Adapting to a Transforming World

BAYES BUSINESS SCHOOL
CITY ST GEORGE'S
UNIVERSITY OF LONDON

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Foreword

Professor André Spicer
Executive Dean

The City of London has been at the forefront of industrial, financial and professional innovation for centuries. That tradition continues today. The financial institutions, insurance companies and professional service firms around us continue to shape the global economy, while the technology and creative firms around Shoreditch are helping to build the companies and industries of the future.

Bayes Business School sits within this long history of innovation. Over our sixty-year history, we have focused on developing professionals and leaders for the City of London and beyond. We have also produced research and insight that inform the businesses, institutions and policymakers with whom we work in London, nationally and around the world.

As a leading global business school, Bayes continues to produce work of the highest scientific merit. We are home to nearly 180 faculty members, many of whom are internationally recognised scholars in their fields. We also house more than a dozen research centres, through which our researchers work with governments, businesses and non-profit organisations to address practical problems with rigorous evidence and analysis.

Over the years, our research has helped to advance the actuarial profession, support central banks in regulating the financial sector, improve the financing of the shipping industry, inform the allocation of hospital beds, identify ways to debias decision-making, help businesses rethink their models, and support professionals as they move into leadership roles. These examples represent only a small part of the work undertaken across Bayes.

At Bayes, we believe in curiosity. We support a wide ecology of curiosity-driven research, from misogyny at work, the workings of the art market and copula functions in mathematical models, to forecasting techniques, business jargon, protest movements and curiosity itself.

We also believe that research should create change. This requires us to connect ideas, disciplines and expertise in ways that help address some of the largest challenges facing business and society.

That is why we have organised our work around four major research themes: AI and the Future of Business; the Future of Finance and Insurance; Tackling Societal Challenges; and Adapting to a Transforming World.

Under each of these themes, we bring together experts working on some of the most pressing questions of the day. Our researchers are examining the implications of an ageing society, how to decarbonise shipping, how to harness AI to support creativity, and how traditional financial institutions and regulators can respond to innovation in FinTech.

This white paper series is an invitation to engage with our work. In the coming years, we look forward to working with partners to apply high-quality research insight to the issues affecting their organisations, sectors and communities. In doing so, we hope to provide ideas and evidence that help the City of London, and the wider economy and society it serves, continue to innovate and thrive in the decades ahead.

Preface

Professor Feng Li
Associate Dean for Research and Innovation

For much of the post-Cold War period, business strategy was shaped by a set of assumptions that appeared broadly stable. Markets were expected to deepen, supply chains to remain open, technological progress to diffuse through existing institutions, and major disruptions to be episodic rather than systemic. Competition could be intense, but the overall direction of travel seemed relatively clear.

Many of these assumptions no longer hold. Geopolitical rivalry now permeates trade, technology, capital, energy and industrial policy. Economic openness can no longer be treated as a neutral background condition. Institutional resilience can no longer be assumed. At the same time, technological change is advancing in ways that do not simply create new opportunities, but unsettle established assumptions about governance, expertise, trust, accountability and control. Leaders are not just managing change within stable systems. They are increasingly operating amid fundamental shifts in the systems themselves.

This is the context in which Bayes Business School has identified and articulated four Strategic Research Themes: Tackling Societal Challenges, AI and the Future of Business, The Future of Finance and Insurance, and Adapting to a Transforming World. These are not separate agendas assembled for convenience. They are different ways of approaching the same underlying challenges around how organisations create value, manage risk and sustain legitimacy when the conditions that once underpinned strategy and operations are becoming unreliable.

The purpose of this white paper series is not to offer slogans, reassurance or fashionable language dressed up as insight. It is to bring serious research to bear on the practical and institutional questions now confronting business and society. This means looking beyond surface disruption to the deeper shifts underneath it, questioning inherited frameworks where necessary, and engaging with firms, policymakers and other partners who recognise that older playbooks are losing their grip. The unifying conviction behind this series is that rigour matters most when the world becomes harder to read.

This white paper addresses questions that sit behind much of the Bayes research agenda. What follows when the business environment on which firms and institutions depend is not simply becoming more volatile, but changing in more fundamental ways? Some developments are gradual and cumulative. Others are abrupt and structural, reordering the conditions under which firms compete, invest, co-ordinate and plan. Geopolitical assumptions have fractured. Economic openness is more conditional. Expertise is more contested. Trust is more fragile.

Sustainability now extends far beyond environmental policy into trade, finance, supply chains, regulation and public legitimacy.

These developments cannot be understood as a series of isolated shocks layered onto an otherwise familiar system. They call into question parts of the underlying environment that once made strategy appear legible. Adjustment at the margins is no longer enough. Before organisations can respond well, they need to identify what has changed, distinguish deeper change from passing noise, and make sense of the implications without importing categories that no longer fit. This is not just a strategic task. It reaches into operations, organisational design, leadership, governance and the management of people.

Much of what is now unfolding is not adequately captured by the language of disruption alone. Some of it is altering the nature of the system itself, including the terms on which markets operate, authority is exercised, risks are transmitted and institutions retain legitimacy. Making sense of this requires more than alertness or agility. It requires serious research and, at times, conceptual reframing. Category errors, false analogies and inherited assumptions can all produce responses that are confident and wrong. The cost of misdiagnosis is often significant, and its consequences may be borne for years.

Located in the City of London and closely connected to business, finance, technology, policy and professional practice, Bayes works in arenas where these pressures are first felt and most sharply expressed. Research here examines how firms and institutions operate when openness can no longer be assumed, authority is less settled, and co-ordination across markets, states and organisations becomes more difficult. This includes work on business and policy adaptation, expertise and disinformation, the role of developing economies in a changing global system, ESG disclosure and sustainable finance, and the interaction of geopolitical risk, corporate finance and global supply chains.

This white paper aims to clarify these developments, bring analytical discipline to issues often described too loosely, and make them more intelligible for strategy, operations and leadership. Older frameworks still have value, but they can no longer be applied mechanically. Some will need to be revised. Others will need to be set aside. New ones will need to be developed. The harder task is to judge which is which.

Introduction

Professor Zachary Estes
Theme Lead

Rapid and tumultuous change has characterised the past two and a half decades. In the last year alone, former geopolitical certainties have been overturned. The outlook is confusing and confused. This moment constitutes "a rupture, not a transition", as Mark Carney, the Canadian prime minister, observed at the 2026 World Economic Forum in Davos.

There are some stark agenda items for businesses and organisations. A boom in artificial intelligence has disrupted business plans and called into question traditional career structures and professional norms. The evidence for damaging levels of climate change grows clearer even while a collective global response to it remains uncertain.

A multipolar world dominated by resurgent "great powers" and "strong men" adds new layers of complexity and unpredictability.

And this is the world in which we expect leaders to operate and perform. It is no easy task.

In this context, Bayes is asking challenging questions and coming up with practical responses. This and related white papers are part of that response. What does this changing world mean for us and how can we best contribute to it? Perhaps some (or even much) of modern business knowledge has less purchase on a world in such a state of flux. Traditional governance models and decision-making processes may no longer be fit for purpose. Even the very essence of leadership and management may have to be rethought.

The Bayes approach

This white paper sets out some of the ways in which Bayes is wrestling with these thoughts and drawing on its scholarship and expertise to support others as they adapt to this changing world.

It considers Bayes' activity under five main subject headings:

- Business and policy adaptation in a shifting landscape
- Expertise, trust and disinformation
- The role of developing nations in a changing global economy
- ESG disclosure and sustainable finance
- Geopolitical risk, financial strategies and global supply chains

Clearly there are significant overlaps between these topics. Who still has authority at a time when expertise is questioned? Key questions of capital allocation and other strategic choices could be thrown into doubt when behavioural norms have been displaced. What is a "licence to operate" at a time of geopolitical and environmental instability?

The term "sustainability" has to be understood and applied in a broader range of contexts than has been the case until now: not merely in terms of climate change but also politically, socially, financially, and so on. These are systemic and inter-connected questions, not issues that can be considered in isolation from each other.

The agenda is rich. If uncertainty, institutional fragmentation, contested expertise, geopolitical risk and technological acceleration are now structural features of the landscape, then the implications are profound not only for practice and policy, but also for how we research, theorise and teach.

Bayes Business School is of course committed to research and teaching, but also to playing an active part with businesses and organisations as they face up to these emerging and developing challenges.

Business schools (and the academy generally) cannot simply be an interested but detached onlooker as the world turns. Bayes is actively engaged, offering insight and experience.

The following pages contain summaries of the latest and ongoing work by Bayes faculty on those five inter-related topics.

Business and policy adaptation in a shifting landscape

The context

Businesses and policymakers confront a moving landscape and an environment marked by uncertainty, fragmentation and accelerated change. Global turbulence forces businesses to rethink their levels of resilience, while policymakers must attempt to craft frameworks that support both economic and societal well-being. Yet the simple solutions to complicated problems offered by populists can attract significant support, at least in the short to medium term.

Climate disasters expose weaknesses in democratic governance, while poor disaster responses deepen polarisation, erode trust, and risk democratic backsliding. Meanwhile AI and digital technologies are generating profound ethical dilemmas about whose values will shape future societies, amplifying both opportunities for productivity and risks of inequity or a loss of control in terms of human agency.

Professions (and professional networks) emerge as critical adaptive players, offering pathways to resilience in uncertain times.

Bayes' deep relationships with professionals in a range of disciplines is a particular strength.

Businesses and policymakers thus face urgent questions such as: how do policy decisions influence and impact business resilience in times of uncertainty? What role do regulatory frameworks play in stabilising economies during crises?

At Bayes Business School, our researchers are at the forefront of these debates, offering evidence-based insights and innovative solutions to the complex questions shaping business and policy adaptation in a shifting landscape.

Our expertise

Faculty expertise at Bayes spans comparative approaches to capitalism, disaster response, global technological transformation and the sociology of the professions.

Daniel Beunza has examined organisational and regional resilience in the face of disasters. His ethnographic studies, from Wall Street's response to 9/11 to ongoing research on the Valencia floods of 2024, highlight how solidarity, politics and material factors shape recovery processes, as well as the role of community in reconstruction.

Li Cunningham has analysed China's role in reshaping global norms through advances in green tech, biotech, and AI. Her work underscores how the Digital Silk Road exports not just infrastructure but governance models, institutionalising divergence between liberal and state-centred approaches.

John Forth's research has shown how businesses and workers adapt across different institutional regimes, contrasting the dynamism and inequality of the UK's liberal market economy with more regulated models, for example in France. His work has used linked employer–employee data to explore job creation, management practices, and the effects of employment regulation, particularly minimum wage policies.

Amit Nigam has studied professions as adaptive agents in crisis. His research on medics during COVID-19 and healthcare systems more broadly shows how professional ethics, knowledge systems, and jurisdictional boundaries both enable and constrain adaptation in complex environments.

André Spicer (Executive Dean of Bayes) has examined institutional design and organisational culture change in responses to crises. His research has considered how large banks and financial regulators changed their culture in response to financial crises, how industries have developed more participative structures in response to environmental crises, and how public sector and professional institutions have responded to various crises and scandals.

Saeid Rahanjam's research is centred around studying corporate political agencies, cross-sector partnerships, public and private regulatory frameworks, and stakeholder engagement to examine how governance can be designed and implemented to effectively address sustainability challenges (in particular, climate adaptation and decarbonisation).

Research agenda

The research agenda in this area of business and policy adaptation at Bayes Business School centres on governance and the societal implications of technological and institutional change.

1. **The evolution of employer-employee relationships under global uncertainty and shifting labour markets.** Bayes research, with the UK Office for National Statistics, aims to develop a new linked employer-employee data (LEED) infrastructure. This will reveal how business dynamics affect job security, income stability, and worker well-being, while also identifying barriers to firm-level adaptation shaped by institutional environments.

2. **Hybrid governance in sustainable transitions.** This agenda includes (i) developing theoretical frameworks for networked governance across fragmented regulatory landscapes, (ii) exploring the adaptive capacity of hybrid structures under regulatory uncertainty, (iii) analysing voluntary standards and certification as quasi-regulatory institutions, and (iv) conducting comparative institutional studies of energy transitions to understand how state capacity and market orientation influence governance effectiveness.

3. **Resilient disaster response and community resilience.** This research addresses how civil society and social capital can complement state efforts in recovery, examining collaborative structures, material reconstruction, and intermediary organizations that facilitate dialogue between government and communities.

4. **The global implications of AI and emerging technologies.** This work explores (i) ethical divergences in AI applications, (ii) the values embedded in systems deployed at scale, and (iii) how China's technological model shapes workforce management and potentially influences global norms in business and governance.

5. **Post-crisis responses.** This research explores how organisations and institutions that have been through a crisis can organise themselves in ways that do not reproduce problems of the past, do not lead to symbolic reforms and do not add additional layers of ineffective bureaucracy.

Two Bayes institutes play a part in supporting this research agenda: Ethos – the Centre for Responsible Enterprise, which focuses on responsibility, sustainability and governance; and the newly formed Finsbury Institute, which looks at policy research and practice throughout City St George's, Bayes's parent at the University of London.

Expertise, trust and disinformation

The context

Experts drive and power knowledge economies and shape organisations and societies. Yet experts and their knowledge base (their expertise) are threatened by technological and social transformations. Recent technological and societal changes have eroded the influence of expert groups such as journalists, technicians and medical professionals.

Society's expectations for transparency and accountability also threaten groups that have long relied on discretionary control – now sometimes seen as elitism or aloofness – delegated to them because of their expertise. And the emergence and development of social media has empowered the public in challenging experts and promoting their lay views and beliefs as 'alternative facts.'

Expertise has become – perhaps unexpectedly – problematic and contested. This problem of expertise lends itself to two important research areas at Bayes: (i) the consequences of the erosion of expertise and prominence of disinformation on society and expert groups, and (ii) the persistence of expertise.

First, what are the consequences of the erosion of trust in experts and the unchecked circulation of lay beliefs on central social challenges such as health, political processes and policy making? Expertise and experts have never been more present and influential: economists, lawyers and scientists define expert knowledge.

At Bayes we make a point of maintaining strong connections with professionals and leaders in institutions, often experts in their field. We are deeply invested in their working life and world.

Secondly, what explains the persistence of expertise? How do experts develop and defend their knowledge base and continue to influence decisions despite technological and social disruption to knowledge bases? Bayes can call on a large network of professionals – alumni and others – to explore this question. Do some expert groups fare better than others under this assault, and if so, how do they sustain their authority?

Our expertise

Bayes' research has examined both the erosion of expertise and the construction of disinformation, and their consequences for society, including:

- the influence of businesses in political debates and democracy
- organisational responses to disinformation attacks
- discredit and stigma formation in social media and entrepreneurship

Another major area of research has been on the impact of lay people's beliefs about food and obesity.

Faculty are also looking at how the development of the "gig economy" is leading to precarity, and how worker collectives may resist threatening change by creating trust in traditional knowledge and practices.

Fleura Bardhi has researched institutional failures and the associated institutional voids in transitional economies. She examined the institutional void when public services as well as mainstream market services failed to provide for everyday food items (in the context of Albania and bread consumption).

Itziar Castelló has provided a political perspective on how social media are a threat to democracy. Her research shows that social media companies are political actors responsible for maintaining a well-functioning public sphere. She argues that transforming social media platforms into true facilitators of democratic discourse requires enhancing their deliberative capacity.

Joelle Evans examines the persistence of the cultural and moral authority of expert professionals. Her research has investigated how scientists developed and claimed moral authority – the ability to define what is right – in a morally contested area.

Ece Kaynak, Amit Nigam and **Joelle Evans** have investigated the persistence of expertise. In this area, projects have successfully examined how professionals develop, mobilise and sustain expertise at work, how workers retool or reskill after entering fast-changing expert occupations or facing catastrophic challenge to their expertise, and how technological changes shape the ways these professionals develop expertise.

Anirban Mukhopadhyay has investigated lay beliefs and their consequences on health and obesity. Across five papers we study misperceptions on health and obesity, and trace them to "lean-washing" by marketers of food and beverages, analysing possible corrective actions.

Research agenda

1. **Organisational responses to disinformation crises.** We argue that research in disinformation requires a shift in focus from truth-versus-falsehood frameworks to a more nuanced examination of how public perceptions and collective evaluations are shaped. We introduce a novel focus on disinformation attacks, conceptualising them as legitimacy crises, looking at how prevailing norms and values are socially constructed and emotionally charged.
2. **An occupational framework for assessing the impact of modern artificial intelligence technologies on work.** We offer a framework for assessing how GenAI might have an impact on the work of different occupations. Whereas most news and business press take a macro economic view on this topic, we consider occupational dynamics such as occupational autonomy in the workplace and political power at the field level to make more nuanced predictions about the impact of modern AI technologies on the work of different occupational groups.
3. **Values and expertise in professions, occupations and expert groups.** We bring together research of how professional, occupational and expert groups mobilise their moral values in their everyday work and in public debates. We show how moral values are negotiated, mobilised or silenced on the ground, within and across occupational groups, and how they are then mobilised publicly in response to challenges to these groups' authority or practices.

The role of developing nations in a changing global economy

The context

This interdisciplinary research sub-theme explores the implications of global transitions – ecological, geopolitical, technological and financial – and the ways in which these can be made more equitable and inclusive, aiming to inform more democratic and context-sensitive approaches in key areas such as sustainability, investment, technological development and financial integration.

A central theme is justice in transformation, whether in shifting to low-carbon economies, navigating geopolitical risk, deploying emerging technologies or rethinking approaches to financial empowerment, venture capital and economic integration.

Our approach emphasises the importance of local agency, particularly Indigenous and African voices, in shaping responses to global challenges.

It also interrogates power asymmetries – between states and communities, global North and South, and investors and entrepreneurs – and seeks to uncover strategies that promote participatory governance, resilience, and approaches to innovation.

Our expertise

Professor Bobby Banerjee
Professor of Sustainability;

Dr Sara Jones
Reader in Creative Interactive System Design and Director, Centre for Creativity in Professional Practice;

Professor Sam Kamuriwo
Professor of Strategy and Innovation and Associate Dean, Diversity, Equity and Inclusion;

Professor Meziane Lasfer
Professor of Finance;

Professor Feng Li
Professor of Information Management and Associate Dean, Research and Innovation;

Dr Lauren McCarthy
Reader in Corporate Social Responsibility and Director of ETHOS: The Centre for Responsible Enterprise;

Dr Nettra Pan
Lecturer in Entrepreneurship;

Professor Kate Phylaktis
Professor of International Finance and Director of The Emerging Markets Group;

Dr Sujata Visaria
Reader in Finance;

Andrew Baughen
Honorary Visiting Fellow.

The research team offers a wide variety of theoretical perspectives and empirical skills with a track record of academically outstanding publications alongside significant impact in developing countries.

Previously funded projects exemplifying our work in relation to developing nations include:

Innovation for African Universities (IAU) programme – funded by the British Council, this programme (2021–2023) led by Prof Sam Kamuriwo and Dr Sara Jones at Bayes in collaboration with the University of Nairobi and ChangeSchool Ltd aimed to foster a culture of innovation and entrepreneurship in around 90 universities and entrepreneurship ecosystem partner organisations in Ghana, Kenya, Nigeria and South Africa. This led to system reform in a majority of participating organisations.

Agent-Intermediated Lending: An Alternative to Traditional Microcredit – funded by AusAID, USAID, Hong Kong Research Grants Council and International Growth Centre, this project was co-led by Dr Sujata Visaria and examined an alternative to the group-lending model of microcredit, where smallholder farmers in West Bengal, India were recommended for loans by village-based intermediaries, and were individually liable for their loans. The loans under the alternative design had 95% repayment rates, and farmers used them to expand area under the high-value cash crop.

'ReFashion': Documenting the effects of the COVID-19 pandemic on women garment workers in Cambodia – funded by the EPSRC (2020–2023), this rapid-response grant enabled time-critical research investigating the impact of the COVID-19 pandemic on women workers in Cambodia, co-investigated by Dr Lauren McCarthy and colleagues from King's College London, The University of Nottingham and the Cambodian Development Institute. Outcomes included the tabling of a private member's bill in the UK Parliament on a Global Garment Adjudicator in an attempt to limit the abusive purchasing practices uncovered in the research; and novel dramatised films for stakeholder education purposes.

Research agenda

1. **Just Transitions: perspectives from Indigenous political ecologies.** Addressing the existential challenge of climate change requires transitioning away from fossil fuels to a sustainable and low carbon economy. We aim to enhance our understanding of such just transitions by conducting multi-sited ethnographies of energy transition projects across several countries including Bangladesh, Brazil, Canada, Colombia, Finland, Ghana, India, Mexico, and Nigeria. We aim to:

   - Understand how energy transitions are experienced and understood across different societies and communities and how transition initiatives have an impact on local cultural practices
   - Examine how power relations and inequalities between stakeholders shape the transition process
   - Understand the trade-offs involved in a just transition, for example between energy efficiency and energy access, renewable energy projects and biodiversity loss and Indigenous land rights

2. **Technological leapfrogging through the digital economy.** China and a number of other countries show how developing nations can harness digital technologies to leapfrog stages of industrialisation, using mobile internet, e-commerce and digital finance to bypass weak legacy infrastructure. Similar patterns are seen in Kenya's mobile money, India's digital payments, and Estonia's digital state. AI and other emerging technologies now offer the next wave of leapfrogging opportunities.
   - How can developing nations use AI and other emerging digital technologies to bypass traditional stages of industrialisation?
   - How important are factors such as the existence of innovation ecosystems, the quality of digital infrastructure, the availability of government support and organisational capabilities for process re-engineering?
   - What lessons can be drawn from countries such as China, Estonia, Ghana, India, and Kenya?

3. **Geopolitical risk and emerging markets.** We aim to assess how affected businesses in developing countries navigate pressures through the use of different strategies or governance mechanisms designed to attract investors, thereby increasing their ability to grow and prosper.
   - How does geopolitical risk affect emerging market businesses?
   - What are the similarities and differences between strategies adopted by firms in developed countries and those in African countries to mitigate geopolitical risk?
   - What is the impact of sanctions on businesses in countries such as Sudan, Zimbabwe, and Mali?

4. **Impacts of integration on economic growth.** We investigate the ways in which factors such as the global shocks of the COVID-19 pandemic and the US-China tariff war moderate this important relationship, especially in the context of emerging markets.
   - What is the relationship between globalisation and economic growth?
   - What impact does economic integration have on foreign currency markets?
   - What are the differential effects of real and financial integration on economic growth in emerging markets?

5. **Financial empowerment to enable migration success.** Economic migrants from the Philippines hope to improve their own and their family's economic circumstances. However, migration experiences vary, especially among low-skilled migrants who work in domestic jobs. Financial literacy interventions assume that increased knowledge leads to better financial decisions. But rigorous evidence from randomised controlled trials suggests that financial education alone has limited long-term impact.
   - Can financial literacy training be usefully enhanced by incorporating the "motivational interviewing" (MI) technique?
   - Do prospective migrants trained using the MI technique make better financial choices than those trained using the standard training modules?
   - How best can practitioners in low-resource settings incorporate such techniques into their training approaches? What role can AI play in complementing and enhancing practitioner capacity?

ESG disclosure and sustainable finance

The context

Sustainable finance, which channels investment toward projects and businesses that deliver positive environmental and social outcomes while maintaining financial returns, is reshaping the architecture of global finance.

Indeed, the financial sector has undergone a profound transformation, driven by the recognition that environmental, social, and governance (ESG) factors are not peripheral concerns, but central determinants of long-term value creation.

ESG disclosure – the process by which companies communicate their performance and strategies in relation to sustainability – has emerged as a critical mechanism for aligning capital markets with sustainable development.

The rationale for integrating ESG into financial decision-making is both pragmatic and moral. On the pragmatic side, climate change, resource scarcity, social inequality and corporate governance failures pose tangible financial risks. On the moral side, there is growing consensus that finance has a responsibility to contribute to solving global challenges such as those outlined in the United Nations Sustainable Development Goals. Investors, regulators and the public increasingly expect companies not only to deliver profits but also to demonstrate how they manage their broader impact on society and the planet.

ESG disclosure serves as the bridge between corporate action and stakeholder understanding. Standardised, transparent and comparable reporting allows investors to evaluate a company's resilience, adaptability, and long-term prospects in light of sustainability risks and opportunities. These reporting initiatives aim to move ESG reporting from a voluntary, often inconsistent exercise to a rigorous and useful component of corporate financial reporting.

The importance of ESG disclosure and sustainable finance for the future of finance cannot be overstated. As and when markets move towards a low-carbon, socially equitable economy, financial systems that ignore ESG considerations risk becoming obsolete. Conversely, those that embrace ESG integration will be better positioned to unlock innovation, attract capital and foster trust. Transparency, accountability and sustainability are becoming not just ethical imperatives, but competitive advantages.

Our expertise

Bayes has a long-established and recognised strength in the financial sector. Naturally we have developed this strength in the developing subject areas of ESG and sustainable finance.

One research team, led by Professor **Jean-Pascal Gond** (Professor in Corporate Social Responsibility) and including **Dr Simon Parker** (Senior Lecturer in Social Purpose) and **Dr Joelle Evans** (Senior Lecturer in Organisational Behaviour), offers a variety of theoretical perspectives and empirical skills with a track record of academically outstanding publications, alongside impactful insights helping to inform regulators, industry leaders and policymakers worldwide. The research team has strong links to ETHOS: the centre for responsible enterprise and the faculty of management more broadly.

Another research team, led by **Dr Iqbal Owadally** (Reader in Actuarial Science) and including **Professor Andrew Clare** (Professor of Asset Management) and **Professor Steven Haberman** (Professor of Actuarial Science), works on sustainable long-term investment for retirement. This encompasses ESG investment within both large occupational pension funds and individual retirement planning.

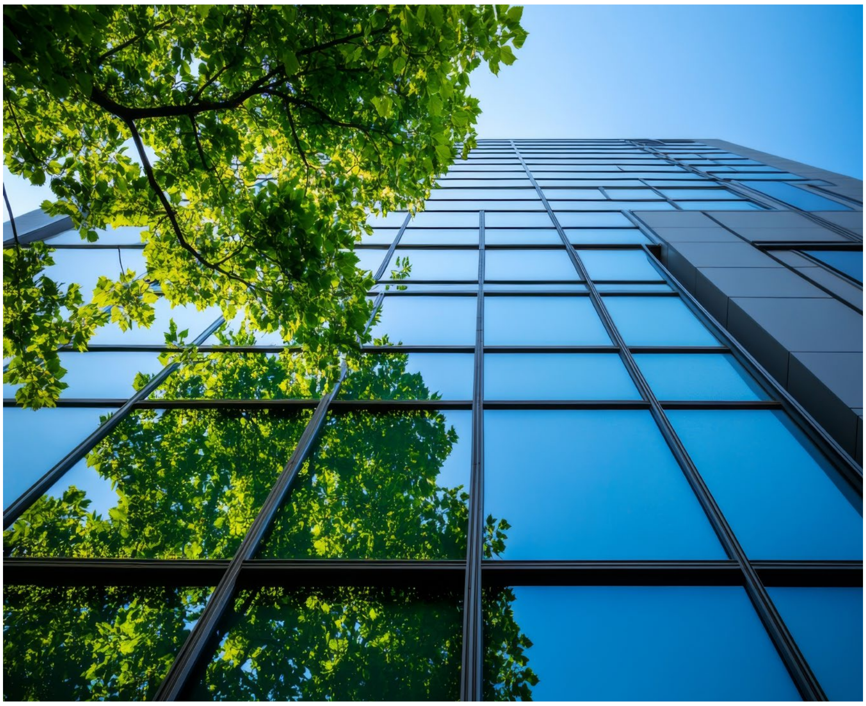
Research agenda

Our research theme focuses on the following five main areas.

1. **Leveraging and Using ESG Ratings.** We investigate the ways in which ESG ratings are a key tool for investors assessing corporate sustainability, yet their construction, interpretation, and influence remain contested. This research stream examines how ESG ratings are developed, used, and mobilised by investors, as well as their role in shaping engagement strategies and corporate behaviour:
   - What are the key differences in how ESG ratings are constructed and applied across markets?
   - How do investors use ESG ratings to inform engagement strategies and decision-making?
   - What organisational, regulatory, and governance factors shape institutional investor behaviour in ESG engagement?
   - How do cross-border differences impact the effectiveness of ESG engagement and the transfer of engagement practices?
   - How can the effectiveness of ESG engagement be defined, measured, and distinguished from superficial or symbolic practices?
2. **Understanding ESG Ratings: New Ratings and Engagement.** The proliferation of ESG indices has left social dimensions, particularly LGBTQ+ inclusion, underdeveloped. Moreover, there remains significant conceptual and methodological ambiguity around what constitutes effective ESG engagement and how it should be evaluated. Key questions include:
   - What are the methodological challenges of quantifying social progress (e.g., LGBTQ+ inclusion), and how can these be addressed?
   - Does a financial index represent a meaningful tool for social change, and how do companies respond to inclusion in or exclusion from such an index?
   - Designing and testing practical tools that asset owners can use to evaluate the quality and effectiveness of ESG engagement
   - Exploring how engagement outcomes are currently reported, and identifying gaps between what is disclosed and what is actually achieved
   - Investigating whether quantification and standardisation of engagement metrics enhances or undermines the quality of ESG practice.
3. **Consequences of Carbon Disclosures.** Carbon disclosure has become a central mechanism through which firms communicate their environmental impact to investors, regulators, and the public. Yet disclosure practices vary enormously across firms and sectors. This research stream examines the drivers and consequences of these differences, asking:
   - What organisational, institutional, and competitive factors explain why some firms disclose significantly more carbon emissions data than others?
   - How do investors interpret and act on carbon disclosure data?
   - What are the unintended consequences of carbon disclosure regimes?
   - How do evolving regulatory requirements around mandatory disclosure reshape firm behaviour?
   - What is the relationship between carbon disclosure quality and long-term firm value, risk exposure, and cost of capital?

4. **Qualitative Research into Sustainable Finance Organisations.** While much existing research on sustainable finance relies on quantitative methods and large-scale datasets, there is a critical need for in-depth qualitative and ethnographic research that illuminates how sustainability is practised within financial organisations on a day-to-day basis. This stream of research explores:
   - How do professionals in sustainable finance make decisions under conditions of uncertainty, competing priorities, and institutional pressures?
   - What values, narratives, and professional identities shape how sustainability is understood and enacted within these organisations?
   - How are ESG commitments translated — or sometimes diluted — as they move from senior leadership through to front-line investment decisions?
   - What role do informal norms, organisational culture, and interpersonal relationships play in shaping sustainable finance practices?
   - How do sustainable finance organisations navigate tensions between commercial imperatives and social or environmental objectives?

5. **Sustainable Investment and Retirement Planning.** Retirement investment operates on uniquely long-time horizons, making it particularly exposed to the systemic risks posed by climate change and social instability. This research stream examines how ESG principles can and should be integrated into retirement planning at both the individual and institutional level, exploring:
   - How do individual investors in personal pension plans understand and respond to climate-related financial risk?
   - How are institutional investors such as pension funds incorporating climate risk into their long-term asset allocation decisions?
   - What are the long-term financial implications of applying ESG principles to retirement portfolios?
   - How do fiduciary duty frameworks interact with ESG integration?
   - What role can policy, financial education, and product innovation play in supporting individuals to align their retirement savings with their values?



Geopolitical risk, financial strategies, and global supply chains

The context

Geopolitical risk has become a central concern for financial strategists and global supply chain managers alike. Political instability, trade disputes, sanctions and conflicts can disrupt production networks, alter commodity prices, and reshape investment flows. For multinational corporations these risks demand proactive financial and operational strategies that prioritise flexibility and resilience.

There is an echo here of three themes which run through the Bayes approach set out in this white paper:

- how organisations and institutions adapt when rules, norms, and authorities are unstable
- how expertise, trust, and coordination are reconstructed under pressure
- how finance, technology, geopolitics and sustainability interact systemically rather than operating in isolation

The COVID-19 pandemic and recent geopolitical tensions – such as US-China trade frictions, the wars in Ukraine and Gaza and the US military interventions in Venezuela and Iran in 2026 – have underscored the fragility of trade relations. Ultimately, integrating geopolitical risk analysis into financial and operational decision-making is essential for sustaining competitiveness and stability.

Our expertise

Professor Meziane Lasfer's research in global finance and risk offers critical insights into how firms and markets respond to informational asymmetries, taxation, and governance structures. His recent research is focused on the impact of geopolitical risk on initial public offerings (IPOs). His research highlights the role of geopolitical risk in shaping global IPO pricing and structures, investor sentiment, and the risk-taking incentives of intermediaries.

Professor ManMohan S Sodhi works in the area of global supply chain risk and sustainability. His research links firm-level decision-making to systemic stability and sustainable growth in an increasingly volatile global economy. His work provides valuable insights into how companies integrate environmental, social, and governance (ESG) considerations into supply chain design, crisis response, and recovery planning.

Example 1: *Building inventory, capacity, and capability against disasters.* The chaotic responses to COVID-19 in the UK and the US highlighted inadequacies of responses to mega-disasters. We examined the benefits of integrating stockpile inventory, backup capacity and standby capability to meet future disaster-related surge demand. Countries (and companies) need to understand how to build the capability to respond to mega-disasters.

Example 2: *Early response to pandemics.* One such capability is forecasting with early and imperfect data as a disaster unfolds. We showed that even if the simplest epidemic model (SIR) had been used with early, imperfect COVID-19 data, the number of those refused ICU admission in three Italian provinces would have been much lower in the first phase of COVID-19. In contrast, costly expansions could have been avoided in the second phase by using early infection data.

Research agenda

1. **Building resilience in global supply chains against determined actors.** US tariffs imposed by the Trump administration on imports expose countries and companies that depend on exports to the US. The Israeli military's use of bombs inside pagers and walkie-talkies demonstrated the vulnerability of the supply chains of everyday household goods. It is necessary to build resilience into supply chains, but how does this differ when the resilience is against harm intended by wilful actors?

2. **Impact of geopolitical risk on corporate financial decisions.** Geopolitical risk results in several challenges for firms. They need to adopt various pre-emptive and responsive strategies to subsequent uncertainties, wars, negative sentiments, inflationary pressures, high energy and commodity prices, and supply chain complexities. Until now these concepts have not been well investigated in the academic literature.

Bayes' *MSc in Digital Supply Chain Management* prepares students for managing global supply chains using digital technologies for efficiency, resilience, and sustainability.

Conclusion

The world is no longer changing at the margins. Many of the assumptions that shaped business strategy for the past several decades are giving way to a more fragmented, contested and uncertain environment. Geopolitical rivalry, technological acceleration, environmental pressures and shifting institutional expectations are not isolated disruptions. Together they are reshaping the conditions under which organisations compete, govern and create value.

This white paper has argued that adapting to these changes requires more than greater resilience or faster decision-making. It requires a clearer understanding of what is changing, what remains stable, and which inherited assumptions are no longer fit for purpose. The challenge is not simply to respond to individual events, but to make sense of a transforming world.

Across the five themes explored here—business and policy adaptation, expertise and disinformation, developing economies, sustainability, and geopolitical risk—Bayes researchers are examining how organisations can navigate profound structural change with greater confidence and better evidence. Our work recognises that the most effective responses emerge not from reacting to headlines, but from understanding the deeper forces reshaping business and society.

The questions raised in this paper are relevant not only to business leaders, but also to policymakers, regulators, investors, professionals and anyone concerned with how organisations will adapt to an increasingly complex world.

Helping leaders distinguish enduring change from temporary noise lies at the heart of what we do at Bayes.

Working with us

This white paper is intended to support organisations seeking to understand the changing conditions in which they operate. It is written for business leaders adapting strategy to greater geopolitical and technological uncertainty; policymakers and regulators addressing new institutional challenges; professional bodies navigating changing expectations around expertise and trust; and researchers exploring the implications of systemic transformation across markets, organisations and society.

The questions examined here are best addressed collaboratively. We are particularly interested in working with organisations seeking to understand the strategic implications of geopolitical fragmentation, technological change and sustainability; with governments and public bodies designing more resilient institutions and policy frameworks; with firms adapting governance, operations and supply chains to a changing global environment; and with research partners whose work complements our own.

At Bayes, our expertise spans business strategy, public policy, organisational behaviour, finance, sustainability, behavioural science, operations, international business and technological change.

Whether the objective is to develop new evidence, analyse emerging trends, evaluate policy interventions or explore future scenarios, we bring together rigorous research with practical engagement to help organisations make better decisions under conditions of uncertainty.

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