FT ADVISER

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Business leaders are avoiding risk due to increased scrutiny

Chris Morgan Jones

Business leaders have entered 2026 grappling with a growing wave of increasingly complex risks; shaped not by one single dominant threat, but by a range of problems that leaders must manage simultaneously, from cyber breaches and regulatory compliance to financial crime, reputational attacks and false allegations.

Navigating any dense risk environment requires judgement, strong governance and a balanced mix of proactive and reactive risk mitigation. This has always been true; what's new is the intensity of the scrutiny.

Stakeholders of all kinds take greater interest, and leaders, no longer able to run a business from behind closed doors, are increasingly expected to cultivate personal brands, take public stances on hot-button issues, and connect with a range of critical audiences on a more human level.

While this visibility can build trust, it has an amplifying effect, so that even a minor mis-step can have disastrous, disproportionate consequences. In my years as a corporate investigator, I have seen many a mishandled incident or underestimated risk cause share prices and confidence to dive, and trust to emerge battered or destroyed.

Increased openness has a brought a new sense of precariousness to the life of the business leader.

It is no surprise, then, that against this backdrop, recent data show concerns over reputation are driving decision-making in corporate boardrooms.

According to a YouGov study, commissioned by Nardello & Co last year, 20 per cent of leaders confirmed that they had attempted to limit reputational risk by making "safer" decisions that were not necessarily in the best interests of their companies.

Nearly one in 10 avoid meeting with junior colleagues for fear of false allegations; 42 per cent avoid social media, and 57 per cent are cautious when speaking.

57%

of business leaders said they are cautious when speaking.

While this caution may protect a career or a business' reputation in the short term, it is not a sustainable strategy; prudence is valuable, but when it starts to dominate a leader's thinking it can turn into paralysis.

So, what can businesses do to navigate this complex, brightly lit landscape?

Proactivity, first and foremost. Companies can no longer afford to simply react when a crisis hits. They need the right policies and internal safeguards in place to mitigate risk before it becomes a problem.

Robust whistleblowing channels, regular training on misconduct and compliance, and proper due diligence processes should no longer be optional. These measures are crucial to helping companies identify and address risks early, preventing them from escalating.

But many companies could be unprepared. Of the businesses leaders that responded to YouGov, only 48 per cent confirmed they have an anonymous whistleblowing channel in place, and only 59 per cent provide regular training on misconduct and compliance. These are basic foundations. Without them, the most capable leaders can find themselves on the back foot.

At the same time, businesses must be ready for the moment when a risk becomes reality. Clear crisis management plans that can be deployed instantly are essential, because speed is of the essence. In an era of real-time reporting and social media scrutiny, the window to determine what has actually happened, respond publicly, and get ahead of the narrative has never been shorter.

This is where investigators play a crucial role, because quickly establishing the truth of a situation can make or break a response. Effective crisis response requires defined responsibilities, clear decision-making lines, calm communication, and facts that, while everything else is swirling, can be absolutely relied upon.

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