

## The board's 2025 agenda

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**Geopolitics:** Often, the most glossed-over item on their agenda, this is treated as a filler before and after the formal meeting. For most, the mindset remains that India is a single market with a single currency. However, today, India can no longer be viewed in isolation: Two global wars are a recent reminder. In fact, it can be argued that the butterfly effect is very real given the scale at which the economy operates today.

Supply chain disruptions, tariff wars, bilateral agreements, all permeate politics and policies – monetary, fiscal, duty structures, and incentives – and determine business strategy. And being “local” is no insurance. For example, an agreement like the Australia-India Economic Cooperation and Trade Agreement that lowers the duty on wine, directly affects the pricing competitiveness of Indian wines. Boards and the executive leadership need to keep an eye on external

developments to identify the risks and the opportunities arising from these shifts.

**AI/ Generative AI:** Boards should focus on integrating AI into core operations to optimise performance and leveraging generative AI for innovation and differentiation. AI offers strategic advantages through improved decision-making and enhanced operational efficiency. AI's predictive analytics can help identify new revenue opportunities as well as help mitigate risks that businesses face. Given the pace of change, organisations failing to adopt AI risk falling behind their competitors. Boards must invest in upskilling employees to use this technology effectively. Regularly reviewing AI's impact on performance and risks is crucial. By prioritising AI, boards future-proof their organisations, staying agile in a rapidly evolving digital landscape while fostering innovation and growth.

**Hiring and retaining staff:** A skilled and motivated workforce is the cornerstone of organisational success. Boards often leave this to the executive management. In today's environment, this function needs the board's undivided attention. As the Reserve Bank of India highlights in its recently published Report on Trend and Progress of Banking in India 2023-24, "employee attrition in private sector banks has witnessed an increase to about 25 per cent." This trend increases hiring and training costs, poses significant operational risks, leads to knowledge loss, and demoralises remaining employees. Boards must prioritise creating a strong employer brand, fostering a positive workplace culture, and offering competitive compensation and career development opportunities.

**Sustainability:** Boards have circled sustainability and ESG but seem to have reduced it to focusing on Business Responsibility and Sustainability Reporting, making it a box-ticking exercise. They now need to change gears. Focusing on the environment today is essential in light of increasing environmental challenges, evolving regulations, stakeholder expectations, and the need to build customer trust. For example, Tata Motors has been able to focus on sustainability to attract eco-conscious customers and differentiate itself in the market. Sustainable practices, such as using renewable energy or reducing waste, lowers operational costs and reduces regulatory and reputational risks. As employees, consumers and investors increasingly tilt towards environmentally conscious companies, it has become imperative for boards to embed environmental sustainability into their core strategies.

**Shareholder engagement:** The shareholding pattern is changing from one dominated by promoters and retail investors to one where institutional investors dominate even as institutional investing itself is undergoing a shift. The landscape for institutional investors is transforming from "active management, passive engagement" to "passive management, active engagement." Companies need to

leverage the deep pools of capital that institutional investors offer to scale operations, strengthen governance, and obtain market leadership. Consequently, boards now have to pay attention to what is important to investors beyond financial numbers - namely, robust corporate governance practices and effective benchmarking.

While these items are in addition to those like audit, risk, etc. that have traditionally been on the agenda, there are specific items that a few boards will need to prioritise.

**Newly listed companies:** Approximately 93 companies listed on the main bourses last year (and about 240 more on the small and medium enterprises exchange). While the elements of success for unlisted and listed companies are fundamentally the same, the timelines differ. Unlisted family-owned companies may retain a generational perspective on business even after listing, despite the markets judging them quarterly; here family ownership acts as a buffer. Unlisted private equity-owned companies are focused on value creation to maximise their realisation on exit – which is typically within five years. The focus of public investors is very different from that of private equity and families. Post-listing, boards must step back, re-examine their priorities, and focus on building credibility with stakeholders while establishing a sustainable business.

Issues like **dealing with family disputes** (- which are on the rise) and relevant to a handful of boards, or **succession planning**, which is perennially important, ensure that the board's agenda will always remain demanding. As businesses grow, the operating environment becomes more complex, and investors become more demanding, boards must be prepared for their oversight and governance processes to face greater scrutiny.



*A modified version of this blog titled "The boards' 2025 agenda: Six key issues that will shape their priorities" was published in the print edition of Business Standard 7 January 2025. The article is behind a paywall. The newspapers subscribers can access the original blog by clicking this [link](#) or typing the following url: [https://www.business-standard.com/opinion/columns/the-boards-2025-agenda-six-key-issues-that-will-shape-their-priorities-125010601253\\_1.html](https://www.business-standard.com/opinion/columns/the-boards-2025-agenda-six-key-issues-that-will-shape-their-priorities-125010601253_1.html)*

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