SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
Leadership and Integrity

BOARD FOCUS | 2026

Six Critical Governance Priorities for 2026

INTRODUCTION

The year 2026 opens against a backdrop of global uncertainty. Geopolitical tensions continue to reshape trade corridors and investment flows, while economic volatility tests the resilience of businesses worldwide. From increasing tariffs and regulatory fragmentation to climate-related disruptions and technological acceleration, the business environment for corporations has never been more complicated and unpredictable.

To boards of directors, this volatility is not merely background noise but a defining context within which governance must evolve. The 2026 challenges require more than reactive crisis management but a more strategic, technologically fluent, and stakeholder-accountable approach, which extends far beyond quarterly profits.

History reveals that organisations led by boards capable of navigating uncertainty with clarity and courage come out stronger. Organisations that invested in ***digital infrastructure during the 2008 financial crisis*** were better positioned for the subsequent decade of growth, and ***organisations who integrated sustainability into their strategies ahead of regulatory requirements*** gained a competitive advantage and stakeholder trust.

Taken together, these show that boards that are proactive to change will define the next era of corporate success. However, this proactivity requires more than intuition but also diverse perspectives, robust governance frameworks, lifelong learning, and the willingness to challenge conventional practices. It requires boards to govern not just for today's shareholders but for tomorrow's stakeholders, including employees, communities, regulators, and future generations.

"Boards that are proactive to change will define the next era of corporate success."

This article examines six (6) critical focus areas for boards in 2026, offering a blueprint for governance excellence in an era of disruption. The focus areas include ***artificial intelligence governance, cybersecurity and data protection, board composition and diversity, talent development and succession planning, digital transformation, and risk management.*** Together, they position boards not as passive overseers but as active architects of sustainable growth and long-term value creation.

Fig. 1: *6 Board Priorities for 2026*

1. ARTIFICIAL INTELLIGENCE GOVERNANCE & OVERSIGHT

Artificial intelligence is no longer an emerging technology confined to innovation labs. AI has been integrated across business functions, from customer service and supply chain management to risk analysis and strategic decision-making. According to the McKinsey State of AI report, 78% of organisations now use AI in at least one business function, an increase of 55% from just two years earlier *(Singla et al., 2025)*. More significantly, organisations now deploy AI across an average of three business functions, signalling a shift from experimentation to enterprise-wide integration.

While this adoption brings transformative potential, it also introduces governance challenges. The World Economic Forum notes that AI systems, particularly those involving algorithmic decision-making, can create accountability gaps, introduce bias, and lack transparency (World Economic Forum, 2025). Hence, AI is no longer a technical issue assigned to IT departments for boards but now a strategic and ethical imperative that requires active oversight at the highest governance level.

However, despite widespread AI adoption, governance structures have lagged. A survey of more than 200 board members by the Diligent Institute (2025) reveals that while ***80% of companies*** have taken action regarding AI, only ***22% have formal AI governance policies.*** Additionally, ***66% of directors report*** using AI technologies themselves; however; less than two in five boards have AI expertise or dedicated training programmes for directors. This gap between usage and oversight creates significant risk.

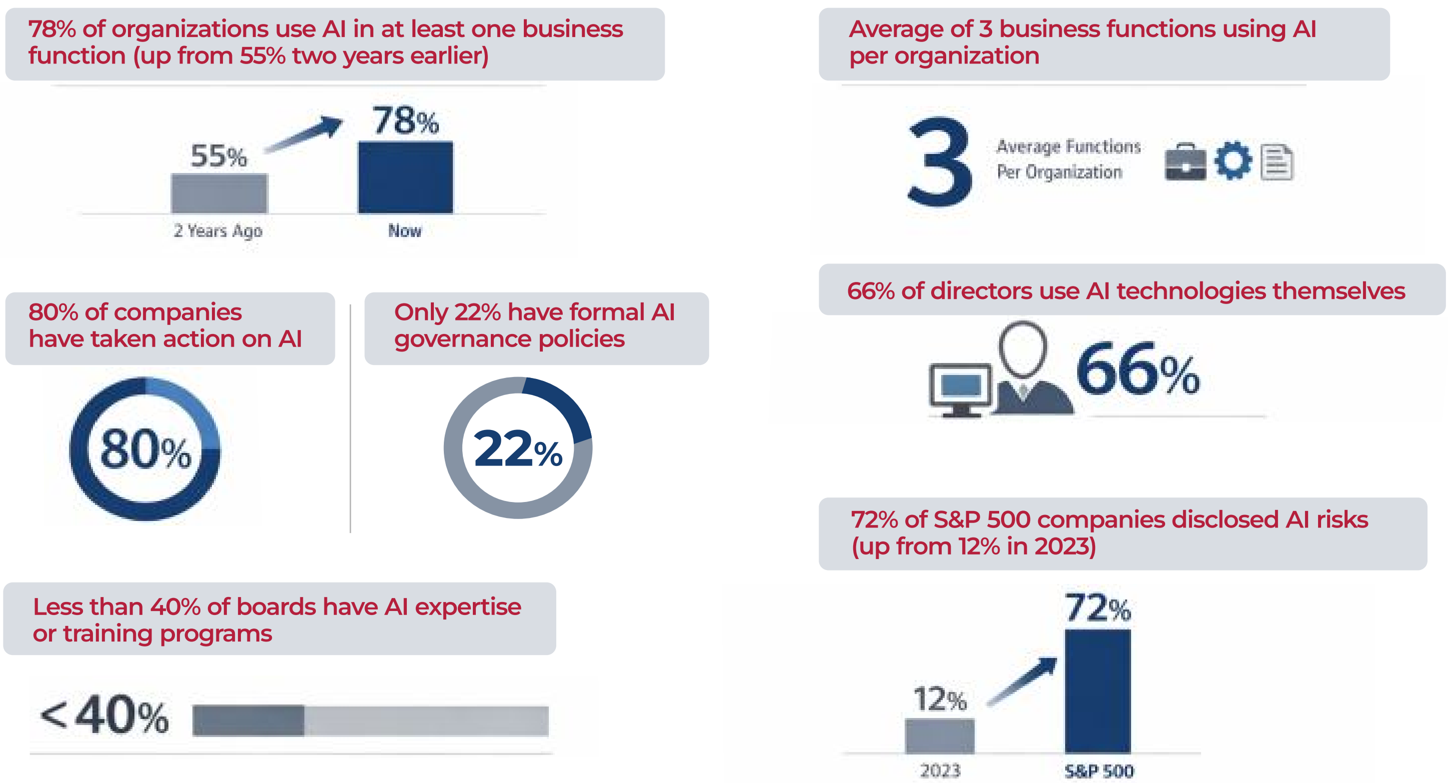


Fig. 2: *AI Adoption vs. Governance Gap*

The consequences of ungoverned AI are already visible. In 2025, ***72% of S&P 500 companies reported*** at least one material AI risk in their filings, up from just 12% in 2023. These risks include reputational damage, biased algorithms, regulatory penalties for non-compliance with emerging AI laws, cybersecurity vulnerabilities in AI systems, and strategic misalignment.

However, the regulatory landscape for AI is evolving. The ***UNESCO Recommendation*** on the Ethics of AI, adopted unanimously by 193 member states in 2021, represents the world's first comprehensive guideline for ethical AI development and deployment. This framework, which includes experts from 155 countries, establishes core values, principles, and policy actions to ensure AI development is human-centred, rights-based, and sustainable.

In Nigeria and across Africa, governments and regulatory bodies are beginning to integrate AI into corporate governance frameworks. The Securities and Exchange Commission (SEC) Nigeria, through its adoption of enhanced disclosure requirements under the ***Investments and Securities Act (ISA)*** 2025, now expects organisations to address technology-related risks, including AI, as part of their governance disclosures. This aligns Nigeria with global trends where AI oversight is shifting from voluntary best practice to regulatory expectation.

Looking ahead, 2026 marks the mainstreaming of multi-agent AI systems, networks of specialized AI agents working collaboratively to achieve complex goals. IDC forecasts that by 2030, ***45% of organizations will orchestrate AI agents at scale*** by embedding them across business functions. This shift moves AI from reactive tools to proactive autonomous systems capable of planning, executing, and adapting without constant human intervention. For boards, this evolution raises important questions: Who is accountable when an AI agent makes a decision that causes harm? How do we audit systems that continuously learn and evolve? What controls prevent AI agents from operating beyond their intended scope? Addressing these questions will require boards in 2026 to elevate AI from an operational concern to a core governance responsibility.

CRITICAL FOCAL POINTS FOR BOARDS

- **Build AI Literacy**

Board members must build foundational understanding of AI technologies, their applications, and associated risks. Regular training sessions, expert briefings, and workshops are crucial for competence in AI governance.

- **Create Dedicated AI Committees**

Boards must consider creating committees to oversee AI risks and opportunities. These committees should include directors with technology expertise and collaborate with legal, technical, and operational experts to comprehensively address AI risks.

- **Set Clear AI Principles**

The UNESCO Recommendation emphasises fairness, transparency, accountability, and ethical AI use. Boards should integrate these principles into organisational policies and decision-making processes, ensuring alignment with regulatory expectations and stakeholder values.

- **Monitor AI Operations**

Regular monitoring and review of AI systems ensure compliance with legal standards and ethical principles. Boards should invest in tools and processes enabling real-time oversight of AI operations.

- **Promote Ethical AI Culture**

Boards should promote ethical AI use throughout the organisation, encouraging employees to prioritise ethical considerations in AI development and deployment to foster long-term trust and compliance.

2. CYBERSECURITY & DATA GOVERNANCE: A BOARDROOM IMPERATIVE

In an era marked by increasing cyberattacks, cybersecurity has evolved from an IT concern to a critical business risk. The volume and severity of cyber incidents have reached ***unprecedented levels,*** as organisations face cyber threats that can cripple operations and lead to regulatory penalties.

According to the Global Risks Report (2025) by the World Economic Forum, ***cyber risk is ranked as one of the leading global threats*** to organisations and economies, as hackers now leverage advanced methods, including AI-driven phishing and ransomware, targeting critical infrastructure. However, the regulatory response has been equally swift. According to the ***World Economic Forum (2025)***, mandatory disclosure rules now require organisations to assess and report cyber incidents within days, supported by documented assessment processes.

For boards, this means cybersecurity can no longer be delegated to IT departments but requires direct board oversight and strategic investment. For organisations in Africa, including those in Nigeria, cyber threats are further worsened by infrastructure gaps, limited cybersecurity talent pools, and evolving regulatory frameworks. There are fewer than ***300,000 cybersecurity professionals*** in Africa to protect one of the world's fastest-growing digital ecosystems, while the continent is facing an average of ***2,164 cyberattacks per organisation weekly,*** a 23% increase from 2022.

Fig. 3: *Africa's Cybersecurity Challenge*

The Nigerian Data Protection Act 2023 and the Nigerian Data Protection Regulation 2019 set strict requirements for data protection, transparency, and accountability, with severe consequences for non-compliance. Additionally, the Investments and Securities Act (ISA) 2025 reinforces the powers of the Securities and Exchange Commission, strengthens investor protection and introduces clearer regulation for emerging digital risks. Thus, boards must recognise that data privacy and cybersecurity are inseparable, and breaches often result in both operational disruption and regulatory penalties where oversight is deemed insufficient.

Proactive cyber governance demands continuous board engagement and oversight. Cybersecurity must be a standing board agenda, with regular reports from Chief Information Security Officers to ensure directors understand the organisation's threat landscape and measures in place. By prioritising cybersecurity and data privacy, boards not only safeguard their organisations against cyber threats but also build long-term resilience in an increasingly interconnected world.

CRITICAL FOCAL POINTS FOR BOARDS

Prioritise Cybersecurity

Boards must ensure cybersecurity is a standing agenda item at every meeting, with regular reporting from Chief Information Security Officers on threat landscapes, incidents, mitigation measures, and compliance with the Nigerian Data Protection Act 2023.

Invest in Security Infrastructure

Boards must ensure strategic investment in zero-trust architecture, advanced threat detection systems, security awareness training for all employees, and technologies for real-time monitoring and response to cyber threats.

Regularly Assess External Threats

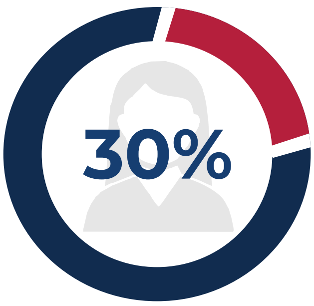
Boards should demand complete security assessments of all service providers while regularly reviewing cyber insurance adequacy to ensure coverage aligns with organisational risk exposure and potential financial impact.

3. BOARD COMPOSITION, DIVERSITY & SKILLS GAP

Board composition has evolved from a relatively static governance concern to a dynamic strategic imperative. Boards are expected to reflect not only demographic diversity but also the skills, experiences, and perspectives necessary to govern organisations. Research on global governance has shown that diversity enhances the performance of boards and increases decision-making on financial matters *(Baik, Chen, and Godsell, 2024).*

Similarly, the OECD ***Corporate Governance Factbook 2025*** notes that diversity enhances board independence and effectiveness by broadening perspectives and improving the quality of discussion and oversight.

Therefore, gender diversity remains a central focus of board composition globally. In Europe, regulatory intervention has driven significant progress. The ***European Union directive requires listed*** companies across all member states to achieve boards where women occupy at least 40% of non-executive director seats or 33% of all board positions by mid-2026. Likewise, ***France and Germany have extended gender quotas beyond boards to executive management,*** with France requiring companies with more than 1,000 employees to reach 30% women among executives in 2026 and 40% by 2029. In Nigeria, the Central Bank of Nigeria recommends a minimum of ***30% female representation*** on the boards of commercial banks, signalling a move toward broader acceptance of diversity as a governance priority.



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Hence, modern governance thinking emphasises that diversity must extend beyond gender. Boards are required to reflect a mix of professional skills and experiences that match the organisation's strategic challenges. The OECD Corporate Governance Factbook 2025 further highlights that skills diversity is becoming as important as demographic diversity, especially as boards oversee complex issues such as artificial intelligence, cyber risk, climate change, and digital transformation. The skills gap is particularly acute in technology and digital literacy, with many boards lacking the technical expertise needed to oversee AI, cybersecurity, and digital transformation effectively.

However, diversity alone is insufficient; inclusion is equally critical. An inclusive board culture ensures that all directors can contribute meaningfully, regardless of background. The OECD Corporate Governance Factbook 2025 also notes that inclusive boards encourage open discussion, constructive challenge, and respect for different viewpoints.

The role of the board chair is central to creating this environment. Effective chairs manage discussions to prevent domination by a few voices, encourage participation from all members, and foster psychological safety where directors feel comfortable challenging prevailing views. Without inclusion, diversity becomes symbolic and fails to improve governance outcomes.

To build effective, diverse, and inclusive boards in 2026, organisations must set clear, measurable targets for gender, skills, and intellectual diversity while disclosing progress transparently. Regular skills assessments help identify gaps in board expertise and develop recruitment strategies prioritising capabilities aligned with strategic priorities. Fostering an inclusive culture through effective chairing, open discussion, and respect for diverse viewpoints ensures all directors can contribute meaningfully. Board diversity and composition are no longer optional ideals but practical tools for effective governance.

CRITICAL FOCAL POINTS FOR BOARDS

Conduct Skills Gap Assessments

Boards must regularly evaluate collective expertise against organisational needs, identifying deficiencies in technology, ESG, and digital transformation. Clear, time-bound diversity targets should be established with transparent progress disclosure in annual reports.

Promote Inclusive Board Culture

Board chairs must create environments where all directors contribute meaningfully through structured facilitation that prevents voice domination, encourages participation, implements anonymous feedback mechanisms, and addresses unconscious bias through regular training.

Prioritise Technology Literacy

Boards must ensure all directors undergo regular training on AI, cybersecurity, and digital transformation fundamentals, building the technical fluency necessary to govern increasingly technology-dependent organisations effectively.

4. TALENT DEVELOPMENT & CEO SUCCESSION PLANNING

With recent technological advancements, changing business environments, and evolving workforce dynamics, talent development and succession planning have become key pillars of sustainable growth. Organisations must not only attract and retain top-tier talent but also develop leaders who are equipped to navigate the complexities of the modern world. For boards, succession planning, particularly for CEO and senior executive roles, is no longer a reactive process triggered by unexpected departures. It is a continuous responsibility that requires foresight, intentionality, and transparency.

The struggle to be an outstanding leader is fiercer than ever. Organisations are seeking individuals who not only have technical skills but are also visionary and adaptable, with a thorough knowledge of market trends. However, many boards remain underprepared for leadership transitions. Despite succession planning being a board priority, preparedness remains inadequate. Only 37% of companies have formal emergency succession plans, and merely 41% of board members feel "very well prepared" for sudden departures, even though 59% experienced at least one unexpected executive exit in the past two years (The Conference Board, 2024; Corporate Board Member, 2025). This gap creates organisational instability, often triggering secondary departures and strategic disruptions (Corporate Board Member, 2025).

Future-ready succession planning extends beyond filling vacancies to cultivating leaders with diverse skills and perspectives.

CRITICAL FOCAL POINTS FOR BOARDS

Plan for Leadership Transitions

Boards must ensure current emergency succession plans exist for the CEO and at least three critical executive roles, with biannual reviews. High-potential internal candidates should be identified at least three years before anticipated transitions.

Invest in Skills and Development

Boards should ensure adequate resources for leadership development programmes focusing on digital transformation, strategic thinking, and industry-specific skills that prepare current and future leaders for evolving organisational challenges.

Integrate DEI

Boards should ensure talent pipelines reflect diversity objectives with clear pathways for marginalised groups. Organisations must identify potential successors and provide mentorship, cross-functional exposure, and leadership development programmes.

Conduct Talent Reviews

Boards must oversee comprehensive talent assessments that evaluate retention risks, track leadership development progress, measure succession readiness against strategic objectives, and monitor key metrics, including turnover rates for high-potential employees.

Hence, boards must prioritise upskilling both themselves and the broader workforce to align with evolving industry demands. Diversity, equity, and inclusion are no longer optional. So, boards must expect to integrate DEI principles into talent strategies by identifying and nurturing individuals from under-represented groups. In Nigeria, where leadership diversity intersects with ethnicity, religion, and culture, boards play a key role in modelling inclusive leadership that reflects the country's pluralistic society. Transparency in reporting on DEI progress not only enhances accountability but also builds trust with stakeholders.

Retaining high-potential talent in today's competitive labour market requires more than competitive remuneration. Organisations must build environments where employees are valued, supported, and provided with opportunities for growth. Organisations must also invest in continuous learning, with programmes that focus on digital transformation, leadership development, and industry-specific skills to help employees and boards remain relevant.

Boards play a decisive role in overseeing talent development and succession planning, including conducting regular reviews of succession plans for the CEO and other roles, ensuring emergency plans are up-to-date, and assessing the capability of internal leadership pipelines. In 2026, succession planning and talent development are no longer episodic activities but deliberate, continuous governance responsibilities essential to organisational resilience and long-term success.

5. DIGITAL TRANSFORMATION & BUSINESS MODEL INNOVATION

Digital transformation is no longer about adopting new technology for efficiency alone. In 2026, it is a central governance issue that shapes strategy, competitiveness, risk exposure, and stakeholder trust. Boards are now expected to oversee how technology reshapes business models, decision-making, data use, and organisational culture. Digital strategy is therefore not an IT matter; it is a board responsibility.

The OECD Corporate Governance Factbook 2025 emphasises that evolving corporate governance frameworks must address the challenges of digitalisation and sustainability, recognising that technology is reshaping how corporations create value and interact with stakeholders. Digital transformation affects how products and services are delivered, how decisions are made using data and analytics, how organisations engage customers and employees, and how risks are managed. Boards must ensure that digital initiatives are aligned with strategy, not pursued as isolated technology projects.

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However, this raises governance concerns about ***data quality, bias, and accountability;*** boards must ensure visibility into how data shapes decisions. By 2029, Gartner predicts that 10% of global boards will use AI guidance to challenge executive decisions, necessitating clear policies around oversight, responsibility, and regulatory compliance *(Gartner, 2025).*

In 2026, 75% of new applications are expected to be built using low-code platforms, empowering non-technical staff as "Citizen Developers" while creating governance challenges around preventing Shadow IT (Gartner, 2025; InfoWorld, 2025). Hence, organisations must balance innovation with proper oversight frameworks, ensuring that applications developed outside IT departments meet security, compliance, and quality standards.

Additionally, Nahum et al. (2026) argue that governance effects are strongest during digitalisation, with strategic boards and dispersed ownership accelerating progress while monitoring boards and concentrated ownership slow it down. For boards, these findings highlight the need for strategic engagement during digitalisation. Boards should champion innovation, ensure adequate resources for digital initiatives, and establish governance structures that enable organisational agility while maintaining effective risk oversight.

Effective boards in 2026 treat digital transformation as a core governance responsibility, overseeing digital strategy as part of business strategy, using data and technology to support better decisions, ensuring ethical and accountable use of AI to strengthen cyber resilience and data protection, and supporting digital skills and culture.

CRITICAL FOCAL POINTS FOR BOARDS

Build Tech Expertise

Boards must ensure at least one director possesses deep technology expertise or establish dedicated digital transformation committees to oversee technology strategy, investments, and alignment with business objectives.

Oversee Emerging Technologies

Boards should mandate governance frameworks for low-code platforms and citizen development that balance innovation with security, including approval processes, security standards, and compliance requirements for applications developed outside IT departments.

Implement Data Governance and AI Oversight

Boards must ensure clear policies governing data quality, bias detection, ethical AI use, and accountability in data-driven decision-making.

Measure Digital Progress

Boards should require annual digital maturity assessments measuring progress against industry benchmarks, identifying capability gaps, and ensuring adequate investment in cybersecurity infrastructure, employee upskilling programmes, and technology modernisation aligned with strategic goals.

5. RISK MANAGEMENT

Risk management has evolved from a back-office compliance function to a board-level strategic responsibility requiring continuous oversight. While organizations operate amidst geopolitical uncertainty, regulatory intensity, and other risks, the traditional approach, where risks are logged, rated, and reviewed periodically, is not enough. Risk levels faced by businesses have risen from ***5.8 out of 10 to 7.9 out of 10,*** a 36% increase, with executives now facing direct legal, financial, and regulatory consequences for governance breakdowns. Disclosure rules require rapid incident reporting supported by documented assessment processes. This increased accountability extends to boards, as they must ensure that risk management frameworks are robust, emerging risks are identified early, and mitigation strategies are tested. However, ***only 24% of organizations rate*** their risk management as "mature" or "robust," while 61% of risk professionals claim that risks are increasing in velocity and complexity.

Furthermore, regulators globally are increasing scrutiny of third-party and vendor oversight, particularly where organisations rely on critical service providers. This shift requires boards to ensure that management conducts regular, robust risk assessments and maintains effective controls over outsourced and interconnected operations. In Nigeria and across Africa, where many organisations depend heavily on international supply chains, exposure to geopolitical tension, regulatory divergence, and supplier concentration risks is especially pronounced.

Against this backdrop, boards must treat risk management as a continuous and strategic process. This includes integrating risk considerations into strategy sessions and major investment decisions, strengthening oversight of geopolitical developments and supply chain vulnerabilities, and ensuring that risk appetite statements guide decision-making in practice. Boards should also actively challenge management's risk assumptions, stress-test scenarios, and maintain close oversight of business continuity and recovery plans to ensure organisational preparedness in the face of disruption.

Finally, effective risk oversight in 2026 will require boards to balance risk mitigation with value creation, ensuring that risk governance frameworks are agile enough to support innovation while safeguarding the organisation's long-term sustainability and stakeholder trust.

CRITICAL FOCAL POINTS FOR BOARDS

Create Risk Structures

Boards must create tailored risk committees with expertise to address complex, organised risks including geopolitical instability, supply chain vulnerabilities, and emerging technology threats.

Define Risk Boundaries

Boards should establish clear risk appetite statements that guide strategic decision-making, with quarterly reviews ensuring alignment with evolving threats, organizational objectives, and capacity to absorb potential losses.

Conduct Scenario Planning

Boards must require at least annual scenario planning exercises to test organizational resilience against multiple risks including geopolitical conflicts, supply chain disruptions, cyber incidents, and climate-related events.

CONCLUSION

The governance landscape of 2026 is increasingly demanding. Boards are required to respond to fast-paced technological change, evolving regulatory frameworks, constant stakeholder expectations, geopolitical uncertainty, and environmental demands that cannot be addressed through minor changes or routine improvements. This places new demands on how boards think, operate, and exercise leadership.

The six (6) focus areas examined in this article are not isolated priorities but interconnected pillars of resilient, future-ready organisations. Effective AI governance cannot exist without robust cybersecurity, while digital transformation requires diverse, skilled boards capable of strategic oversight. Talent development and succession planning ensure continuity and innovation, and risk management integrates all into coherent, forward-looking governance.
Success in 2026 requires visionary leadership, practical execution, and unwavering commitment to long-term impact. As custodians of governance and strategy, boards hold the power to leave a legacy of innovation, resilience, and responsible progress. Their decisions today shape not only the future of their organisations but also the communities and ecosystems they influence.

Finally, the measure of effective leadership lies in its ability to balance immediate needs with long-term aspirations. By fostering a culture of continuous learning, ethical stewardship, and inclusive growth, boards build resilient organisations that not only withstand the test of time but also contribute positively to society. This holistic approach ensures that as businesses evolve, they remain rooted in values that uphold both economic success and social responsibility.

The Society for Corporate Governance Nigeria **(SCGN)** is a registered not-for-profit organisation dedicated to advancing corporate governance standards in Nigeria and across Africa. As a leading institution in this space, we promote ethical corporate culture through advocacy, advisory services, capacity-building programs, research, and a dynamic network of individual and corporate members. Our goal is to be the recognised reference point for corporate governance both nationally & internationally.

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