

1. MARKETS REWARD AUDACITY - UNTIL THEY DON'T

Μέσο: TO ΒΗΜΑ ΤΗΣ ΚΥΡΙΑΚΗΣ_ INTERNATIONAL EDITION

Ημ. Έκδοσης: . . .07/06/2026 Ημ. Αποδελτίωσης: . . .07/06/2026

Σελίδα: 4

Innews AE - Αποδελτίωση Τύπου - <http://www.innews.gr>



Markets Reward Audacity – Until They Don't

Boards today face a dangerous paradox: urged to “think bigger” while navigating the most fractured geopolitical and economic landscape in generations. Markets reward audacity - until they don't. And when the music stops, it isn't activist investors who bear the full weight of failure. It's pension fund beneficiaries, employees, small business owners, suppliers, and entire communities.

The question is deceptively simple: what constitutes prudent risk-taking versus opportunistic pursuits funded by stakeholder futures?

Risk Models vs. Reality

Traditional risk frameworks - Value-at-Risk models, historical stress tests - are backward-looking tools in a forward-breaking world. Ge-

opolitical assumptions underlying corporate strategy have dissolved: stable supply chains, predictable trade relationships, accessible capital.

Consider shipping and energy sectors navigating the Hormuz crisis. Do boards re-route at 30% higher cost? Negotiate a position placed by one of the factions? Or maintain operations hoping tensions ease? Market analysts reward “boldness” - until a tanker gets detained or a facility gets targeted.

Tech sector boards approved 20-30% workforce layoffs while placing billion-dollar AI bets. The narrative: layoffs are “responsible cost management,” AI investments are “strategic necessity.” But those layoffs destroyed careers and tax bases while committing capital to uncertain ROI timelines.

By
**Cleopatra
Kitti**



Shareholders exit within milliseconds. The downside lingers for decades.

Who Really Pays?

This highlights a profound mismatch between board accountability frameworks and stakeholder exposure realities. Pension funds cannot trade like hedge funds. Teachers and nurses and small business owners cannot absorb volatility that activists seek. Employees face offices closed, skillsets obsolete overnight.

The public backstops systemic failures. Boards can take enormous risks knowing losses are shared publicly while profits remain private.

Prudence vs Paralysis

This isn't anti-risk-taking. Boards must take risks for value creation and survival. The question is whose risk tolerance governs decisions, and who bears consequences when bets fail. Boards serving pension capital shouldn't make the same calculus as those serving venture capital - yet frameworks obscure this distinction.

Executive compensation tied to 1-3 year share price appreciation conflicts with long-term stakeholder health. Boards are rewarded for projecting confidence. Caution gets punished as “lack of vision.”

Wisdom, Not Emotion

The path forward requires rebalancing governance culture with smarter regulation. Institutional investors should demand disclosure of not just *what* risks boards take, but *why* and *for whose benefit*. Regulators should require explicit, public articulation of risk tolerance and stakeholder prioritization.

Successful boards will distinguish:

- Calculated risks grounded in stakeholder reality
- Speculative capital allocation driven by market euphoria

When risk-taking becomes performative rather than analytical, the distance between strategic boldness and fiduciary failure collapses. Board members don't suffer most—pensioners, workers, small

business owners and communities do.

In moments of genuine uncertainty, patience is courage. The discipline to resist market euphoria, protect stakeholder security, and say “not yet” when others scream “now” may be the most valuable risk management available.

Smart risk-taking creates sustainable value. Hyped speculation destroys it. The difference lies in quality of analysis, honesty about consequences, and alignment between risk and stakeholder capacity.

Prudence isn't risk-aversion. In an age of genuine uncertainty, it's the highest form of accountability.

Cleopatra Kitti is a Certified Independent Director and senior policy adviser for ELIAMEP