

COMMENT: 2026 OUTLOOK

Are you ready for 2026?



by GAVIN HINKS

Buckle up: it looks like boards are in for a turbulent time. We interviewed key figures about what this new year might bring for business.



Randall S Peterson is professor of organisational behaviour at London Business School

In 2026, the UK enters a defining period as the economic impacts of Brexit fully surface and growth remains sluggish. Boards now face a critical question: is Britain heading toward a "lost decade", or simply navigating a temporary adjustment to new trading

relationships? The answer to this question is critical to businesses across the UK, making effective governance a must-have to manage the uncertainty.

Boardroom predictions for the UK's economic fortunes will certainly shape long-term strategy and investment. Most importantly, boards will need to plan their strategies flexibly as uncertainty is already fuelling a degree of political turbulence. Voters want stability and prosperity, and if neither materialises, they will become more receptive to alternative parties, policies, and economic narratives. Businesses operating in the UK therefore face a dual challenge: managing economic unpredictability while navigating a more volatile political climate.

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My wish for governance in 2026 is for our businesses to focus on the quality of their discussions while also projecting confidence, stability, and forward-looking leadership.

Those that fail to do so risk being pulled into deeper divisions reminiscent of US-style economic and political polarisation. The companies that thrive will be those where boards work collaboratively with senior executives to strategise for multiple futures, adapt quickly, and maintain trust in a shifting national landscape.



Nada Kakabadse is professor of policy, governance and ethics at Henley Business School.

In 2026, boards and executive teams should expect geopolitics to be firmly at the centre of corporate strategies, risk oversight, and capital allocation.

We are facing up to an era where business must function and survive in an increasingly fragmented and politicised operating environment. At the same time, we are witnessing a global weakening of rules alongside the settlement of trade disputes using power, alliances and retaliation, rather than any form of neutral arbitration.

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agenda, becoming an item which is comparable to financial, cyber, and other operational risks.

These moves will continue to grow uncertainty around long-term investments and increase exposure to sudden regulatory or sanctions-related marketplace shocks. Political alignment and

positioning will continue to shape market access, supply-chain viability, and regulatory treatment. At the same time, firms will no longer be judged just upon their performance and compliance. Stakeholders will also consider their perceived geopolitical positioning and strategic reliability.

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As part of this, directors will be expected to oversee geopolitical scenario planning, supply chain resilience, and exposure to export controls, sanctions, and national security reviews. To support this development, many boards will need new capabilities, including geopolitical literacy and stronger links between strategy, compliance and government affairs. As a result, top teams should expect closer state and organisational interdependence.

Access to subsidies, public procurement and key markets will increasingly depend on being aligned with national, industrial and security priorities. Strategic flexibility, political awareness and resilience will define competitive advantage. In short, boards should prepare to govern and lead under the shadow of their nation's flag.

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Gavin Hayes is head of policy and public affairs at the Chartered Institute of Internal Auditors

This year has seen many welcome developments in corporate governance. The year began with the latest *UK Corporate Governance Code* coming into force, alongside new *Global Internal Audit Standards* and the Chartered Institute of Internal Auditors' updated *Internal Audit Code of Practice*. In April, the government launched its *Cyber Governance Code of Practice*, a timely move, as several well-known British companies, including the Co-op, M&S and Jaguar Land Rover, faced a wave of cyberattacks. These incidents underscore the need for robust cyber governance and oversight.

However, progress has not been without setbacks. In July, the government announced further delays to the long-awaited Audit Reform and Corporate Governance Bill, promised in the King's Speech a year earlier. Plans for a modernised corporate reporting framework have also been postponed. These reforms are long overdue, given that the Companies Act dates back to 2006 and urgently needs updating. In response, the Chartered Institute of Internal Auditors coordinated an open [letter to the prime minister](#), signed by 66 MPs and peers from eight parties, highlighting strong cross-party support for audit reform.

The government's Cyber Governance Code of Practice was a timely move, as several well-known British companies faced cyberattacks.



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So our hope for 2026 is that audit and corporate governance reform finally moves forward, ensuring laws are fit for purpose. Without urgent action, there remains a real risk of further corporate failures linked to audit and governance deficiencies. We would like the government to reaffirm its commitment to the bill in the King's Speech expected in the spring.

The new year will also mark the first time companies subject to the UK Corporate Governance Code must report on Provision 29 and the new Internal Controls Declaration, requiring boards to confirm the effectiveness of their internal controls. This should drive greater focus on strong controls, improved reporting and enhanced accountability. The internal audit profession stands ready to support boards in meeting these new requirements.



Cas Sydorowitz is global head of Georgeson.

Shareholder engagement is changing rapidly. Major funds now use pass-through voting, which redistributes influence and makes it harder for companies to determine who holds voting power. Stewardship teams—both active and passive—within the same institution often vote differently. At the same time, proxy advisers,

such as Glass Lewis, are moving away from providing their benchmark policies to companies.

While asset managers often remain the primary focus for companies, the ability of firms to successfully defend against activists may hinge on mapping out where influence truly resides and cultivating relationships that endure beyond proxy season.

As 2026 approaches, companies are recalibrating their approach to engaging with investors. Boards that adopt a proactive, year-round investor engagement strategy to identify key influencers across equity, debt and market-shaping stakeholders are more likely to build trust, anticipate concerns and reduce activist risk.

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Activists are shareholders who invest significant resources to advocate for change in order to unlock value at target companies. Their objectives often align with those of other shareholders who lack the means to drive such change themselves.

A company engagement programme that provides clear and consistent communication across its full investor base—including beneficial owners and other “hidden” holders who may not be immediately visible on the register—is critical.



Sandy Pepper is emeritus professor at the London School of Economics and Political Science and chair of the board of governors at the University of Portsmouth.

Corporate governance in the higher education sector had its “Robert Maxwell moment” with the publication in June of a [damning report into the financial collapse](#) of the University of Dundee, which led to a £22 million bailout by the Scottish government. The report criticised the Court of Governors, the governing body of the university, for significant failures in corporate governance.

This has proved to be a major wake-up call for those involved in university governance, in the same way that the [Robert Maxwell debacle](#) was in the commercial sector in the 1990s. The Office for Students, the sector's leading regulator, has pointed out how important good governance is to a robust and effective system of higher education. The Committee of University Chairs, the representative body of board chairs of UK universities, is undertaking a root

Financial sustainability is currently a significant area of concern for many UK universities.

and branch rewrite of the Higher Education Code of Governance, which is due to be reissued in the Spring.

The combined economic impact of UK higher education is estimated to be more than £265 billion—ample evidence that universities play an important role in the British economy. Financial sustainability is currently a significant area of concern for many UK universities. Expect to see major changes in the higher education sector and the way universities are governed in 2026.



*Richard Leblanc is a professor of corporate governance, law and ethics at York University, Toronto and editor of **The Handbook of Board Governance**.*

After a busy 2025 for Canadian boards, I predict an equally busy 2026. Here are five of the top board priorities.

Trade migration to rules-based and reliable partners will continue, with companies pursuing non-US suppliers, customers and corridor routes. Corporate boards will become more international, director rolodexes will be activated, virtual meetings will continue, and there may be less need for American directors on non-US boards as target markets shift.

Look for boards **taking on artificial intelligence** more aggressively in 2026. This means: oversight of AI model scaling, deployment and results; performance indicators within the strategic plan; workforce training and talent development; capital spend and budget criteria and returns; and company AI policies approved by boards.

Geopolitical 'black swans' will be normalised. Boards will continue to review action plans for tariff impact and home country trade agreements with the US. **Geopolitical risk analysis** will be busy in 2026 before the US mid-terms and will include worst case scenarios, including sustained tariffs, defence spending, **threats of annexation** and conflict.

Expect more **boards to be renewed, reinvigorated and reconstituted** to include the recruitment of AI, customer development, government relations, international and regulatory skills. Boards will need track records, experience and credibility to provide actionable counsel and introductions on achieving the modified strategic plan to diversify the company's target markets in response to trade agreements and tariffs.

Boards will need **dynamic, forward-facing strategy** and approaches to risk. Diversification of the company's sales and supply chain will be incorporated into strategic plans, with

staged indicators to measure achievement and links to variable pay of management. Expect risk registers to be updated to include AI, geopolitical, market change, regulatory and supply chain risks.



*Kit Bingham is a partner in **Heidrick & Struggles'** London office and head of the **UK Board Practice**.*

In the UK, boards don't get enough time to talk about the business. In 2026, I'd like to see as much emphasis on performance as there is on governance.

Particularly in financial services, more time is needed for the board to talk about growth strategy involving technology and digital. So much of the board's time is spent on audit or compliance and not enough time on strategising and contributing to driving the business forward.

We have also reached a point where something needs to be done about non-executive pay. The Financial Reporting Council has clarified that non-executives **can be part-paid in shares**, but that has always been possible, though most companies don't.

Currently, we are materially behind the US. It isn't necessarily the benchmark we should follow, but we should, at least, talk about closing the gap because the reward and time commitment involved in the work are in danger of moving out of balance.

One last point, shareholder concerns about issues such as overboarding have become unnecessarily interventionist. That's not to say I am a fan of overboarding, but it's not an issue where I think there is a market failure.