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The Crucial Role Of **Boards** In Technology Advancement

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Never have businesses faced such relentless constant change. Welcome to the fourth industrial revolution-the Information Age. Scarcely has one technological breakthrough settled in, when another even more efficient, comes along. These breakthroughs bring opportunities as well as challenges. Amid this whirlwind, many organisations overlook a vital element for success: effective corporate governance. Without a defined governance framework addressing technology, organisations risk cybersecurity threats, strategic misalignment, obsolescence and loss of stakeholder trust. The board has a critical role to play in this regard and must be hyper vigilant. Not least because, over 80% of boards lack essential IT-for governance skills (according to KPMG). This gap in oversight is alarming. Today, technology has become the great enabler, central to many business operations. Thus, initiatives such as Digitalization, Platform Technology, AI, Blockchain, Cybersecurity Protection and Cloud Computing, must align with overall business goals. This article explores the key elements of corporate governance in the digital information age and offers practical solutions for organisations to thrive.

The Board and the Gap

Research has revealed a disconnect between technological innovation and effective corporate governance. Often, organisations adopt new technologies and overlook the importance of alignment – a well-structured governance framework. Neglecting corporate governance amid technological advancement has profound implications. Organisations risk financial loss and erosion of trust among stakeholders, including investors, customers, and employees. The boards that oversee weak governance structures face higher risks of fraud and misconduct. Additionally, technology introduces new complexities – see, for example, data privacy concerns and algorithmic biases leading to an increase in errors and fraud. Boards are the custodians of organisational strategy. Accordingly, boards that fail to adapt and act as a sentry, will find themselves ill-equipped to perform their role and by their inaction or ignorance, jeopardize the long-term viability of the organisations over which they superintend.

Bridging the Gap

To address these issues effectively, organisations must embrace a proactive approach. An approach that integrates technology into the governance framework. Here are some solutions:

- **Diverse Board Composition**

A diverse board is crucial for effective governance. By including members with I.T. skills or backgrounds in Information Technology, organisations enhance and strengthen oversight and decision-making. Research by Wei Jiang and Tao Li (2024) shows that boards with tech-savvy members are better equipped to navigate digital transformation. The diversity not only enriches discussions but also helps anticipate potential risks associated with new technologies.

- **Proactive Risk Management**

In addition to diverse composition, boards today must be able to identify and mitigate risks related to technology, particularly cybersecurity threats. If a board understands these risks, it will be able to implement effective strategies to safeguard its assets and maintain stakeholder trust. In today's digital world, where threats can emerge unexpectedly, boards must embrace knowledge and insights of the latest technological advancement and associated risks.

- **Strategic Alignment**

It is essential for technological initiatives to be aligned with the organisation's strategic goals. The alignment ensures that projects support overall business objectives and drive growth. This improves performance and leads to the achievement of long-term vision, according to the European Corporate Governance Institute (ECGI). It is imperative therefore, that boards review regularly how technological initiatives fit into their overall strategy.

- **Cultivating Innovation**

Encouraging a culture of innovation is vital for organisations aiming to move and remain ahead of the curve. Boards have no alternative but to support research and development by allocating resources for projects. They must encourage teams to explore new technologies. This approach drives growth and empowerment, helping organisations to adapt quickly to market changes by seizing new opportunities.

- **Cybersecurity Commitment**

Today, prioritizing cybersecurity is non-negotiable. Boards must ensure robust measures are in place to protect sensitive information from cyber threats. Strong cybersecurity practices build trust with customers and stakeholders, reinforcing the organisation's reputation. Such commitment must include regular training for employees on best practices and emerging threats. These create a culture of awareness throughout the organisation.

- **Transparency and Disclosure**

Clear communication about technological initiatives is essential. It helps to maintain stakeholder confidence. Boards need to ensure high standards of transparency and reporting on associated risks and opportunities relating to their technological strategies.

Recommended Guidelines

To implement these key elements effectively, organisations should adopt best practices – leading-edge approaches which are fit for purpose to support robust corporate governance. Below are some initiatives organisations can adopt.

- **Technology Risk Oversight**

Boards should assign technological risk to a committee - the Risk Committee or create a dedicated technology committee to enhance oversight of technological initiatives. The focus should be on aligning digital strategies with governance objectives. The committee must also keep all members informed about technological advancements and threats.

- **Invest In Ongoing Education**

Continuous education on emerging technologies should be routine. This keeps directors and other leaders informed about industry trends and best practices, enabling all and sundry to make sound and informed decisions.

- **Encourage Experimentation**

An environment where teams can experiment without fear of failure or penalization should be safeguarded. Encouraging calculated risk-taking, allows employees to explore new ideas that can lead to significant breakthroughs.

- **Monitor Progress Regularly**

Progress on technological initiatives must be tracked to ensure alignment with strategic goals. Regular evaluations allow for deliberate timely adjustments or pivoting based on performance metrics and changing market conditions.

- **Engage Stakeholders**

Stakeholder engagement must never be overlooked. Boards must constantly be in discussion about technological initiatives with critical stakeholders who can cause pain. This will provide valuable insights for all concerned.

In sum, the synergy between board governance and technology is vital for thriving in today's fast-paced digital- information aged- landscape. Boards cannot use suboptimal-analogue-thinking to navigate and achieve optimal results in a digital world. Transition from traditional oversight to active engagement is critical if boards are to drive innovation. Strategic direction must be driven by giving priority to technological literacy -- a sine qua non. This promotes a culture where experimentation, exploitation and implementation of technological solutions are regular occurrence. And do not forget the need for a robust cybersecurity process. With such integration, organisations shall be positioned for sustainable growth and digital resilience.

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