Governing Under High Uncertainty: Opportunities for Emerging-Market Boards

Boards everywhere are grappling with an unpredictable world—one marked by political upheaval, shifting trade regimes, supply-chain fragility, climate shocks, technological leaps, energy insecurity, and society's evolving expectations of companies and their leaders.

How can boards in emerging markets strengthen their governance amid high uncertainty—and do so in environments that are becoming ever more complex? How can directors—both individually and collectively—establish the clarity, composure, and collaboration needed to govern effectively when the future is unpredictable and the variables driving it are deeply intertwined? These questions arose repeatedly **in our 2024 study**, produced with Heidrick & Struggles and INSEAD, and they reflect the steep challenges that boards in emerging markets face.

In this report, we examine how boards are dealing with the forces now shaping board agendas: the mounting uncertainty and growing complexity that call for stronger risk oversight and resilience in order for boards to navigate today's landscape with confidence. In the pages that follow, we explore how these themes are playing out in boardrooms in emerging markets throughout the world and how directors are responding. We also offer additional tactics and strategies boards can adopt to strengthen their governance. Finally, we distill these findings into a practical framework that can help boards in emerging markets assess their specific context and define the priorities, practices, and agenda needed to govern effectively in the face of high uncertainty.

About This Report

Four years ago, BCG launched an annual collaboration with Heidrick & Struggles and INSEAD to explore how the role of the board is evolving in a rapidly changing business landscape.

This year's theme, "Governing Under High Uncertainty," focuses on how board members individually and collectively navigate complexity in today's dynamic environment.

For the second consecutive year, the study expands its focus to include a deeper perspective on emerging markets. The study provides a more complete view of how new challenges are shaping boardroom dynamics across regions.

We conducted a series of roundtables and interviews with more than 100 senior directors from emerging markets worldwide. Through these conversations, we gained their candid perspectives on how boards are responding to some of today's most pressing governance challenges, revealing areas of real progress as well as persistent obstacles.

The Changing Nature of Uncertainty

Directors everywhere sense that today's uncertainty is unlike any in recent history. It is broader in scope, sharper in intensity, and increasingly shaped by forces that defy prediction. Geopolitical volatility, disrupted trade patterns, AI and other rapidly changing technologies, and deepening social polarization now interact in ways that unsettle even the most established governance systems.

Uncertainty is not a problem to solve; it is a condition to lead through. It evolves and reshapes itself, but never disappears. As INSEAD Professor Joe (José) Santos cautions, "The biggest leadership mistakes happen when we mistake uncertainty for risk." Risk can be analyzed and mitigated; it involves *known unknowns* whose probabilities can still be estimated. Uncertainty, by contrast, stems from *unknown unknowns*, where probability offers no guidance, forecasts fail, and even experienced judgment can falter.

While uncertainty eludes prediction, complexity clouds perspective, as the sheer number of interdependent forces—economic, technological, environmental, and social—influence each other in real time. Said one European board chairperson: "Complexity has always been with us. It doesn't impress me—it's simply part of the job." What distinguishes complexity today, directors observed, is the speed with which these forces change, and thus accelerate, uncertainty. In a world of unknown unknowns, events that once unfolded gradually now reverberate across markets and societies within weeks or even days.

A participant at the Istanbul roundtable noted that "uncertainty has reached peak levels across multiple dimensions—geopolitical, geographical, technological, and several others," underscoring both its breadth and intensity. A Nigerian board chairperson from the financial sector contrasted the 2008–09 global financial crisis with today's environment: "That was different; you understood it. Today, there is no playbook."

When they coincide, uncertainty and complexity amplify one another. With uncertainty there is no comfort from prediction; with complexity, the variables that leaders must interpret are multiplied. In such moments, the board's ability to remain calm, maintain perspective, and anchor decision making becomes critical. When management is consumed by the moment, boards must provide steadiness, separating the urgent from the important and ensuring that long-term purpose does not get lost in short-term noise. As one South African director from the banking industry put it, resilience begins when "boards become comfortable with discomfort."

If boards are to play their steadying role with confidence, constructive collaboration becomes even more important. Several chairpersons emphasized the importance of creating trust, both within the board as well as with management, where constructive dissent can occur. They echo recent research from Heidrick & Struggles, which describes the boardroom as an "arena" for navigating differences— a setting where well-managed disagreement becomes a source of resilience rather than division.

The Multiplier Effect in Emerging Markets

Companies in emerging markets experience the twin forces of uncertainty and complexity compounded. Global shocks do not replace local pressures; they heighten them. Boards must navigate external disruptions while also contending with fragile or nascent institutions and governance systems that are still maturing. This multiplier effect means that boards are tested on two levels at once: they must interpret global change while stabilizing the local institutions and policies on which their organizations depend.

A director in Nigeria's financial services industry pointed out that the nation's local political instability and dependency on foreign aid amplify the impact of US or Chinese policy changes. A board member in the Brazilian energy industry noted: "Global shocks such as energy price swings and geopolitical tensions may shape the backdrop, but the real pressure comes from within: erratic regulation, fiscal volatility, and local governance fragilities that magnify external shocks."

And with these shocks roiling all around them, boards in emerging markets are in many cases still working to build the foundational practices and capabilities that their peers in developed markets have long since established. One director from Brazil put it bluntly: "In developed markets, boards are fine-tuning under uncertainty; here, we are still figuring out the basics while the storms hit."

In our roundtables, board members also mentioned compressing their planning horizons, focusing on how to survive the next six months rather than how to shape the next decade. This strategic holding pattern they are in reflects the tension between the awareness of long-term risks and the paralysis induced by short-term uncertainty. But in reality, the holding pattern is not a sign of paralysis or even apathy; instead, it reflects the necessary caution that boards exercise as they seek clarity on such critical external forces as inflation, taxation, and regulatory trends.

Shaping Governance—and the Ecosystem Beyond It

Last year, we noted that as demanding—or even daunting—as the role of boards in emerging markets may be, many progressive boards were already taking bold steps to shed outdated practices and experiment with new, more agile approaches to governance. "Last year," noted one South American director, "we wanted to reinvent the backpack." That same ambition was evident in our conversations this year. Yet the surge in uncertainty has, in the words of that director, "thrown a wrench in the works." Reflecting on the shifting environment, he added that this year, "we're just rearranging what's inside the backpack."

Nonetheless, the broader story remains one of opportunity. Boards in emerging markets have a distinctive role to play: strengthening governance not only within their companies, but also across their industries and societies. In doing so, they can shape what good governance, responsible growth, and accountability look like in their own economies rather than simply adopting models developed elsewhere.

Strong governance creates value far beyond the company itself. When boards uphold transparency, accountability, and long-term purpose, they set new standards of conduct for their industries and raise expectations across the market and stakeholders. In emerging economies—where institutions and oversight mechanisms are often still maturing—well-governed companies become anchors of stability and trust. Their example attracts capital, strengthens investor and public confidence, and helps build the institutional foundations on which broader economic and social progress depend. In this way, governance becomes not only a corporate function but a civic one—an essential contribution to the credibility, resilience, and long-term vitality of the economies in which these boards operate.

Consider, for instance, the experience of a leading Africa-based financial institution whose board has taken a collaborative approach with its regulator. By engaging in ongoing dialogue and co-designing risk frameworks, the board has helped strengthen not only its own governance but also the broader financial system. (See the sidebar "Regulation by Co-Creation.")

Regulation by Co-Creation

At one African financial institution, the relationship between the board and its regulator has evolved from compliance to genuine co-creation. The chairman describes how this partnership, built on mutual respect and collaborative learning, has not only strengthened the company's resilience but has also advanced the maturity of the financial system. "Our entire board is working hand in hand with the regulator to rethink how we approach risk management, ensuring that it aligns with the evolving realities of complexity and uncertainty in today's environment."

To the chairman, this collaboration reflects a shift from traditional oversight to joint problem-solving. The board is not merely responding to regulation but helping shape it, turning compliance into an exercise in shared insight and foresight. The chairman continues:

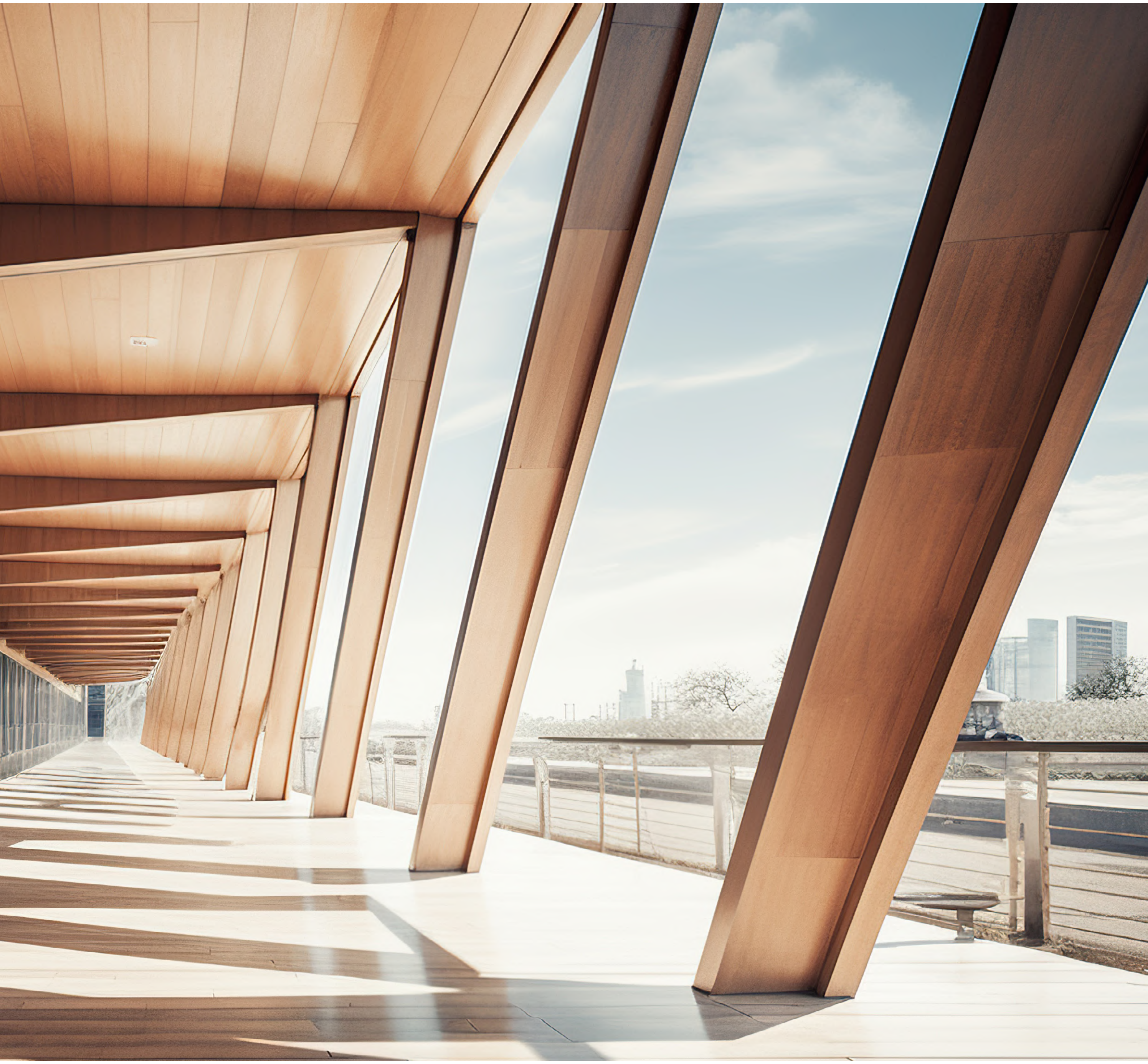
> At first glance, the regulator appeared tough on us. But in truth, it's a two-way learning process: they draw on our experience, and we gain a deeper understanding of their priorities and constraints. We now co-design the frameworks that govern our industry, so we understand the rationale behind them and know what to expect. [This] prevents the typical scenario where the regulator waits until you make a mistake and then punishes you. Instead, we achieve progress without disruption. The alternative would be having rules simply imposed on us by a body that is itself still learning.

The chairman sees this approach as a shared responsibility rather than a privilege. "Because we are among the more advanced institutions in my country, we have an obligation to help strengthen the system around us. It's in everyone's interest—ours, the regulator's, and the country's—that the system functions well."

This spirit of partnership, he adds, also helps bridge the longstanding trust deficit between business and government. What began as a compliance relationship has become a joint endeavor to enhance stability, transparency, and confidence across the financial ecosystem.

Other examples might include boards actively engaging in public-policy reform: lobbying for stronger disclosure laws or participating in government-business task forces to co-design national industrial strategies. They might include initiating company coalitions to accelerate sustainable business models and influence national-policy frameworks or directors using their platforms to champion greater transparency and governance reform. Any one of these efforts would be contributing to the evolution of the economy's institutional architecture rather than merely responding to it. This kind of collaboration exemplifies how boards in emerging markets can act not only as stewards of their companies, but also as architects of their broader governance ecosystems.

In this respect, emerging-market boards stand at the frontier of possibility. By reinforcing the systems that surround them, they not only build more trusted and resilient companies but also contribute to stronger national institutions, healthier economies, and more prosperous societies.



Strengthening Board Resilience

Governance research and boardroom experience consistently show that high-performing boards balance the hard levers of structure, role clarity, and disciplined oversight with the soft levers of trust, culture, and collective behavior. Together, these elements determine how boards themselves remain effective when conditions around them are unstable.

The Hard Levers Remain Foundational

In uncertain environments, boards strengthen their resilience by reinforcing governance discipline and anticipatory thinking. As a board member from an Egyptian family business observed, “We need to constantly balance the dialogue between staring into the future and the practical realities of our day-to-day operations.” He added that in turbulent periods, ”I have witnessed firsthand how the board can bring clarity and composure—helping the CEO focus, set priorities, and feel supported when it matters most.”

His reflection captures the essence of resilient governance: the board’s ability to stay calm without losing sight of its core purpose, and to provide steadiness and perspective when management is under strain.

As was the case last year, many of the board members participating in this year’s study are catching up quickly on these fundamentals. Directors are challenging assumptions, stress-testing management’s plans, and approving contingency strategies before shocks hit—ensuring the board can respond with agility rather than panic. Consider these examples:

- At one African hospital, directors formalized an “emergency-only” operating protocol during political unrest—a board-level decision that clarified responsibilities and preserved alignment when the environment deteriorated.
- In Asia, a board authorized the development of digital risk-simulation tools to strengthen its own oversight of climate exposure.
- In Latin America, the board of a leading consumer-goods company established a strategic foresight committee to anticipate longer-term geopolitical and market risks.

Across these cases, it’s clear that resilience is less the product of operational control than of role clarity, process discipline, and the board’s mental preparedness.

The Soft Levers Are Equally Vital

Many participating directors highlighted trust, culture, and collective behavior as the invisible glue that holds boards together in moments of stress. As the chairperson of a Brazilian industrial company observed, resilience must be "as much about values as about liquidity." She and others emphasized that the ability of a board to withstand external shocks depends not only on technical competence but on "truth in values": having the discipline to uphold purpose and principle even as political or market pressures intensify. As one South African director put it, "Following your core values and purpose provides you with a trampoline"—a foundation that allows the organization to rebound with clarity and confidence.

Participants at the Istanbul roundtable echoed these themes, stressing that greater diversity in board composition and a culture where every perspective is genuinely heard and valued form essential foundations for resilience amid heightened uncertainty.

Across our roundtable discussions, directors pointed to small, yet deliberate, practices that reinforce this behavioral resilience: for example, investing time to align on purpose before crises hit; revisiting the board's guiding principles during strategy sessions; and ensuring that difficult decisions are tested against values, not just metrics. These habits, though simple, cultivate common judgment, which allows boards to absorb shocks without fracturing. At the same time, these habits forge trust, by translating shared principles into everyday behavior. In this way, alignment becomes not something to be sought but rather a natural state, already present even when pressure is mounting.

A fresh focus on behavior. Directors throughout emerging markets increasingly recognize that how a board behaves is as important as what it decides. But the practices that translate that awareness into consistent behavior are only beginning to take hold. As we heard repeatedly in our discussions, many boards are in the early stages of shifting from procedural formality to genuine dialogue. Many are still working to unlearn habits that can stifle open exchange, such as a reluctance to challenge more senior voices, transactional exchanges with management instead of real partnership, and a focus on ticking boxes rather than asking deeper questions. One South African director observed that "Continuous learning is the new governance imperative." Another noted, "Diversity improves performance in complex, non-repetitive work." Both reflect a broader attitudinal shift: the recognition that learning and diversity are not compliance goals, but rather essential conditions for fostering collective judgment.

Board members shared with us how they are starting to change these behavior patterns. Some are setting aside time for private reflection without management present. Others rotate discussion leaders to ensure that every voice is heard. Still others are adding short "learning moments" to each meeting to focus on insights, not just decisions. These small changes demonstrate a wider trend: boards are not only deliberating together but are also learning together.

A Brazilian technology director described this as "expansive leadership," the willingness to question assumptions, invite dissent, and engage directly with stakeholders who hold opposing or uncomfortable views. Boards that adopt this mindset resist the drift toward rigidity or technical detachment. Instead, they stay grounded in empathy, curiosity, and connection—qualities that directors increasingly see as essential to long-term resilience.

Creating an environment of trust. Equally important is psychological safety, both within the boardroom and in the board's relationship with management. Though often associated with operational teams, psychological safety is equally vital at the board level. "Boards need to work more as teams to become more resilient," as one Egyptian director observed. As with C-suite teams, psychological safety in this context means creating space for open challenge, honest reflection, and mutual support—conditions that allow directors to speak candidly and to balance self-confidence with humility.

Several directors emphasized that cohesion and trust do not develop by chance. They must be fostered deliberately, not only among board members, but also between the board and management. Trust grows through the familiarity that is cultivated beyond the formal setting of meetings, through shared time and informal exchanges, where individuals can express genuine curiosity about one another's perspectives. These situations help directors appreciate not only each other's expertise but also the values, motivations, and judgment each person brings to complex decisions. Trust deepens alignment and ensures that difficult issues can be surfaced early and addressed collaboratively.

When a foundation of trust is in place, boards create an environment where it is safe to question, express doubt, and acknowledge what is not known without fear of judgment or loss of credibility. This openness strengthens collective thinking; directors can challenge one another constructively. Equally important, management can feel confident raising difficult issues early on. When pressure intensifies, boards are able to stay calm, cohesive, and clear-headed. The result is more candid discussion, faster sense-making, and better decision making when uncertainty peaks.

For boards in emerging markets, these insights carry particular weight. As noted earlier, these boards face a unique dual reality: the compound effects of local and global uncertainties, and at the same time, the opportunity to help shape the governance standards and societal progress of their markets. By strengthening the capabilities that enable more effective governance, emerging markets boards can turn heightened uncertainty into a catalyst for long-term impact.

Assessing Board Readiness for High Uncertainty

The following questions are designed to help the board assess its current maturity and define the critical next steps required to enhance its effectiveness, foresight, and resilience in navigating high uncertainty.

HARD LEVERS

- Do we understand the interconnectedness of local and global developments, and are we able to assess how they might disrupt our business, directly or indirectly?
- Are our risk management system and frameworks state-of-the-art? Do they pay enough attention to low-probability and high-impact signals?
- Do we spend enough time identifying and discussing weak signals and emerging trends?
- Do we understand how individual risks impact each other and how their mutual impacts create risk to the whole system? Have we identified the areas where risks amplify or propagate?
- Do we have forward-looking indicators and trigger points that can help us detect disruptions to our key vulnerabilities early, enabling optionality and timely strategic adjustment?
- Do we maintain a board-level "disruption playbook" for capital allocation, risk appetite, and escalation pathways when shocks strike? Do we conduct regular board-level dry runs to test the playbook?
- Do we allocate board time appropriately between compliance and control and the forward-looking work of strategy, foresight, and learning? Are we as focused on governing for opportunity and competitive advantage as we are on overseeing risk?

SOFT LEVERS: Trust, culture, collective behavior

- Do we organize for external challenges, say, through expert panels, scenario briefings, or peer exchanges, in a way that's sufficient to test our assumptions, challenge our imaginations, and expose blind spots?
- Do we foster a culture of psychological safety and constructive candor that enables early, open dialogue and ensures that every voice is heard? Do we surface issues promptly and minimize the risk of groupthink?
- Do we foster continuous learning and shared awareness? Do we encourage directors to engage externally with others to glean fresh insights and relevant examples and observations that we can share with one another to strengthen our collective foresight and agility?
- Have we clearly defined the board's role and expectations, both internally and in its relationship with management? Do we have a common understanding of our role (approve, probe, guide, or delegate) across key areas of oversight and decision making?
- Does the board's composition and independence ensure the expertise, insight, and diversity of perspective required to identify weak signals and interpret emerging risks before they become material?

ECOSYSTEM STEWARDSHIP: Engagement beyond the company

- Have we identified where and how our active engagement beyond the company, as individuals and as a board, can create long-term value for our wider ecosystem? Or how such engagement can strengthen our own competitive advantage—while also contributing to a more resilient, trusted, and sustainable economy and society?
- Do we maintain a stakeholder heat map that identifies those best positioned to detect early warning signals for our key vulnerabilities? Have we built effective formal and informal channels to engage with them?
- What level of transparency, assurance, and open dialogue will most effectively build trust with stakeholders and strengthen confidence, accountability, and resilience across the wider system?
- Where can we convene with peers, policymakers, and industry bodies to align on shared principles and standards, elevate norms across our sector, and champion market-shaping commitments that reduce systemic risk and friction across the ecosystem?
- Have we identified how we can contribute to advancing corporate governance standards in our markets and to developing the next generation of directors?

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