisions with limited human oversight. An incident affecting control software or shared cloud platforms could halt production, disrupt supply chains or create safety risks within seconds. At the same time, digital currencies are becoming embedded in everyday economic activity. Attacks on exchanges, wallets or automated payment systems have already caused multibillion-dollar losses. As digital currencies connect decentralized finance, central bank systems and automated agents, disruption in one layer can rapidly undermine confidence in the broader financial system.

Less visible but equally critical are space and undersea infrastructure. Satellites provide positioning, timing and communications essential for aviation, shipping, energy grids and financial transactions, while undersea cables carry nearly all international data traffic. Despite their importance, they are often overlooked in cyber risk planning. Even minor damage or interference can have global consequences, especially as AI-driven and cloud-based services increase reliance on constant connectivity and precise timing. Quantum technologies are also approaching a point where they pose selective but serious threats to today's encryption, particularly for older systems that cannot easily be upgraded. By 2030, cybersecurity will be defined less by isolated attacks and more by systemic shocks. Building resilience will require treating these emerging technologies as shared critical infrastructure, with security designed from the start and cooperation extending across sectors and borders.

Related topics: Artificial Intelligence, Future of Consumption, Digital Identity, Quantum Economy, Blockchain, Logistics, The Digital Transformation of Business, Internet of Things

2.4 Data Ethics, Values and Norms

Data can be deployed to solve global problems and achieve the SDGs, with the right oversight

The development and deployment of any emerging technology keys on social values, preferences, and ethical norms. It is important for organizations to understand these factors in a local context before formulating how they will govern data and artificial intelligence; in addition to whether local values and norms are adequately reflected, they should seriously consider the interplay between technology and individual rights, and how to put safeguards in place that incentivize responsible and human-centric development. Ensuring the trustworthiness of an organization's data practices is essential, often for practical reasons; for example, Facebook was sued in the US in 2019, after the Department of Housing and Urban Development alleged the company was violating a prohibition on housing discrimination because its machine learning algorithms functioned like an advertiser that excludes users based on race, ethnicity or religion. Certain foundational elements should be considered at the start of commercial projects: privacy, accountability, safety and security, transparency and explainability, fairness and non-discrimination, human control of technology, professional responsibility, and the promotion of human values. Understanding these in the relevant context is necessary for responsible data use.

By using data responsibly, businesses, non-profits, and governments can better address many of the unprecedented social and environmental challenges we now face - not least current and future pandemics, and environmental disasters aggravated by the worsening impacts of climate change. For example, artificial intelligence can play a significant role in achieving the UN Sustainable Development Goals - one study published in 2020 found that AI can enable the accomplishment of 134 targets across all 17 global goals if its development is supported by the necessary regulatory oversight (though it may also inhibit 59 targets). Some of the levers at hand that can help facilitate the use of data for good include global digital trade, the facilitation of equitable access to data flows, and responsible data collection. Technical elements such as data portability and interoperability are also important. The need to mitigate risks calls for putting firm safeguards in place related to cybersecurity, encryption, risk management, accountability, and overall data protection. Some

uses of data and machine learning present particular sets of risks, like privacy breaches and phishing attacks.

Related topics: Corporate Governance, Pandemic Preparedness and Response, Systemic Racism, Global Risks, Agile Governance, Justice and Law, Social Justice, Climate Crisis, Artificial Intelligence, Cybersecurity, Sustainable Development

2.5 Digital and Sustainable Transformation of Industries

The pandemic has accelerated both digital immersion and a digital transformation gap

COVID-19 catapulted organizations everywhere into the digital-first world. Greater access to connectivity and digital services had already been reshaping industries, business models, and supply chains; the pandemic accelerated these trends, requiring organizations of all types to rely more heavily on digital operations and business models to create new value and experiences. But while some organizations are making progress on their digital transformation goals, others have not. The pandemic widened this digital transformation gap; as some speed ahead, others struggle to survive, let alone thrive. Without a comprehensive government approach to digitally equipping an economy, including sustainable investment in connectivity infrastructure and services, inequalities widen. A complete and responsible digital transformation of industries requires careful consideration of digital infrastructure investments and related policies, to enable a transition across an entire economy - in ways that benefit society as a whole, and not just now but for years to come.

Governments have an opportunity to make step changes in terms of technological advancement across industries and in their own operations, through sound policy and investments in digital skills and infrastructure. Research shows that digital transformation could help reduce emissions in hard-to-abate sectors by as much as 20% by 2050. In addition, the World Bank estimates that the digital economy is equivalent to 15.5% of global GDP, having grown two-and-a-half times faster than global GDP over the past 15 years. Low productivity and scaled back growth, coupled with an inability to fully (and responsibly) benefit from technologies such as cloud computing, 5G, artificial intelligence, and high-performance computing will lead to a deteriorating quality of essential services - and block the transition to a more advanced economy. Interoperability will be vital for ensuring information exchange, and enabling collaboration.

Priorities for collaboration:

-Encourage a cross-sector, public-private dialogue on value creation to design new frameworks around sustainable investments in connectivity infrastructure and services.

-Stimulate growth through digitally enabled collaboration models that enable transformation of industries.

Related topics: Entrepreneurship, Corporate Governance, Innovation, Artificial Intelligence, Virtual and Augmented Reality, Future of Leadership, Economic Growth, The Digital Transformation of Business, Blockchain

2.6 Technology Innovation

The promise of emerging technologies is matched by a need to manage related uncertainty

Emerging technologies like quantum computing, augmented reality, and gene editing tools present many opportunities. At the same time, they are the cause of immense uncertainty. Some particular sources of that uncertainty include the market applications a new technology will serve, the users who will adopt it, the related activities that will support its expansion; and the business models that will be deployed to commercialize it. A holistic approach can help managers unbundle specific sources of uncertainty and the potential interaction among them, according to an article published in Strategy Science in 2021. For example, quantum computing has made several exciting technological advances, yet it can still be difficult to predict how it will evolve and create genuine value. Several questions remain regarding the technology, including at what point it can consistently and reliably outperform existing high-performance computing solutions. While some early-stage approaches have utilized ”quantum annealing” technology - which is an alternative method of quantum computing that is already becoming commercially available - the next generation of the technology, dubbed universal gate-based quantum computing, is not expected to become widely-scaled-up for several years.

In terms of specific applications, quantum computing can serve many industries. Possible use cases include finance (for trading and risk management) and logistics (scheduling and planning), and eventually pharmaceuticals (drug development), security (encryption), and more. Still, there may be uncertainty about how various actors will contribute to the technology's value proposition; quantum computing does not necessarily hold utility when used simply to solve current problems faster than existing solutions, so to realize its full potential reformulating old questions or raising new ones is needed (companies such as 1Qbit, which specializes in "recasting" questions and problems related to quantum computing, have grown in value). Cloud-based ventures, including those focused on data storage, will also be important for bringing quantum technology to commercial fruition. Ultimately, it will require a business model - though that is difficult to design when the technology is still rapidly evolving, and use cases are still not fully defined. It will likely be several years before its true potential becomes clear. Meanwhile governments via initiatives like the Barcelona Supercomputing Center (and its spin-off Qilimanjaro) and companies like IBM have been shouldering substantial related upfront investments.

Related topics: Entrepreneurship, Digital Communications, Advanced Materials, Semiconductors, Internet of Things, Artificial Intelligence, Virtual and Augmented Reality, Biotechnology, Blockchain

2.7 Stakeholder Engagement and Cultivating Trust

Building trust is an interactive endeavour based on honest dialogue and genuine efforts to address issues

Traditional notions of corporate governance are primarily defensive. They focus on protecting shareholder value, primarily through the proactive management of regulatory and reputational risk. Managing reputational risk tends to be a contained activity; it treats corporate messaging as an end in itself, which is divorced from a company's underlying conduct. But in the current atmosphere of heightened suspicion, rising expectations for greater transparency, and increased employee, shareholder, and public activism, companies can no longer simply rely on crafting attractive narratives about their achievements. Indeed, a backlash triggered by allegations of greenwashing and the gross exaggeration of corporate-responsibility efforts has emerged. As we progress into the mid-21st century, a more trusting and interactive relationship with stakeholders is at the centre of value creation - and is key to gaining a long-term social license to operate. While the definition of "trust" in an organization remains hotly debated, it might best be considered an expectation of ethical behaviour, based on a mutual confidence that one party will not exploit the other. This type of trust includes an anticipation of reliability, honesty, fairness, competence, respect, and transparency.

Crucially, this trust also relies on a corporation exercising practical curiosity about its impact on human beings - and making good faith efforts to reduce harm as value is increased. Arguably, this generally aligns with how most people believe a business should behave. Leading companies recognize that building trust is an interactive endeavour, based on transparent, honest dialogue, a corporate commitment to keeping one's word, and a genuine effort to understand and address impacts on stakeholders that are both local and global. The Business Roundtable's 2019 statement on the purpose of a corporation (focused on "stakeholder capitalism") demonstrated a new commitment among business leaders to balancing stakeholder interests for the greater benefit of society. In practice, though, corporations have been taking stands on social and political issues that are not always accompanied by meaningful action. A more robust approach necessitates thinking carefully about stakeholder conflicts and trade-offs, and determining where best to focus. Decisions grounded in actual impact are likely to be more beneficial than falsely suggesting an ability to address and resolve all stakeholder concerns - including those where a company has limited leverage.

Related topics: Future of the Environment, Global Gender Gap, Artificial Intelligence, Systemic Racism, Agile Governance, Climate Crisis, Civic Participation, Sustainability Reporting, Future of Work, Future of Leadership, Social Protection

2.8 State-Owned Enterprises and the Government's Role

Government ownership of emerging-market multinationals can be beneficial in several ways

While privately-owned companies capture much of the limelight, governments play important roles in many economies through state-owned enterprises - where they have partial or even full ownership. These types of firms are now often global leaders in banking, energy, transportation, steel, and telecommunications, and

they are instrumental for advancing economic policies. In Latin America, many energy companies and others have been controlled by the state - for example the oil companies PDVSA in Venezuela, Pemex in Mexico, Ecopetrol in Colombia, and Petrobras in Brazil (not to mention the Chilean copper mining firm Codelco). Other commodity-focused state-owned enterprises include Morocco's phosphate producer OCP Group, and Botswana's diamond producer Debswana. These companies can potentially attract top talent, and their international exposure can increase efficiency in ways that enable them to compete even without the advantages they enjoy in their local market. As a result, they often become more competitive, develop state-of-the-art operational and technological capacity, and - as in the case of the State Grid Corporation of China (SGCC) - become genuinely innovative global players.

Several state-owned enterprises have proven capable of being competitive while also supporting economic policy goals. Governments can actually create additional opportunities for innovation and growth at these firms, because state ownership may not bring with it the same pressure for short-term profits that is present at publicly-traded companies. State ownership also enables access to public research agencies offering unique knowledge and technology, which may help create competitive advantages. State-owned enterprises may therefore have a particular ability to sustain long-term investments, and some - such as the Indian company ONGC (Oil and Natural Gas Corporation Limited) - may include a publicly traded element that helps to more tightly govern their behaviour, corporate governance, and strategy in adherence with stock market regulations. The potential downside of the state-owned enterprise model is that the underperformance of these firms can hinder overall national economic growth and even pose a particular financial risk to the government, according to a working paper published by the World Bank in 2018. Ultimately, however, the state can use these companies to foster innovation and strengthen emerging economies.

Related topics: Future of the Environment, Social Protection, Corruption, Future of Work, Energy Transition Index, Global Risks

2.9 Tech Governance

Mounting digital disruption is spurring efforts to reap benefits while ensuring responsible use

Public trust in corporate governance increasingly hinges on responsible decision-making concerning technologies used to both improve efficiency internally, and present information externally. This calls for proactively building faith in the ways companies manage personal data and wield digital tools such as artificial intelligence - by steadfastly adhering to internal ethical principles and voluntary codes of conduct, and to sets of rules such as those advanced by the Organisation for Economic Co-operation and Development, UNESCO, the G7, and the European Union. The strategic use of digital technologies can help streamline and strengthen internal business processes through greater automation and data analytics, improve the transparency of governance and operations through the use of open data (for example, by making use of the principles advanced by OpenCorporates), and reduce the risk of corruption (by relying on digitalized means of interaction with public officials that limits the amount of personal discretion applied to things like regulatory compliance and tax liabilities). In fact, the degree of any government's digital maturity increasingly impacts corporate integrity - and the assessment of related risk.

The mounting disruption caused by the digital transition makes it essential for businesses to ramp up efforts to ensure responsible use - and to conform to emerging related requirements and regulations. This is particularly important for the governance of personal data, specifically in terms of ensuring its safe-keeping. Meanwhile the deployment of artificial intelligence tools (such as generative AI) to capture commercial opportunities should be coupled with strict self-governance, transparency, and respect for intellectual property. Ultimately, digital ethics should be placed at the core of a company's environmental, social, and governance (ESG) commitments. Related obligations are implied along the entire value chain, from production to consumption - and extend well beyond narrowly defined legal liability. An ability to ensure responsible and ethical use both within a company and at the points where it interfaces with the public should be clearly placed in the hands of the board of directors; good corporate tech integrity must be central not least at the tech companies building the tools that will inevitably raise difficult questions for all decision-makers to consider.

Related topics: Digital Communications, GovTech, Sustainability Reporting, Artificial Intelligence, Disinformation, Corruption, The Digital Economy

2.10 Enterprise and Emerging Risks

Effective risk management is central to both legacy and emerging corporate governance models

Historically, risk identification and mitigation at companies has tended to focus on addressing direct threats to a company's market value. These include preventable, internal issues (such as those related to the health and safety of employees, or to their potential involvement in bribery or fraud), where the goal is typically to get as close as possible to eliminating them entirely. However, companies must also consider strategic, external risks - such as shifting competitive and social dynamics, which can both pose threats and create new opportunities. Companies tend to struggle with managing contemporary, complex, emerging risks. This is due not least to the fact that current dynamics like climate disruption, geopolitical fragmentation, social unrest, rising inequality, polarization, and political dysfunction can accelerate and reinforce one other (some have defined this as an era of "polycrisis"). Building resilience requires greater rigour when it comes to risk identification, monitoring, and remediation. Many companies now recognize that the societal and environmental impact of a business are at the root of that business's risk - and that the ways in which these risks emerge is unpredictable, non-linear, and intertwined.

The need to mitigate risk presents organizations with a range of cross-functional and inter-temporal challenges. Risks often first manifest within particular teams or regions that do not have any internal responsibility for managing the risk in question, and this has several implications. The first is that businesses need to exercise a more practical curiosity about the impacts that they are having on particular stakeholders and on the wider public, and they need to make good-faith efforts to reduce negative externalities while increasing positive ones. The second is that risk identification and mitigation efforts need to encompass and align with organizational efforts to identify material environmental, social, and governance (ESG) issues through a "double materiality" lens of ESG and financial matters - while clearly differentiating the risks and opportunities each present. The identification of material ESG issues should then become a constant, dynamic exercise of considering the inside-out and outside-in risk and opportunity dimensions of corporate performance. The third is that a clearer understanding of risks can inform strategic capital allocation, and the establishment of ethical guardrails and principles.

Related topics: Civic Participation, Cybersecurity, Corruption, Climate Crisis, Financial and Monetary Systems, Development Finance, Illicit Economy, Global Risks, Small and Medium-Sized Enterprises, Justice and Law, Drivers of War

2.11 Business Model Innovation

Developing new business models can rewrite the rules of an industry

The internet spawned Airbnb, Amazon, Netflix, Uber and many other companies that have used business model innovation to rewrite the rules of their industry. That means they managed to change accepted ways of doing business, challenged the status quo, and served new customer needs while meeting existing needs in new ways. In doing so, they created enormous wealth for shareholders while providing useful services for customers. They have also been sources of inspiration for more established firms like Bosch, IKEA, or Philips as they assess and update their own business models. To better understand business model innovation, it helps to define what a business model is. As noted in the 2021 book Business Model Innovation Strategy, these core elements characterize a business model: what, how, who and why. More specifically, what activities does a business model encompass; how are these activities linked (for example, in terms of sequencing or exchange mechanisms), who performs the activities (which are performed by the focal firm versus those performed by partners, suppliers, or customers), and lastly why does the business model create value and enhance value appropriation for the focal firm?

Firms can innovate the "what" by adding or eliminating activities (for example, when Apple began selling and distributing content for electronic devices in addition to designing and manufacturing those devices). They can innovate the "how" by linking activities in new ways (Netflix first competed against video-rental stores through postal distribution, then via online streaming). Firms can also innovate the "who" by changing who performs certain activities (Tesla performs the sales function in-house instead of outsourcing it to dealers). Lastly, firms can innovate the "why" by adopting new revenue models and value logic (for example, Dropbox makes basic file storage free but charges for additional capacity). Much business model innovation has been driven by advanced information and communication technologies that enable new ways of doing business, though it is distinct from technology and product innovation. Business model innovation often flows from a unique take on customer needs and the best ways to satisfy them. The idea of software-as-a-service, for

example, represented by firms like Salesforce, was driven by a realization that customers do not necessarily care about owning software outright. Such business model innovation can be a powerful source of competitive advantage, though it requires astute implementation and simultaneous change in multiple parts of the organization.

Related topics: Entrepreneurship, Corporate Governance, Economic Growth, Digital Communications, Emerging-Market Multinationals

2.12 Workplace Culture and Incentives

Increased employee activism means the public can now regularly peer into the inner workings of corporations

Traditional corporate governance involves establishing mechanisms to align the goals of a company's executive team with those of investors. Now, there is an imperative to make oversight and incentives reflect a company's impact on a broader set of stakeholders - which means re-examining the roles of the board and management team. There has been a shift in thinking about board governance - from managing risk to being stewards of long-term, sustainable value. As a result of increased transparency, a culture of healthy ethical organization is now a source of strategic advantage. More frequent strategic leaking of information and employee activism mean the public can now regularly peer into the inner workings of corporations. Worker rights and benefits, diversity and inclusion, burnout and mental health, employee surveillance, and remote work are all emerging sources of conflict within organizational cultures. Leaders face heightened pressure and demands to address these in real time; younger employees, in particular, are focused on working for companies that can demonstrate a meaningful commitment to environmental sustainability and diversity. There's also an expectation that corporations adjust and adapt to individual needs and values - not the other way around.

These sources of conflict manifest broadly, not least in the ways corporations make efforts to design and structure incentives for leaders to drive long-term value, and to increase accountability for environmental, social, and governance (ESG) performance - all while looking after growth and profitability. A 2021 survey conducted by ISS found that more than half of all investor respondents support specific, measurable, and transparent non-financial ESG metrics. A third recommended that these should be tied to longer-term compensation. In its Annual Corporate Directors Survey published that same year, PwC found that 94% of boards favour using non-financial goals in executive compensation plans. For these measures to be effective, they need to go beyond box ticking and address concerns that senior leaders may be awarded bonuses strictly for meeting their core responsibilities and fiduciary obligations (there is clear evidence that this is happening). Robust incentive structures are clear about whether they are incentivizing innovation to solve societal challenges, or penalizing ethical failures that create negative externalities and financial risk. Clawback provisions should be included in executive compensation plans, in the case of failure, greenwashing, or other shortcomings on non-financial objectives.

Related topics: Global Gender Gap, Future of Work, Sustainable Development, Future of the Environment, Justice and Law, Mental Health

2.13 Shareholder Engagement for Sustainability

Shareholder engagement can help drive climate action

In addition to shaping their portfolios through ESG integration, investors may choose to actively drive related improvements at companies through greater shareholder engagement. Evidence suggests this is a far more effective way of shaping corporate behaviour than simply buying and selling stock. The ways in which investors can approach this depends on asset class, however. Private equity investors, for example, are likely to have relatively large ownership stakes and therefore more direct access to management teams (large PE funds like KKR and TPG regularly engage with senior and middle managers, as well as front line workers, to identify ESG issues and encourage development of related strategies, measurement, disclosures, and operational practices). For buyers of public equities, the style of engagement depends on their scale and objectives. Large asset managers with long-term investment styles are likely to have greater and more prolonged access to management teams, similar to what is afforded to private equity backers. Meanwhile activist hedge funds tend to take large stakes in firms for short periods of time, through leveraged capital and borrowing - and then use that time to mount aggressive campaigns.

Examples of ESG-centred shareholder engagement include Aviva Investors' push for Apple to address youth

smartphone addiction, and Engine No. 1's campaign to drive stronger climate action at Exxon Mobil by replacing board members. Smaller, socially-responsible asset management firms like Boston Trust Walden, and values-based asset owners like religious pension funds, often engage firms by initiating shareholder proxy votes that call for stronger ESG strategies. Individual retail investors can join campaigns mounted by larger activists, though most delegate their voting power to index fund managers like BlackRock or Vanguard (which tend to follow shareholder voting guidance from firms like ISS and Glass Lewis). ESG shareholder action tends to focus on three objectives: disclosure, target setting, and governance. Disclosure, the most common, relates to the frequency of, quality of, and auditor assurances behind ESG information. Target setting can occur once ESG data is made available, and can be used to improve things like greenhouse gas emissions. In terms of governance, investors may simply ask for more rigour from a firm - both for its own sake, and as an enabler of the greater good through instruments like aligning executive compensation with sustainability goals.

Related topics: Just Transition, Sustainable Development, Corporate Governance, Digital Communications, Youth Perspectives, Climate Crisis

2.14 Values, Ethics, and Integrity

Good faith efforts to do no harm and reduce negative externalities are necessary

Sound corporate governance is increasingly important for any company that wants to establish and execute a coherent integrity agenda - one that adequately encompasses its values, regulatory obligations, and voluntary commitments. Solid governance is the critical underlying bedrock for any strategic decision-making when it comes to executing environmental and social commitments. This means aligning rhetoric with action - and ensuring that leaders understand their responsibility for shaping employee behaviour and conduct, and for designing incentives and allocating power and resources in ways that effectively build a culture of integrity. These efforts require organizations to break down departmental divisions, and create more deliberate alignment and collaboration across critical functions, including environmental, social and governance (ESG) and sustainability, public affairs, risk, ethics, and compliance. Prevailing public concern about corporate hypocrisy and greenwashing is necessitating more carefully-planned and coordinated approaches to integrity commitments. Companies are being pressured as never before to take stands on social and environmental issues, but if that rhetoric is not accompanied by concrete, measurable action, allegations of duplicity and insincerity will only become more prominent.

One crucial imperative for companies is that they tie their integrity commitments directly to the ways in which they create value for stakeholders. This means making good-faith efforts to do no harm, and reduce negative "externalities" (another way of saying negative outcomes). The most visible evidence to date of efforts to tackle contemporary, multifaceted challenges has been the emergence of a designated senior leader at companies who is entrusted with the responsibility of overseeing the totality of integrity efforts and commitments. For other organizations, however, the aim may be not to appoint one, single individual to direct and lead integrity efforts, but to instead consciously drive broader alignment among departments including risk, compliance, governance, sustainability, investor relations, human resources, government affairs, and corporate affairs, in ways that have each setting both internal and external strategic organizational priorities. Integrity efforts need to be supported by strong oversight - to prevent systemic misconduct, and to sufficiently deter employees from breaking the law and thereby expose the organization to legal risk.

Related topics: Future of Leadership, Climate Crisis, Corruption, Economic Growth, Sustainable Development, Sustainability Reporting, Future of the Environment

2.15 Legal and Regulatory Evolution

Proactive engagement with global legal and regulatory developments can foster preparedness

Ethical practices are no longer just good to have, they are a must-have. Companies have realized that a lack of ethics and integrity not only creates regulatory risk, it can pose existential risk. They must keep pace with constant regulatory change related to matters including trade sanctions, anti-bribery and competition laws, ESG, anti-money laundering, and legislation like the EU's General Data Protection Regulation (GDPR). As more regional efforts emerge to promote sustainability and human rights, and regulate the use of artificial intelligence, it is crucial for companies to offer thoughtful input. This should align with corporate strategy, and ensure proactive, constructive engagement between industries and governments. Being proactive means

staying abreast of legal changes, constantly adapting compliance programmes, and fostering greater collaboration both between departments and functions, and externally. Continuous monitoring of global regulatory changes is essential, as is consistently updating employees on new regulations to ensure everyone has up-to-date compliance knowledge. Integrated assurance can be a powerful means to ensure compliance programmes are linked to enterprise risk management and internal controls throughout the enterprise - as opposed to a siloed approach that creates a risk of blind spots and unclear responsibilities.

Incorporating horizon scanning into a proactive stance can empower organizations to detect early signs of potentially significant developments. This sort of systematic examination of potential threats and opportunities, focused in particular on new technologies and their impacts, can serve as a strategic tool to anticipate future regulatory challenges and trends. Horizon scanning enables companies to adapt more swiftly and effectively to emerging regulations, and to mitigate potential risks before they materialize. Understanding the legal nuances and ensuring compliance are necessary before a company can effectively contribute to regulatory discussions - and assessing how proposed regulation might impact business operations, finances, and reputation is equally critical. Engaging with a broad spectrum of stakeholders can lend a more comprehensive perspective that helps companies account for diverse viewpoints. Adherence to industry standards and best practices is a necessary benchmark for regulatory engagement, and collaboration with like-minded organizations tends to amplify the benefits of collective contributions. Ultimately, adept management of the effects of regulatory evolution can help ensure that an organization's actions reflect its expressed commitment to sustainability and equity.

Related topics: GovTech, SDG 16: Peace, Justice and Strong Institutions, Justice and Law, Data Policy, Trade and Investment, Geopolitics, Geo-economics

2.16 Active Ownership

The shift to more active ownership could foster longer-term value creation

Banks and brokers were the most widely disparaged culprits behind the 2008 financial crisis, due to their short-termism and excessive risk taking. Yet, they were acting on behalf of large institutional investors who failed to effectively monitor their investments. Pension funds, endowments, insurers, and sovereign wealth funds therefore share some of the blame, due to passive corporate governance. In the future, they will hopefully act as better stewards of the companies they invest in - by adopting more active stances. A broader transition to active institutional ownership has gained momentum, though it has also drawn pointed criticism and politicized rebukes. Ultimately, however, by focusing on the bigger picture investment managers are likely to become less inclined to maximize short-term results and instead focus on companies' long-term value creation. Norway's $1.3 trillion sovereign wealth fund, for example, has clearly stated its expectations for the companies it invests in when it comes to corporate governance, shareholder rights, social issues, and climate adaptation. The fund's approach is meant to both protect the environment and help navigate an uncertain financial future.

Active ownership has implications for the relationship between asset owners and managers, with performance no longer hinging purely on short-term market benchmarking, but also on longer-term metrics like internal rates of return. The organizational impact of this has been profound, as layers of intermediaries are reduced, more reliance is placed on internal capabilities and in-house expertise, and fewer mandates are granted to external managers and funds of funds (a mutual fund, for example, that invests in other funds). Dedicated teams can more effectively operationalize an institution's long-term mission, and improve corporate governance at the companies being invested in. In principle, the cost of active ownership is the increased volatility that results from more concentrated portfolios; diversification is widely considered the surest way to achieve better returns. However, institutional ownership of large stakes in companies could provide better monitoring, and more aligned incentives. Stewardship should matter to institutions that take the long view. Some asset managers may not welcome it, but institutional investors have a responsibility to behave like well-informed and responsible owners.

This key issue is curated in partnership with Bernardo Bortolotti, Professor of Economics and Finance, Università degli Studi di Torino and Director of the Sovereign Investment Lab at the Paolo Baffi Center of Central Banking and Financial Regulation at Bocconi University in Milan.

Related topics: Sustainability Reporting, Economic Growth, Infrastructure, Future of the Environment, Future of Work, Civic Participation, Social Innovation, Social Protection, Sustainable Development, Financial and Monetary Systems, Corporate Governance

2.17 Decentralized Governance and New Models

The distributed nature of blockchain can facilitate new ways of doing business

In order to make the most of blockchain technology, organizations will have to collaborate. In an acknowledgement of this fact, there has been a proliferation of industry consortia dedicated to blockchain exploration and implementation. These groups are often collaborating to an unprecedented degree, even drawing together rival businesses determined to cooperate in order to truly unlock the full potential of technology through new governance models. To-date, almost 400 such organizations have been registered, with several seeming to appear every month. The Blockchain Insurance Industry Initiative (b3i), for example, has brought together 20 key industry players such as Allianz, Liberty Mutual, and the China Pacific Insurance Company in order to explore and deploy the technology in different ways. The consortium's core activities include developing the standards and infrastructure necessary to facilitate data-sharing across separate organizations. However, collaborative models also raise new questions about intellectual property ownership, shared liability, data sharing, and more. To address such questions, consortium models generally require clear communication and alignment on roles and responsibilities.

Blockchain technology can enable decentralized autonomous organizations, also known as "DAOs" - which operate on code-based rules and are intended to be controlled by members without a hierarchical structure. These organizations are designed to provide a secure, digital ledger in a way that eliminates the need for a third party to approve or warehouse a transaction or agreement - so that parties could securely sign and execute a contractual work agreement, for example, without even necessarily knowing one another's identity. By enabling the re-thinking of the foundations of businesses and organizations from the ground up, there may be opportunities to consider new incentive structures. For example, traditional organizations have faced the "principal-agent" problem, where the decisions of front-line workers may not align with the interests of top-level decision-makers. Decentralized autonomous organizations present the opportunity to integrate demand, decision-making, and production in ways that enable an organization to adapt in a more nimble and aligned manner. However, the anonymity provided by this decentralized means of decision-making can come into conflict with corporate governance rules and regulations.

Related topics: Education and Skills, Civic Participation, Justice and Law, Global Governance, Agile Governance, The Digital Economy, Social Protection, Innovation, Future of Work, Corporate Governance

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About Strategic Intelligence

Our approach

In today's world, it can be difficult to keep up with the latest trends or to make sense of the countless transformations taking place. How can you decipher the potential impact of rapidly unfolding changes when you're flooded with information - some of it misleading or unreliable? How do you continuously adapt your vision and strategy within a fast-evolving global context? We need new tools to help us make better strategic decisions in an increasingly complex and uncertain environment.

This live briefing on Modern Corporate Governance, harnesses the World Economic Forum's Strategic Intelligence platform to bring you the very latest knowledge, data and context from our 300+ high quality knowledge sources. Its aim is to help you understand the global forces at play in relation to Modern Corporate Governance and make more informed decisions in the future.

Each day, our Strategic Intelligence platform aggregates, distills and synthesizes thousands of articles from around the world. We blend the best of human curation with the power of machine learning to surface high-quality content on over two hundred global issues to our one million users globally. Our hand-picked network of content partners from around the world means that we automatically exclude much of the noisy clickbait, fake news, and poor quality content that plague the Internet at large. We work with hundreds of think tanks, universities, research institutions and independent publishers in all major regions of the world to provide a truly global perspective and we are confident that our data are well positioned when it comes to the intrinsic biases inherent to open text analysis on uncurated content from the Internet. For further context on our approach, you may be interested to read Strategic trend forecasting: anticipating the future with artificial intelligence and These Are The 3 Ways Knowledge Can Provide Strategic Advantage.

↓ A leading expert presenting a transformation map at our Davos Annual Meeting



Overview of methodology

Our Transformation Maps are dynamic knowledge visualisations. They help users to explore and make sense of the complex and interlinked forces that are transforming economies, industries and global issues. The maps present insights written by experts along with machine-curated content. Together, this allows users to visualise and understand more than 250 topics and the connections and inter-dependencies between them, helping in turn to support more informed decision-making by leaders.

The maps harness the Forum network's collective intelligence as well as the knowledge and insights generated through our activities, communities and events. And because the Transformation Maps are interlinked, they provide a single place for users to understand each topic from multiple perspectives. Each of the maps has a feed with the latest research and analysis drawn from leading research institutions and media outlets around the world.

At the centre of each map is the topic itself. This is surrounded by its "key issues", the forces which are driving transformation in relation to the topic. Surrounding the key issues are the related topics which are also affected by them. By surfacing these connections, the map facilitates exploration of the topic and the landscape within which it sits.

The framework extends beyond mapping current trends by incorporating forecasts and scenarios to project potential future states of the system. Forecasts are based on observable patterns, while scenarios explore broader possibilities, including low-probability but high-impact events. These elements contextualize key issues and related topics within potential future trajectories, enhancing strategic thinking and decision-making.

Harnessing collective intelligence from the Forum network and leading research institutions, the maps synthesize diverse insights into a cohesive view. By integrating these insights with the latest research and analysis, the framework provides a comprehensive understanding of how transformations unfold and interrelate, empowering users to navigate the evolving landscape effectively.

Scenarios

In-line with best practice on the use of artificial intelligence in products and systems, in this section we provide full transparency on how artificial intelligence is used in our scenario generation automation.

In complex and fast-moving environments, it is difficult to maintain a clear view of what may change next, and which uncertainties deserve attention. Scenario planning helps by offering a structured way to explore alternative futures, test assumptions and clarify decisions under uncertainty.

We generate scenario packs using artificial intelligence within a defined methodology and on which we have been guided by our Global Strategic Foresight Community. The process follows the same broad logic used in scenario workshops: move from issue framing, to key uncertainties, to a 2×2 matrix, and then to four distinct scenario narratives. In an automated setting, each step includes validation to avoid weak axes and indistinct scenarios.

Each scenario pack included in our briefings includes a 2×2 scenario matrix defined by two critical uncertainties (axes), four scenario narratives and a *throughline* that connects each scenario back to the matrix.

Our process is as follows:

1. Topic framing and inputs. First, we ground our scenario design in our high-quality, expert curated content. Our topic summaries, key issues and related knowledge are used to anchor scenarios in the topic space.

2. Abstraction of underlying forces. Topic issues are often technical and uneven in granularity. Our AI agents abstract them into a small set of cross-cutting forces and tensions that can support scenario work across domains. This creates a conceptual frame that is usable for uncertainty and axis generation.

3. Identification of drivers and uncertainties. From that conceptual frame, an AI agent identifies drivers that could shape outcomes and that carry genuine uncertainty. Drivers are defined with directional poles so that they can support different regime logics rather than incremental variation.

4. Axis generation and validation. An AI agent then proposes multiple candidate axes of uncertainty and

another agent then evaluates them against criteria commonly used in facilitated scenario work: strength of the tension between poles, relevance to the topic and its drivers, and decision utility, meaning whether different positions would change strategic choices. Candidate axes are then combined into matrix pairs and tested for distinctiveness. This step is designed to avoid quadrant ”collapse”, where scenarios converge in practice despite different labels. Candidate pairs that do not yield clearly differentiated quadrants are rejected and alternatives are tried.

5. Quadrant blueprints using STEEPLE. Once an axis pair is selected, our AI develops a structured blueprint for each quadrant. Blueprints define the internal logic of that world and describe how the system behaves across STEEPLE domains (Social, Technological, Economic, Environmental, Political, Legal and Ethical), with attention focused on the domains that are most consequential for that quadrant. This stage is designed to establish coherence and contrast before narrative writing begins.

6. Grounding and counter-grounds. Our AI then builds an evidence set from the Strategic Intelligence knowledge base, drawing on our curated network of trusted content partners. Evidence is used to strengthen and challenge the emerging interpretation of each quadrant. In practice, our AI compiles supporting evidence for key mechanisms implied by the blueprint, as well as counter-evidence and constraints that suggest limits, failure modes or alternative dynamics. This step functions as a stress test. It identifies claims that are too thin, overly linear, or inconsistent with available knowledge, and it provides material used to refine the narrative direction before writing begins.

7. Narrative development within a constrained world. Once a narrative direction has been selected for a quadrant, our AI produces the scenario narrative within a constrained ”world”, mirroring workshop practice where participants explore a defined quadrant logic and then build out a coherent future state. At this stage, our models are instructed to remain consistent with the quadrant blueprint, incorporate supporting evidence where it adds credibility and specificity, reflect counter-evidence as tensions, constraints, trade-offs or contested dynamics, and describe a plausible future state rather than a transition story, prediction or recommendation. The result is a scenario that remains anchored to a defined structure while allowing creative exploration of how that structure could plausibly play out. Our AI also generates a short throughline for each scenario explaining how it expresses its position on the axes, as well as a matrix summary describing the uncertainty space and what differentiates the four futures.

8. Quality checks and transparency. Finally, an AI agent performs quality checks intended to prevent common failure modes in automated scenario generation: axes that lack meaningful tension or strategic relevance, quadrant ”collapse” where scenarios become minor variations of the same future, internally inconsistent causal logic across STEEPLE domains, and narratives that drift away from the quadrant blueprint. Intermediate artefacts (candidate axes, evaluations, quadrant blueprints, and grounding materials) are retained so results can be reviewed, compared over time, and improved.

We welcome feedback on our approach as we continue to refine and evolve our use of artificial intelligence in strategic foresight.

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