Rethinking board accountability

From oversight to stewardship

Board Leadership Center (India)

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Why board accountability is being redefined

KPMG in India's Board Leadership Center recently convened an exclusive gathering of distinguished board leaders, regulators, governance experts, legal practitioners and corporate executives to deliberate on two issues that sit at the heart of modern governance: the expanding liability of directors and the emerging dimensions of enterprise resilience. While the discussions were anchored around two separate themes—'expanding liability of directors: where does the buck stop?' and 'beyond liquidity: the new dimensions of enterprise resilience'—a common message emerged across both conversations: board accountability is being fundamentally redefined.

For decades, accountability in corporate governance was largely viewed through a relatively straightforward lens. Management was responsible for execution; boards provided oversight. Directors were expected to exercise fiduciary care, monitor performance and safeguard shareholder interests. Today, however, the boundaries are no longer as clear. Regulators, investors, employees and society at large increasingly expect boards not only to oversee outcomes, but also to demonstrate that they have exercised informed judgement, challenged assumptions and provided meaningful oversight over risks that are often complex, interconnected and difficult to quantify.

At the same time, the nature of corporate risk itself has changed. A cyber incident may become a reputational crisis. A geopolitical disruption may evolve into a supply-chain challenge. An operational failure may quickly trigger regulatory scrutiny and shareholder concerns. Risks that once existed in isolation are now deeply interconnected, creating governance demands that traditional oversight models were not designed to address.

The result is a significant shift in expectations from boards. Accountability is no longer assessed simply by whether a board complied with applicable requirements. Increasingly, it is judged by whether directors asked the right questions, challenged management when necessary, remained alert to emerging vulnerabilities and ensured that their organisations were prepared for a future that may look very different from the past.

The great shift: From oversight to stewardship

Perhaps the important insight emerging from both discussions is that accountability is moving beyond oversight towards stewardship.

Historically, board effectiveness was often measured through compliance, governance processes and financial oversight. While these remain important, they no longer provide sufficient assurance in an environment characterised by disruption, technological transformation, geopolitical uncertainty and heightened stakeholder expectations. The modern board is increasingly expected to act as a steward of long-term resilience, culture, ethics and sustainable value creation.

This shift is reflected in the growing emphasis on evidence-based oversight. Directors can no longer rely solely on management assurances. They are increasingly expected to seek demonstrable evidence that critical risks are being identified, challenged and managed effectively. Documentation of deliberations, visible engagement with auditors and management, and clear records of challenge and dissent are becoming important indicators of good governance. Several participants emphasised that accountability today is closely linked to the board's ability to demonstrate thoughtful engagement rather than passive acceptance.

An important distinction also emerged between caution and scepticism. Effective boards are not expected to become excessively risk averse; rather, they must cultivate constructive scepticism. This requires directors to challenge assumptions, interrogate prevailing narratives and test whether management's view of the future remains valid. Indeed, governance failures are often less about a lack of information and more about a failure to probe deeply enough into the information available.

The implication is profound. The standard by which boards are judged is no longer limited to the quality of decisions they make. Increasingly, it extends to the quality of the discussions, challenge and judgement that preceded those decisions.

Accountability in an era of interconnected risks

The discussions also highlighted that resilience has emerged as one of the defining dimensions of board accountability.

Traditionally, resilience was associated with balance-sheet strength, liquidity and capital adequacy. Today, such a definition appears incomplete. Organisations operate within highly interconnected ecosystems where operational disruptions, technology failures, cyber events, regulatory changes, climate-related developments and geopolitical shifts can rapidly create financial and strategic consequences. Consequently, resilience can no longer be viewed solely through a financial lens. It has become an enterprise-wide capability.

This evolution requires boards to rethink how they oversee risk. Many organisations continue to rely heavily on retrospective reporting and lagging indicators. Yet recent disruptions have demonstrated that looking backwards offers limited protection against emerging threats. Several participants noted that boards often spend disproportionate amounts of time reviewing what went wrong, rather than exploring what could go wrong next. Increasingly, the challenge is not prediction; it is preparedness.

An important concern raised throughout the discussions was the danger of organisational blind spots. Boards often have visibility into known risks and can develop plans to manage them. The more difficult challenge lies in identifying vulnerabilities that sit outside conventional reporting structures or established risk frameworks. This is particularly relevant in areas such as technology, ecosystem dependencies, AI adoption, culture, talent and geopolitical developments, where traditional governance mechanisms may provide limited early warning signals. Effective boards therefore need to supplement formal reporting with broader environmental scanning, scenario analysis, external expertise and a deeper focus on emerging trends.

The conversation also highlighted a growing tension between efficiency and resilience. For many years, organisations optimised for lean operating models, streamlined supply chains and maximum efficiency. Increasingly, however, boards are recognising that resilience often requires a deliberate degree of redundancy, optionality and preparedness. What was previously viewed as inefficiency may now represent an important safeguard against future disruption. The governance challenge lies in balancing short-term performance expectations with longer-term resilience investments whose benefits may not be immediately visible.

The future-ready board: What must change

If accountability is expanding, then board practices must evolve accordingly.

One recurring theme was the need to **rethink board composition and capability**. Governance challenges today increasingly require expertise that extends beyond finance and compliance. Directors must be capable of engaging with technological disruption, digital ecosystems, cyber resilience, strategic transformation, sustainability and geopolitical developments. This does not mean every director must become an expert in every domain. It does, however, require boards collectively to possess the diversity of perspectives necessary to interrogate complex issues from multiple angles.

Equally important is the **need to address fragmentation within governance structures**. Risk, strategy, audit, sustainability and technology discussions are often spread across multiple committees, creating information asymmetry and reducing visibility of the connections between different risks. Yet the significant threats facing organisations today rarely remain confined within a single category. Boards therefore need more integrated approaches to information and oversight, enabling them to understand how strategic, operational, financial and non-financial risks interact. As several participants noted, governance architecture and information architecture must evolve together.

The future board must also dedicate **greater attention to long-term strategic discussions**. Participants observed that the increasing volume of compliance, reporting and risk matters often leaves insufficient time for forward-looking conversations. This is particularly concerning at a time when business models are being reshaped by technology, demographic shifts, geopolitical realignments and changing stakeholder expectations. The effective boards are those that consciously create space for strategic thinking, challenge long-held assumptions and regularly reassess whether their organisations remain relevant in a rapidly evolving environment.

Ultimately, future-ready boards are distinguished not by how effectively they monitor stability, but by how effectively they enable adaptation.

Conclusion: Where the buck truly stops

The central question posed during the discussions was deceptively simple: where does the buck stop?

The answer is no longer confined to questions of legal liability or regulatory responsibility. In the modern governance landscape, the buck stops with the board because the board sits at the intersection of strategy, oversight, resilience and long-term value creation. Its role is not to guarantee outcomes or eliminate uncertainty. Rather, it is to ensure that the organisation has the leadership, culture, capabilities, governance processes and resilience needed to navigate uncertainty successfully.

The effective boards of the future are not be those that attempt to predict every disruption or eliminate every risk. They are those that cultivate preparedness, encourage constructive challenge, remain alert to weak signals and continuously question the assumptions on which success is built. In other words, accountability is increasingly be judged not by whether boards prevented every failure, but by whether they exercised the judgement, stewardship and foresight expected of them.

That is the essence of rethinking board accountability: a shift from compliance to stewardship, from oversight to preparedness, and from protecting value to ensuring organisations remain capable of creating value in an uncertain world.

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