

FROM STABILITY TO AGILITY: INTEGRATING EMERGENT DESIGN PRINCIPLES INTO CORPORATE GOVERNANCE

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Abstract

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In today's complex and rapidly evolving corporate landscape, traditional stability-oriented governance frameworks often struggle to respond effectively to emergent challenges and disruptions. These models, while promoting accountability and risk control, frequently lack the agility required for dynamic environments. This study explores how emergent design principles — strategic emergence, self-disruption, systems thinking, and reflexivity — can be applied to corporate governance to enhance responsiveness, resilience, and adaptability. Drawing from the Archipelago of Design (AoD) principles, supported by a synthesis of contemporary literature and qualitative case studies, the paper proposes a hybrid governance model that balances accountability with strategic flexibility. Using a conceptual and thematic analysis approach, it maps the application of AoD principles onto core governance functions such as risk management and decision-making. The findings indicate that integrating these principles enhances boards' ability to make timely, informed decisions and anticipate risks in volatile contexts. Practical recommendations for implementation and areas for future research are also discussed. This paper contributes to the ongoing shift in governance literature toward frameworks that accommodate complexity and change, offering insights relevant to both scholars and practitioners navigating governance innovation.

Keywords: Corporate Governance, Emergent Design, Strategic Emergence, Agility, Adaptive Governance, Systems Thinking, Risk Management

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1. INTRODUCTION

In the rapidly evolving corporate landscape, organizations are increasingly confronted with complex, dynamic challenges that traditional governance frameworks struggle to address. Typically grounded in stability and control, these frameworks are designed to promote accountability

and mitigate risk through rigid structures and predefined decision-making processes (Hong & Kim, 2019). While effective in static or predictable environments, these approaches can become impediments in times of disruption, where adaptability and rapid strategic shifts are required (Meier et al., 2019). This paper aims to explore how

principles from the Archipelago of Design (AoD)¹ — such as strategic emergence, self-disruption, and system thinking — can introduce agility and adaptability into corporate governance practices, transforming them to better meet the demands of contemporary markets.

Emergent design principles, as articulated by AoD, emphasize an adaptive approach to strategy that can respond fluidly to unforeseen challenges, a need increasingly recognized in corporate settings. These principles have been successfully applied in military and civil domains, demonstrating significant improvements in complex problem-solving and adaptive capacity — traits that can be highly advantageous in corporate governance.

This paper aims to address a critical gap in current governance models: the lack of agility in high-stakes decision-making. Governance frameworks with an inherent adaptability allow for better navigation through periods of volatility, ensuring that organizations remain resilient and competitive. By integrating emergent design principles, corporate governance can evolve from a structure focused solely on control and compliance to one that also prioritizes responsiveness and agility, ultimately leading to sustainable growth and enhanced competitive advantage (Castilla & Benard, 2010). This approach aligns with recent calls in governance research for a shift towards models that account for complexity and interconnectedness, both internal and external, in the corporate environment (Schuler et al., 2011).

The proposed framework for adaptive governance, drawing from AoD principles, presents a novel contribution to governance literature by offering practical strategies for integrating flexibility into the traditionally rigid structures of corporate boards. Moreover, this paper adds to the ongoing discourse on governance innovation, aligning with scholarly efforts to develop governance models that balance the need for stability with the demand for agility (Joyce & Slocum, 2012). By adopting an emergent design lens, this study contributes to a broader understanding of how governance structures can evolve in response to complex, unpredictable market conditions, positioning them to make informed, strategic decisions amidst uncertainty.

This paper is guided by four interrelated research questions, each grounded in the need to rethink corporate governance in the face of increasing complexity, uncertainty, and stakeholder diversity.

These questions are derived from theoretical gaps in the literature and the observed limitations of traditional governance frameworks:

RQ1: How can emergent design principles — such as strategic emergence, self-disruption, and systems thinking — enhance the adaptability of corporate governance frameworks?

This question explores the central premise of the paper: corporate boards must shift from rigid structures to adaptive models. It seeks to understand the specific mechanisms through which emergent principles can increase responsiveness and decision-making flexibility.

RQ2: What are the potential benefits of integrating these principles, particularly in terms of board-level decision-making, proactive risk management, and stakeholder alignment?

While adaptability is conceptually appealing, this question aims to assess its practical value by identifying measurable governance improvements, such as agility in responding to market shifts or greater stakeholder inclusivity.

RQ3: What challenges and limitations do organizations face when applying emergent design principles to existing governance structures?

This question addresses the institutional, cultural, and procedural barriers that may hinder adoption. It also accounts for legal and regulatory considerations that may restrict flexibility in certain industries or jurisdictions.

RQ4: What type of governance model could effectively operationalize emergent design principles, while still fulfilling fiduciary responsibilities and ensuring transparency and accountability?

This final question moves toward synthesis, aiming to develop a balanced, hybrid governance model that bridges control and flexibility. It also frames the paper's practical contribution for future application and study.

The structure of this paper is as follows. Following this introduction, Section 2 reviews the literature on corporate governance and emergent design. Section 3 outlines the conceptual and qualitative methodology. Section 4 presents the analysis and key results regarding how design principles map onto governance challenges. Section 5 discusses implications, benefits, and obstacles to implementation. Finally, Section 6 summarizes the findings and offers practical recommendations for governance innovation, alongside future research directions.

2. LITERATURE REVIEW

Emergent design principles emphasize adaptive and flexible approaches to strategy and decision-making, particularly in complex and uncertain environments. Originally applied in military and crisis management contexts (Grove & Clouse, 2016), these principles have increasingly gained attention in various domains, including organizational management and governance, due to their focus on adaptability, responsiveness, and iterative problem-solving. At the core of emergent design is the notion that strategies should not be strictly pre-planned but should evolve based on real-time insights and shifts in the external environment, promoting an ongoing process of adaptation rather than adherence to static frameworks (Faiz et al., 2020).

Strategic emergence, a fundamental principle of emergent design, advocates for the iterative development of strategies that evolve in response to unfolding events and new information. Unlike traditional strategy development, which relies on predictive planning and predefined goals, emergent strategy allows organizations to respond flexibly to external pressures and unexpected challenges (Hong & Kim, 2019). In practice, this involves creating frameworks that permit a degree of strategic ambiguity, enabling organizations to pivot or adjust their course as conditions change. This approach to strategy has been shown to improve resilience and responsiveness, particularly in volatile industries where rigid plans often become obsolete in the face of rapid change (Castilla & Benard, 2010).

Emergent design's strategic component is particularly relevant to corporate governance, where organizations often need to balance long-term goals with the agility to address sudden shifts in market

¹ <https://aodnetwork.ca/>

conditions, regulatory landscapes, or technological advancements. For corporate boards adopting a mindset of strategic emergence means fostering a governance structure that remains flexible and open to continuous learning, allowing for governance decisions that are not only reactive but also proactive in anticipating future challenges (Meier et al., 2019).

Another key principle in emergent design is self-disruption, which involves the proactive dismantling or revision of established practices to prevent stagnation and foster innovation. Self-disruption encourages organizations to question entrenched assumptions and practices, making room for innovative approaches and new perspectives that can drive long-term success (Joyce & Slocum, 2012). In emergent design, self-disruption serves as a tool to ensure that organizations do not become overly reliant on legacy systems and processes that may no longer be effective in a rapidly changing environment.

In the corporate governance context, self-disruption can be instrumental in overcoming bureaucratic inertia and resistance to change. By regularly reviewing and, if necessary, reconfiguring governance practices, corporate boards can adapt more readily to new regulatory requirements, stakeholder expectations, and competitive pressures. This proactive approach aligns governance structures with current realities and future possibilities, enhancing the board's ability to guide the organization through complex and unforeseen challenges (Schuler et al., 2011).

Systems thinking is a foundational concept in emergent design, emphasizing the interconnectedness of various organizational and environmental elements. This principle highlights that organizations operate as part of larger, dynamic systems and that effective decision-making requires understanding these broader contexts and interdependencies (Faiz et al., 2020). Systems thinking encourages organizations to recognize and anticipate the ripple effects of their actions, fostering an awareness of how changes in one area can impact others within the organization and beyond, ensuring governance structures evolve with organizational needs (Faiz et al., 2020; Eldomiaty et al., 2024) and decisions are made with sustainable, stakeholder-focused objectives (Schuler et al., 2011).

Incorporating systems thinking into corporate governance can lead to a more holistic understanding of risk, strategy, and organizational impact. For instance, boards that adopt a systems-oriented approach are better positioned to navigate complex, multi-stakeholder environments and make decisions that consider social, environmental, and economic factors (Hong & Kim, 2019). This broadened perspective can improve governance effectiveness by enabling boards to align their strategic decisions with the interconnected nature of today's global markets and social systems.

Emergent design also places significant emphasis on reflexivity and continuous learning, which are essential for adapting to complex and unpredictable situations. Reflexivity involves regularly revisiting and critically evaluating strategic assumptions and actions, allowing organizations to learn from past experiences and apply those lessons to future decisions. This principle supports a culture of continuous improvement, where governance

structures and processes evolve based on feedback and iterative assessments (Joyce & Slocum, 2012).

In corporate governance, a commitment to reflexivity and learning can foster a culture where board members actively engage in self-assessment and seek diverse perspectives to inform their decisions. Such an approach can mitigate the risks of groupthink and blind spots, particularly in diverse or complex governance issues. By institutionalizing continuous learning, boards can remain agile and responsive, leveraging emergent insights to navigate uncertainties more effectively, allowing for more adaptive decision-making processes (Castilla & Benard, 2010; Ismail & Ahmed, 2022).

Emergent design principles offer a framework that challenges traditional, hierarchical governance models by promoting adaptability, inclusivity, and systems awareness to meet the demands of today's unpredictable business landscape (Basuony et al., 2023). These principles are increasingly recognized as vital for corporate governance structures that must contend with rapid technological change, regulatory shifts, and evolving stakeholder expectations. By embedding strategic emergence, self-disruption, systems thinking, and reflexivity into governance, in a continuous refinement of governance practices (Joyce & Slocum, 2012; Sahoo et al., 2022; Di Biase & Onorato, 2021), corporate boards can become more resilient, capable of guiding organizations through complexity and ambiguity (Schuler et al., 2011).

Corporate governance frameworks have traditionally been structured around principles of stability, control, and accountability. These frameworks define the processes, structures, and mechanisms by which organizations are directed and controlled, aiming to ensure transparency, protect shareholder interests, and mitigate risks through well-defined roles, rules, and oversight functions (Meier et al., 2019). While these principles provide a stable foundation, their focus on rigidity and compliance can limit responsiveness in dynamic environments, where organizations increasingly require agility to address rapid technological shifts, market volatility, and evolving stakeholder expectations (Schuler et al., 2011).

Historically, corporate governance frameworks have relied on hierarchical structures and rigid oversight mechanisms. These models emphasize the separation of ownership and control, with boards of directors responsible for monitoring management and safeguarding shareholder interests (Hong & Kim, 2019). Agency theory, one of the core theoretical foundations in corporate governance, posits that there is a fundamental conflict of interest between owners (shareholders) and managers (agents) due to the divergence in risk preferences and objectives. As a result, governance mechanisms like board oversight, performance incentives, and auditing practices are designed to align managers' actions with shareholders' interests, minimizing agency costs (Faiz et al., 2020).

Another foundational model, stakeholder theory, broadens the scope of governance by emphasizing the interests of all stakeholders — not just shareholders. This perspective argues that organizations have a duty to consider the impacts of their decisions on employees, customers, suppliers, communities, and the environment (Castilla & Benard, 2010). In practice, however, traditional corporate governance models still tend to prioritize shareholders' interests, which can create tensions

when navigating complex, multi-stakeholder issues, particularly in times of crisis or rapid change.

Stability-oriented governance frameworks are typically designed to manage predictable risks and foster long-term organizational health. They are characterized by policies and structures that prioritize accountability, consistency, and adherence to regulatory standards (Joyce & Slocum, 2012). While these attributes are essential for establishing trust and reliability, they can also hinder organizations' ability to respond to unforeseen disruptions. For instance, rigid governance models often lack the flexibility to incorporate real-time data and adjust strategies swiftly in response to changing market conditions, as decision-making processes are typically slow and encumbered by procedural requirements (Schuler et al., 2011).

Furthermore, the stability-focused nature of traditional governance frameworks can lead to a risk-averse culture within organizations. Boards that prioritize stability may avoid innovative, high-risk initiatives, potentially stifling creativity and reducing competitiveness. This approach can become a liability in environments where agility and adaptability are critical to maintaining a competitive edge. Such governance structures may also struggle with managing complex risks, including those related to sustainability, technology, and globalization, as they often lack mechanisms for integrating diverse and rapidly evolving stakeholder concerns (Hong & Kim, 2019).

In recent years, scholars and practitioners have advocated for governance models that balance stability with flexibility to better handle dynamic challenges. Adaptive governance is one such emerging approach, emphasizing the need for structures that support both accountability and agility. This model advocates for a more fluid allocation of responsibilities and the incorporation of diverse perspectives in decision-making processes (Faiz et al., 2020). Adaptive governance frameworks allow for rapid adjustments and encourage a mindset of continuous improvement, enabling boards to respond more effectively to complex, changing environments.

Another trend is the shift toward inclusive governance, where boards expand their focus to incorporate stakeholder perspectives and address broader social, environmental, and ethical issues. This shift aligns with stakeholder theory and reflects growing demands from the public, investors, and policymakers for organizations to be more socially responsible and transparent in their governance practices (Castilla & Benard, 2010). Inclusive governance frameworks often involve establishing committees or advisory boards focused on sustainability, ethics, or community relations, ensuring that a wide array of voices and concerns are considered in governance decisions.

The limitations of traditional governance models and the rise of adaptive and inclusive governance frameworks suggest a need for innovative approaches that can provide both stability and flexibility. Recent empirical studies confirm that firms with agile governance structures outperform traditional models in fast-changing industries (Lehn, 2021). Emergent design principles, which prioritize responsiveness and adaptability, could complement existing governance models by introducing a dynamic layer to decision-making processes. Specifically, emergent design could enable corporate governance structures to anticipate

and respond to disruptions proactively, incorporating real-time data and iterative learning processes (Joyce & Slocum, 2012).

The integration of emergent design principles into corporate governance offers a framework that allows organizations to maintain accountability while fostering a culture of agility. This alignment would enable boards to adapt their oversight roles according to evolving conditions, engage with diverse stakeholder perspectives, and actively monitor and adjust strategies in real time. As organizations increasingly face rapid and complex challenges, the application of emergent design principles in governance frameworks holds promise for building resilient and competitive organizations that can thrive amidst uncertainty (Meier et al., 2019).

The integration of emergent design principles into corporate governance represents an innovative approach to addressing the limitations of traditional governance frameworks. As organizations face increasingly unpredictable and complex environments, bridging emergent design with governance structures offers a pathway to enhancing adaptability, responsiveness, and resilience in decision-making processes. Here, we examine the synergies between emergent design principles and corporate governance, exploring how these principles can be operationalized to address contemporary governance challenges.

Strategic emergence, a core tenet of emergent design, advocates for fluid and adaptive strategy formation, in contrast to rigid, long-term planning. By embracing strategic emergence, corporate governance can move beyond fixed agendas to dynamically adjust its strategies based on real-time data and changing conditions. Adaptive governance, a growing trend within the corporate sector, complements this principle by encouraging flexibility in roles, responsibilities, and decision-making processes. Rather than adhering to static oversight functions, adaptive governance allows boards to shift their focus and allocate resources in response to emerging challenges (Hong & Kim, 2019).

The application of strategic emergence in governance entails creating governance mechanisms that allow for iterative decision-making, where strategies evolve based on new insights rather than static annual planning. For example, an adaptive governance framework could incorporate regular scenario planning sessions, during which board members collaboratively evaluate potential future developments and adjust strategies accordingly. This approach aligns governance practices with the dynamic nature of modern business environments, enabling boards to balance the need for stability with the ability to pivot as needed (Castilla & Benard, 2010).

Self-disruption, another critical element of emergent design, encourages organizations to proactively revise and, if necessary, dismantle outdated practices. This principle is especially relevant to governance, where established practices and traditional mindsets can become barriers to innovation and responsiveness. In governance, self-disruption involves the intentional, periodic reassessment of policies, committee structures, and decision-making processes to ensure they remain aligned with organizational goals and external demands (Meier et al., 2019).

Integrating self-disruption into governance frameworks can foster a culture of continuous

improvement and organizational learning. Boards that adopt this principle may institute regular audits or “health checks” of their own governance processes, allowing for a structured review of governance practices and alignment with emerging trends and risks. For example, a self-disruptive governance model could include annual evaluations of board effectiveness, followed by actionable steps for improvement based on identified gaps. This approach can prevent stagnation and promote a forward-thinking mindset that keeps governance practices relevant and effective (Faiz et al., 2020).

Systems thinking, a foundational aspect of emergent design, is the understanding of organizations as interconnected and interdependent entities within a broader ecosystem. For governance, adopting a systems-thinking approach implies recognizing and responding to the complex web of relationships and external factors that influence corporate performance, such as regulatory changes, stakeholder expectations, and socio-political dynamics (Schuler et al., 2011). This principle enables boards to move beyond a narrow focus on shareholder interests, considering the long-term impact of their decisions on a diverse range of stakeholders.

By integrating systems thinking, corporate governance can adopt a more holistic perspective, examining the interconnected effects of its strategies and policies across multiple domains. This approach can be operationalized through board committees dedicated to sustainability, ethics, or corporate social responsibility — aligning their decisions with sustainable, stakeholder-focused objectives (Schuler et al., 2011; Nagendrakumar et al., 2023), which ensure that governance decisions reflect the broader social and environmental implications of corporate actions. In practice, systems-oriented governance may involve stakeholder mapping exercises and feedback loops that keep boards informed of shifts in stakeholder priorities and expectations (Joyce & Slocum, 2012).

Reflexivity, a practice that encourages continuous reassessment of strategic assumptions and actions, is crucial for governance structures aiming to remain relevant in volatile environments. Reflexive governance structures prioritize learning and feedback, incorporating mechanisms to regularly assess and adjust strategies based on real-time insights. This learning-oriented approach is vital for boards that wish to avoid the pitfalls of outdated strategies or blind spots in risk assessment (Hong & Kim, 2019).

Incorporating reflexivity into governance involves creating feedback loops and learning mechanisms that enable boards to adapt quickly to new challenges. For example, boards could introduce structured debriefing sessions following significant decisions or market shifts, analysing what worked, what didn't, and why. This continuous reassessment fosters a culture of learning, where past decisions inform future strategies, enabling boards to navigate complex governance challenges with increased agility and awareness (Castilla & Benard, 2010).

While the alignment between emergent design principles and governance is promising, applying these principles in practice presents challenges. Traditional corporate governance is often steeped in risk-averse and compliance-focused practices, which may conflict with the flexibility and adaptability that emergent design promotes. Implementing these

principles requires a cultural shift within boards, where members must adopt a mindset open to change, experimentation, and sometimes ambiguity (Meier et al., 2019).

Moreover, balancing the need for regulatory compliance with the desire for adaptive governance can be challenging. Many corporate boards operate under strict regulatory requirements, which demand clear accountability structures and formalized procedures. To bridge emergent design with governance effectively, boards may need to selectively apply these principles, introducing flexibility where possible without compromising regulatory obligations. For instance, boards might maintain formal structures for core regulatory responsibilities while experimenting with emergent design approaches in areas like strategic planning and risk management (Schuler et al., 2011).

The integration of emergent design principles into corporate governance offers an innovative framework for organizations to remain agile, resilient, and responsive in increasingly complex environments. By bridging emergent design with governance, organizations can enhance their capacity for strategic adaptation, foster a learning-oriented culture, and align their decision-making processes with both immediate and long-term stakeholder interests.

3. METHODOLOGY

This study adopts a conceptual, qualitative approach to examine how emergent design principles can be integrated into corporate governance frameworks to enhance adaptability and resilience. The methodology centers on synthesizing insights from literature, AoD principles, and case studies, providing a foundation for a hybrid governance model that incorporates flexibility and responsiveness.

3.1. Design

Given the exploratory nature of the research, a conceptual design enabled an in-depth examination of theoretical and practical insights on emergent design and governance. This design allowed flexibility to bridge AoD principles — originally applied in military and strategic contexts — with corporate governance practices, thus highlighting potential synergies between adaptability-oriented and stability-oriented approaches.

3.2. Data collection

Data sources included:

- *Literature review synthesis:* Drawing on academic and industry literature, the review was intended to identify gaps in traditional governance models and explore how emergent design principles could address these limitations.
- *AoD principles analysis:* A focused analysis of AoD principles such as strategic emergence, self-disruption, and systems thinking examined their potential applications within governance.
- *Case studies:* Selected case studies of organizations with adaptive governance provided practical insights into implementing emergent design principles in governance frameworks.

3.3. Analysis techniques

The data analysis applied a thematic approach to identify recurring themes and align emergent design principles with governance functions like decision-making, risk management, and stakeholder engagement. Key analytical steps included mapping AoD principles against governance structures, comparative analysis of traditional versus adaptive models, and synthesis of case studies. The analysis culminated in proposing a hybrid governance framework that balanced accountability with agility, positioning corporate boards to better handle complexity and dynamic challenges.

While this study adopts a conceptual and qualitative approach — drawing from literature, AoD principles, and case studies — other methodologies could further validate and extend these findings. A comparative case study method involving in-depth interviews with board members across sectors could provide empirical support for the integration of emergent design principles. Additionally, a mixed-methods approach, combining survey data with qualitative interviews, would allow for broader generalization while retaining contextual insights. Experimental or simulation-based methods, such as governance scenario planning or organizational design labs, could also be employed to test the impact of design principles on governance outcomes in controlled environments. These alternatives present opportunities for future research to empirically evaluate the effectiveness and challenges of implementing adaptive governance models in diverse organizational settings.

4. ANALYSIS AND RESULTS

This section presents an analysis of the current stability-oriented corporate governance frameworks, examining their limitations in dynamic environments and the potential for emergent design principles to enhance adaptability. The findings highlight how incorporating principles from the AoD into governance structures can significantly improve decision-making, risk management, and responsiveness to change.

4.1. Traditional stability in governance

Corporate governance frameworks are traditionally structured around stability and control, prioritizing predictability and accountability. Key components of these frameworks include well-defined roles, stringent compliance requirements, and formalized decision-making processes that ensure transparency and protect shareholder interests (Meier et al., 2019). Stability in governance provides a clear hierarchy, detailed guidelines for risk management, and procedures designed to prevent abrupt shifts, which are viewed as potentially disruptive.

However, the emphasis on stability can hinder agility in rapidly changing business contexts. Stability-oriented governance often leads to a cautious, risk-averse culture, which may slow down decision-making and limit organizations' ability to respond to new opportunities or threats effectively (Schuler et al., 2011). As previously mentioned, traditional governance models rely heavily on annual strategic planning cycles, which may leave organizations locked into outdated

strategies when unexpected market disruptions occur.

Moreover, these frameworks generally lack mechanisms for integrating real-time feedback and rapid response processes, which are essential for navigating complex environments. As a result, stability-oriented governance can become a liability in industries characterized by high volatility, such as technology or finance, where the ability to pivot and adapt is crucial for survival. The rigidity inherent in such models often restricts boards from experimenting with new ideas or reevaluating existing assumptions, which can limit innovation and make organizations less resilient (Castilla & Benard, 2010).

4.2. Integrating emergent design principles

Emergent design principles from AoD offer a dynamic alternative to traditional governance frameworks. These principles prioritize adaptability and continuous learning, equipping organizations to handle unforeseen challenges. Each AoD principle has specific applications within corporate governance:

- *Strategic emergence*: This principle advocates for an adaptive, iterative approach to strategy, in contrast to fixed, long-term planning. In a governance context, strategic emergence can be operationalized through regular scenario planning and shorter planning cycles that allow boards to adjust strategies based on current data and emerging trends (Hong & Kim, 2019). For instance, boards could hold periodic “strategy sprints,” during which members revisit and update strategic priorities, fostering a culture of continuous adaptation.

- *Self-disruption*: Self-disruption encourages organizations to question established norms and be willing to dismantle outdated practices proactively. Applied in governance, self-disruption could involve instituting regular assessments of governance practices and policies, allowing boards to discard practices that no longer serve the organization's goals effectively (Meier et al., 2019). This might mean reevaluating board committee structures, diversifying board expertise, or integrating new technologies for real-time reporting.

- *Systems thinking*: Systems thinking emphasizes the interconnectedness of various organizational and environmental factors, encouraging boards to consider the broader ecosystem in which they operate. Governance structures that adopt a systems-thinking approach are more likely to incorporate environmental, social, and governance (ESG) considerations into their decisions, recognizing that corporate actions have impacts beyond shareholder returns (Faiz et al., 2020). Boards could use systems mapping exercises to visualize the ripple effects of strategic decisions, fostering a holistic perspective in governance.

- *Reflexivity and continuous learning*: Reflexivity involves regular reassessment of strategic assumptions, which supports continuous learning. For governance, reflexivity can enhance decision-making processes by encouraging boards to learn from past actions and remain open to new insights. Implementing feedback mechanisms — such as post-decision reviews and external audits — can help boards refine strategies over time, reducing blind spots and enhancing agility (Joyce & Slocum, 2012).

The integration of these principles into corporate governance could transform static board structures into dynamic, learning-oriented systems that adapt to environmental changes. Emergent design principles offer a pathway to balance accountability with flexibility, creating a governance model capable of proactive adaptation.

4.3. Impact on decision-making and responsiveness

The application of emergent design principles in governance has the potential to enhance corporate decision-making, risk management, and board responsiveness. The following are key impacts:

- *Enhanced decision-making:* By adopting strategic emergence and reflexivity, boards can make more informed, agile decisions. These principles foster a decision-making culture that values adaptability, allowing boards to pivot quickly when new information becomes available. Additionally, systems thinking encourages boards to weigh the long-term social and environmental implications of decisions, leading to more comprehensive, sustainable choices (Castilla & Benard, 2010).

- *Improved risk management:* Traditional governance frameworks focus on compliance-based risk management, often leading to a static approach to risks. Integrating self-disruption and reflexivity shifts risk management from a reactive to a proactive model. Self-disruption encourages boards to identify and address risks preemptively by questioning long-standing practices that might expose the organization to emerging risks. Reflexive practices, such as regular risk reviews, support continuous assessment and adjustment, equipping boards to address evolving risks more effectively (Hong & Kim, 2019).

- *Increased responsiveness to change:* One of the most significant impacts of integrating emergent design principles is increased board responsiveness to external changes. Strategic emergence enables boards to respond to market shifts with agility, as adaptive strategies allow for quicker course corrections. Systems thinking further enhances responsiveness by encouraging boards to monitor external trends and stakeholder concerns, enabling them to anticipate changes before they become critical. For example, a systems-oriented board might implement real-time tracking of key performance indicators related to environmental or social impact, allowing for rapid adjustments (Meier et al., 2019).

In sum, emergent design principles bring a proactive, future-oriented approach to governance. They enable corporate boards to move beyond static oversight, fostering resilience and adaptability through enhanced decision-making, risk management, and responsiveness. By transforming governance structures from stability-oriented to agile systems, boards can better navigate the complexities of today's business landscape, balancing accountability with the need for flexibility.

5. DISCUSSION

This section explores the implications of integrating emergent design principles into corporate governance, focusing on the contrasts between traditional and adaptive frameworks, the challenges

organizations may face in implementation, and the potential benefits for enhancing corporate agility and resilience.

5.1. Comparing frameworks

Traditional corporate governance frameworks prioritize stability, control, and predictability, often resulting in rigid structures that emphasize compliance and risk avoidance. These frameworks typically follow established protocols and hierarchical decision-making processes designed to protect shareholder interests and maintain organizational integrity (Hong & Kim, 2019). While effective for ensuring accountability and consistency, this static approach limits an organization's ability to adapt swiftly to changing market conditions, technological advancements, and evolving stakeholder expectations. In this context, the focus on stability can create a governance model that is slow to respond, bound by procedural inertia, and primarily reactive rather than proactive.

In contrast, emergent design principles offer a more flexible and adaptive governance model. Emergent design emphasizes iterative strategy development, continuous learning, and a broader systems-oriented perspective that enables boards to consider the interconnected impacts of their decisions (Faiz et al., 2020). This flexibility supports a governance approach that is not only adaptive but also anticipatory, equipping boards to respond dynamically to new challenges and opportunities as they arise. Unlike traditional frameworks, emergent design allows governance to evolve continuously, fostering a responsive and agile decision-making culture.

Comparing these frameworks reveals a fundamental difference in mindset: traditional governance seeks to preserve stability by adhering to fixed policies, while emergent design values adaptability and ongoing learning. For organizations operating in complex, rapidly changing environments, this shift toward emergent design can provide a more resilient governance model that meets the demands of modern corporate landscapes (Castilla & Benard, 2010).

5.2. Challenges of implementation

Despite the advantages of emergent design, several challenges may hinder its implementation within corporate governance:

- *Cultural resistance:* One of the primary barriers is cultural resistance to change. Traditional governance frameworks are deeply rooted in corporate cultures that prioritize stability, formality, and established hierarchies. Shifting to an emergent design approach requires a mindset change, particularly among board members accustomed to conventional decision-making processes. This cultural shift may be met with resistance, as board members and executives may be reluctant to abandon familiar, predictable structures for more adaptive but potentially ambiguous practices (Meier et al., 2019).

- *Structural rigidity:* Existing governance systems often have entrenched structures and protocols that are not easily adaptable to an emergent design framework. Corporate boards

are typically organized around formal roles, committees, and processes, making it challenging to implement more fluid, flexible structures without extensive restructuring. Additionally, regulatory requirements may demand specific procedures and reporting practices, limiting the extent to which governance can adopt agile principles (Schuler et al., 2011).

- *Lack of agility in governance systems:* Many organizations struggle with agility in their governance systems, particularly when these systems are geared toward minimizing risk rather than fostering innovation. Traditional governance practices often lack mechanisms for rapid feedback and iterative decision-making, both of which are critical for emergent design. Implementing emergent principles may, therefore, require substantial investment in technology and processes that facilitate real-time data analysis, scenario planning, and continuous learning (Joyce & Slocum, 2012).

- *Balancing accountability with flexibility:* A central challenge in integrating emergent design with governance lies in balancing flexibility with accountability. While emergent design promotes adaptive decision-making, it can sometimes create ambiguities around accountability, as decisions may evolve rapidly based on changing information. Organizations must, therefore, ensure that emergent design does not compromise regulatory compliance or the board's fiduciary responsibilities, finding ways to embed flexibility within accountability frameworks (Hong & Kim, 2019).

5.3. Benefits of corporate agility

Despite these challenges, embracing emergent design principles in governance can offer substantial benefits for corporate agility and resilience:

- *Enhanced responsiveness to market shifts:* Emergent design enables corporate boards to respond more effectively to market changes and unforeseen disruptions. Strategic emergence, for example, allows governance structures to adjust quickly to new conditions, such as shifts in consumer demand or regulatory changes, ensuring that corporate strategies remain relevant and forward-looking (Faiz et al., 2020).

- *Improved risk management:* By incorporating self-disruption and reflexivity, emergent design supports a proactive approach to risk management. Rather than relying solely on compliance-based controls, boards can adopt a more anticipatory stance, identifying and addressing emerging risks before they become critical issues. This approach also allows boards to reassess existing risk management practices regularly, discarding outdated methods and adopting new ones as the environment evolves (Castilla & Benard, 2010).

- *Fostering innovation and learning:* Emergent design fosters a governance culture that values continuous learning and innovation. Systems thinking, in particular, encourages boards to take a holistic view of their decision-making impacts, considering both short-term and long-term consequences across social, environmental, and economic dimensions. This approach aligns with modern corporate governance trends that emphasize ESG considerations, enhancing the board's capacity to make informed, socially responsible decisions (Meier et al., 2019).

- *Greater stakeholder alignment:* Emergent design principles support a governance framework that is attuned to diverse stakeholder interests, beyond just shareholders. Systems thinking and reflexivity help boards consider the needs and expectations of multiple stakeholders, such as employees, customers, suppliers, and communities. This stakeholder alignment promotes long-term sustainability and helps organizations build trust and credibility with the public, which can be critical for corporate reputation and brand resilience (Schuler et al., 2011).

- *Increased flexibility and agility in decision-making:* By adopting a flexible governance model, boards can implement shorter planning cycles, iterative decision-making processes, and real-time feedback mechanisms, all of which enhance agility. Reflexivity and continuous learning ensure that governance practices evolve alongside organizational and environmental changes, enabling boards to make timely, informed decisions in uncertain conditions (Joyce & Slocum, 2012).

6. CONCLUSION

This work explored the integration of emergent design principles — strategic emergence, self-disruption, systems thinking, and reflexivity — into corporate governance frameworks, responding to growing calls for greater adaptability in the face of complexity and uncertainty. By drawing from the AoD and supporting theoretical and practical insights, we proposed a hybrid governance model that balances the need for accountability with the imperative of strategic flexibility. The findings suggest that boards incorporating emergent design principles can improve real-time decision-making, enhance risk anticipation, and better align with diverse stakeholder needs.

This study contributes to governance literature by reframing traditional models through the lens of design thinking and adaptive systems. While much of the existing research remains focused on compliance and control, our conceptual approach proposes a dynamic alternative — especially relevant as organizations face increasingly volatile global environments. The novelty of integrating design principles into governance also lays the groundwork for bridging strategic management and organizational design fields.

However, this research is subject to several limitations. The analysis is conceptual and interpretive in nature, and while it draws from case insights and theoretical frameworks, it lacks empirical testing. The adaptability of governance structures may vary widely across organizational contexts, legal systems, and industry cultures, limiting the generalizability of the findings. Additionally, the adoption of emergent design principles may face cultural resistance or institutional constraints not fully explored here.

Future research should empirically investigate how specific AoD principles perform in governance settings across industries, potentially using comparative case studies or longitudinal designs. Studies that assess the impact of adaptive governance on firm performance, stakeholder satisfaction, or innovation metrics could offer valuable insights. Further exploration of sector-specific barriers (e.g., finance, healthcare, public sector) would also enrich the understanding of how

governance adaptability manifests under different institutional pressures.

In summary, this study advocates for a reevaluation of corporate governance through the lens of adaptability and design. By positioning

governance not only as a system of control but as a mechanism for learning and evolution, organizations may be better equipped to navigate complexity — and researchers better positioned to inform that transition.

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