

## Current trends in governance



While no one can know the future, there will always be risks that loom just beyond the horizon. With respect to governance, there are sundry forces that could be possible challenges—economic uncertainty, regulatory change, rapid technology advancement, geopolitical tensions, and political instability, to name a few. To some extent, these factors are likely to touch every industry with equal measure. But in some cases, the nature of the challenge to an organization's governance may vary across industries.



### Geopolitical tensions and economic uncertainty

At a large enough scale, geopolitical conflict can touch **every industry**. For example, recent supply chain challenges may reflect or be exacerbated by geopolitical tensions. And regardless of where a conflict is on the map, the economic impact can throw currency markets into upheaval, impact capital allocation decisions, and foil attempts to pivot operating strategy.



### Regulatory scrutiny and enforcement

Companies can also face challenges arising from regulatory scrutiny and/or enforcement, entailing both substantive regulation and disclosure requirements. The challenges may involve governmental trade policies, such as export controls; new or enhanced measures in areas such as privacy and the environment and climate change; health equity; and trade regulation, including pricing, antitrust, and supply chain tracking and traceability.



### Cybersecurity

Disclosure requirements on cybersecurity can vary around the world. But regardless of regulations, in a globalized and interconnected economy this may be an “equal opportunity” challenge for companies across **numerous industries**. Of course, depending on the company's products or services, some sectors may be more susceptible to the fallout of cyberattacks and similar adverse events.



### Generative artificial intelligence

Generative artificial intelligence, or GenAI, presents challenges and opportunities for boards across **every industry**. Opportunities include the use of GenAI to streamline manufacturing and back-office processes, facilitate and enhance communications, and improve employee efficiency. Concurrently there can be many challenges to contend with, including whether and to what extent its use results in changing talent strategies. Some sectors may also be weighing ethical considerations, for instance, the use of the technology in **health care**.



### Data transformation

The use of data and digital technologies may unlock growth and efficiency **across industries**. One example is **health care**, where the use of data analytics and virtual health can increasingly change how patients interact with diagnostic and treatment processes. Another is **financial services**—because in the digital banking era, data transformation can take many forms from retail banking, to insurance underwriting, to accounting and auditing.

### Center for Board Effectiveness

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