

What if disruption isn't the challenge, but the chance?



ISAAC SARPONG: Isaac is the Partner in charge of Tax Services. He has over 26 years' experience in the provision of multi-faceted advice to both local and international clients in taxation, accountancy, audit & assurance, and corporate law, among others. Isaac is a Chartered Accountant, a Chartered Tax Practitioner and a Lawyer.



In a nonlinear, accelerated, volatile and interconnected world, understanding megatrends is key for leaders to redefine success.

In brief

- ▶ A more complex post-pandemic operating environment creates new challenges and imperatives for business leaders.
- ▶ Firms will thrive by transforming for agility in the near term, while making “no-regret” moves for the long term.
- ▶ A megatrends-based approach can empower C-suite and board leaders to make these shifts.

From tariffs to ChatGPT, COVID-19 to the Great Resignation, extreme weather to supply chain shocks and unforeseen knock-on impacts – if the last few years have felt like a roller-coaster ride, in which a succession of surprises has shaken your business, you’re not alone.

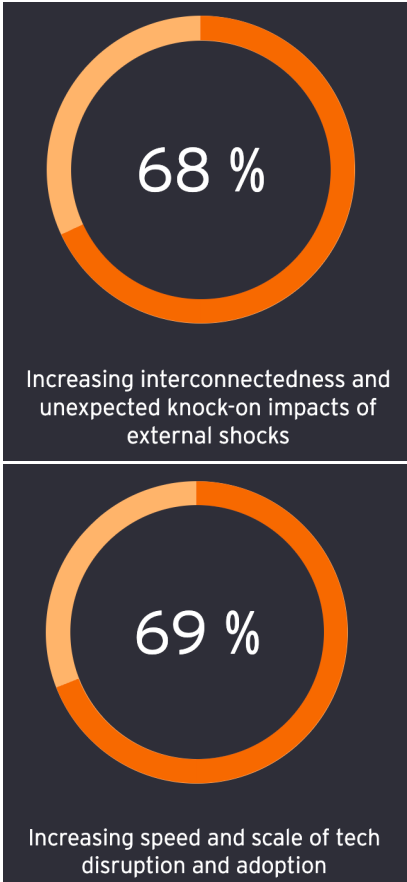
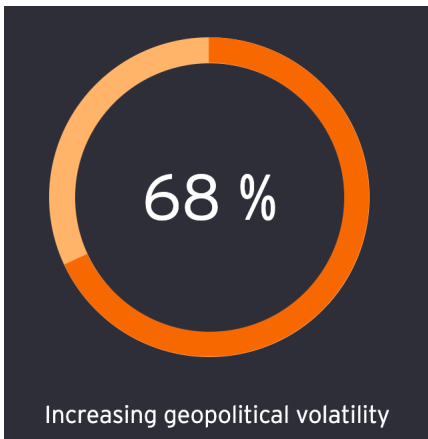
We are now in a state of affairs we call the NAVI world, after the four characteristics that distinguish it from the pre-pandemic operating environment. This is a world in which change is increasingly:

- ▶ Nonlinear
- ▶ Accelerated
- ▶ Volatile
- ▶ Interconnected

Navigating these challenges demands new approaches to transformation. Longitudinal data from **EY-Parthenon Geostrategy in Practice surveys** shows that just 1% of global executives were surprised by political risk events or their impacts “most or all of the time” in 2021; by 2025, the number had exploded to 35%. Meanwhile, in the **January 2025 EY-Parthenon CEO Outlook survey** of 1,200 CEOs, about seven in 10 CEOs agree they need to rethink their approach to transformation because of volatility, interconnectedness and the increased speed and scale of tech disruption – but about two-thirds have yet to make these changes.

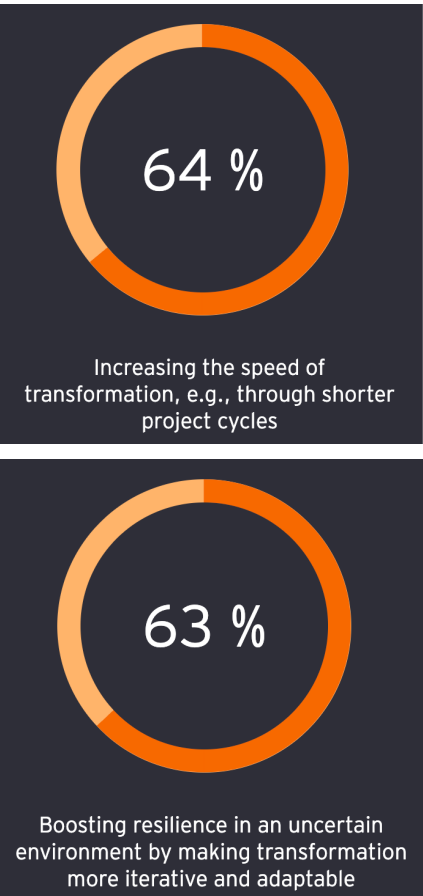
Most CEOs agree they need to change their approach to transformation for the NAVI world

How important is it to rethink your organization's approach to transformation to adapt to the following trends?



The pie charts depict the perspectives of CEOs on the necessity of transforming their organizational approaches to adapt to key trends in the NAVI world. Each chart highlights a high percentage of CEOs (68-69%) who believe it is important to rethink their strategies in response to specific challenges.

...and most have not yet made these changes in their companies
To what extent does your organization need to improve its approach to transformation in the following areas?



The pie charts reflect the extent to which organizations need to improve their transformation approaches in specific areas, indicating that most (63-65%) have not yet made necessary changes.

For leaders in the C-suite and boards, the increased complexity of the NAVI world creates new imperatives and challenges. Existing best practices and ways of operating – everything from risk management to transformation and even the values and principles around which your enterprise is organized – are no longer fit for purpose and need to be fundamentally rethought. Companies will thrive by identifying and making no-regret moves for the long term, while simultaneously transforming the enterprise for agility in the near term.

This article, the first in the EY Megatrends 2025 series, explores the NAVI world and its implications for business leaders. The time feels right. Since publishing our first Megatrends report in 2016, the current operating environment is like nothing we have ever seen. Understanding this environment, and the interconnections between the disruptive forces through which new megatrends emerge, is the first step in defining your way forward and what needs to change. This is where the Megatrends framework comes in.

Methodology

This article is based on a combination of primary and secondary research, with both qualitative and quantitative elements. Primary research data was crowdsourced through a series of workshops and interviews with subject-matter experts, including analysts, futurists, academics and business leaders. It also included a panel of questions focused on the changing business climate in the January 2025 CEO Outlook survey of 1,200 CEOs from large companies around the world. This was supplemented with secondary research, including analysis of data trends from multiple sources.

Chapter 1

The NAVI world Welcome to the complex new reality.

In 1991 – as the Soviet Union’s chaotic collapse replaced the familiar balance of power of the Cold War – the US Army War College began using an acronym

that has since become common across the business world: VUCA, a world characterized by volatility, uncertainty, complexity and ambiguity.

“

We have moved from a single vector – technological disruption – to the multidimensional, interconnected, systemic disruptions of today.

Pascal Finette
Chief Heretic and Co-Founder at Radical

VUCA hasn’t gone away, but it’s insufficient to understand the world we now inhabit. The events of today’s operating environment are defined more by traits such as nonlinearity and interconnectedness, which create new challenges, imperatives and opportunities for business leaders.

“We have moved from a single vector – technological disruption – to the multidimensional, interconnected, systemic disruptions of today,” says Pascal Finette, Chief Heretic and Co-Founder at Radical, and an EY wavespace Luminary. “Anything from AI, climate change, and geopolitics, to societal shifts – all happen at the same time. Combine this with the convergence and acceleration of these forces, and it creates entirely new challenges and opportunities for business leaders.”

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The NAVI world is not just VUCA by another name; it's a VUCA-plus environment, defined by four traits:

1. Nonlinear

More than ever, leaders are operating in a nonlinear world, in which change doesn't happen at a constant rate. For instance, technology S-curves can precipitate tipping points, in which technologies suddenly transition from gradual improvement to huge advances, catching companies by surprise – as happened with the launch of ChatGPT3. While technology S-curves date back to at least the mid-1970s, in today's environment of accelerated change, they are steeper – bringing more frequent tipping points.

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Our brains did not evolve to understand nonlinearity, and so we try to create linearity in a world of nonlinear transformation.

Beau Lotto

Neuroscientist, Founder and CEO of Lab of Misfits

Geopolitics is full of nonlinear change, from the outbreak of wars to political revolutions. Even relatively slow-moving demographic shifts can abruptly cross tipping points, for instance as younger generations become the majority segment in your workforce or customer base, or with the Great Wealth Transfer – the unprecedented transfer of assets between baby boomers and younger generations. Climate change is becoming increasingly nonlinear; scientists predict we will cross as many as 25 tipping points in the years ahead, triggering everything from the collapse of ocean currents that keep Western Europe warm to the disruption of the monsoon winds on which agriculture across Southeast Asia depends.

The central challenge for business leaders is reinventing operating models and practices that were built for a linear world. “We are moving from an era of linear change to one of nonlinear disruption,” says Beau Lotto, neuroscientist, Founder and CEO of Lab of Misfits, and an EY wavespace Luminary. “But our brains did not evolve to understand nonlinearity, and so we try to create linearity in a world of nonlinear transformation.”

2. Accelerated

Change is accelerating. Artificial intelligence (AI) is advancing at an unprecedented rate – from ChatGPT breaking

records for the speed of user adoption at its launch, to the rapid clip at which new AI capabilities are being rolled out. Other technologies improving at an accelerated pace range from robotics and battery technology to renewable energy technologies such as wind and solar.

Climate change is accelerating across several fronts, from the rate of ice sheet melt to the frequency and cost of natural disasters.

The accelerated pace of change is also visible in geopolitics. “The geopolitical world is fundamentally different from a few years ago,” says Oliver Jones, EY-Parthenon Global Geostrategy Leader. “The speed of change has increased dramatically. Trade liberalization used to proceed in an orderly and slow cadence of GATT and WTO rounds, which could take a decade to negotiate and implement. Today, new tariffs can be enacted in a matter of days. We have gone from change over 10 years to change literally overnight.”

3. Volatile

Tariffs don't just illustrate the pace of change; they also exemplify the volatility of the NAVI world. “Politics are realigning and growing more polarized, increasing the likelihood of significant swings in policy from one election to the next,” says Catherine Friday, EY Global Government & Infrastructure Industry Leader. “For instance, the ‘global elections supercycle’ of 2024 ushered in a wave of anti-incumbency across multiple countries and, with it, the potential for significant policy shifts in the months and years ahead. For business and governmental leaders, navigating this volatile space is more challenging. More than ever, government leaders need to demonstrate government services and living standards are improving – for instance, through using data, adopting digital infrastructure and partnering with the private sector to improve public services, increase economic resilience, boost living standards, and drive innovation.”

Demographic developments are contributing to volatility. Younger generations have sped up consumer trends and fashion cycles, as social media and supply chain innovations have fueled the rise of microtrends that can last weeks, instead of years. Migration and immigration – fueled by climate disruption, political conflicts or economic opportunities – can contribute to political volatility.

Meanwhile, the accelerated pace of technology improvement creates breakthrough capabilities and tipping points – such as newer AI models and

capabilities – that can challenge companies' assumptions, necessitating sudden pivots and changes in direction. The rise of agentic AI, for instance, has spurred several companies to pivot their strategy and offerings, from Salesforce's launch of its “Agentforce” offering, to Intel revamping its manufacturing division to shift from manufacturing chips entirely for itself to producing chips for external clients such as NVIDIA.

This volatility has implications for the enterprise transformation initiatives that many companies are undertaking. More than ever, leaders will need approaches that can quickly adapt to changing assumptions or new market realities, and allocate resources efficiently amid heightened uncertainty.

4. Interconnected

The NAVI world is one in which trends are more interconnected, meaning that exogenous shocks can trigger cascades of downstream impacts, often culminating in unexpected outcomes.

So far, this has been most visible with geopolitical shocks. The COVID-19 pandemic and subsequent events such as the war in Ukraine and conflict in the Middle East have unfolded in often unexpected ways, triggering cascades of secondary and tertiary impacts – from used cars selling for more than new ones, to scores of unforeseen supply chain disruptions.

It's not hard to imagine how other trends could trigger similar knock-on impacts and surprising outcomes. Autonomous vehicles could disrupt the market for energy drinks, as long-haul truck drivers – who currently account for a major sales channel through gas station convenience stores – are replaced by autonomous trucks. Electric vehicles could lead to a spike in demand for real estate remediation services, as auto repair shops go out of business (since EVs require significantly less ongoing maintenance) and developers look to repurpose these facilities but can only do so after environmental remediation (since auto shops deal with hazardous materials). Such interconnections create a new challenge for business leaders. Something far removed and seemingly unrelated to your company and sector could trigger a cascade of knock-on impacts that culminate in a major disruption for your business. To address these challenges and thrive in a NAVI world, companies need a two-pronged approach: using future-back planning to identify common threads and make no-regret moves, while simultaneously transforming the enterprise for agility in the near term.

Chapter 2

Use megatrends for future-back planning and no-regret moves

What investments can you make now to thrive in multiple versions of the future?

Future-back planning has long been the gold standard for responding to disruptive innovation. This methodology reverses the usual incremental planning process, by starting with a vision for the future, and then working backwards to identify and make the investments and transformations your company will need to succeed in that future state.

In a NAVI world, future-back planning needs to change in a couple of ways. First, the future visioning needs to consider the increased complexity of the new operating environment. This includes scanning more widely – beyond the confines of your business or legacy sector – and incorporating the impact of interconnections between disparate forces. The EY Megatrends framework allows for such an approach by focusing on the evolution of four primary forces – technology, geopolitics, demographics and sustainability – and on how intersections between these primary forces create new megatrends.

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Second, it is no longer sufficient to develop one vision of the future. In an environment of increased complexity and uncertainty, companies need to be ready for not one vision of the future, but several.

This raises a fundamental challenge when it comes to future-back planning: how do you prepare for multiple different futures at once? The answer is anticipating certain and uncertain changes and making no-regret moves.

“What are the things you know will happen over the long term, despite the uncertainty and volatility of today’s operating climate?” asks Michael Kanazawa, Disruptive Innovation Faculty and Venture Studio Lead at the USC Iovine & Young Academy. “For example, while there is still debate around some near-term aspects of climate change, we know some things will be true over a longer horizon: global temperatures will rise, and the climate will change. Among other things, this means food and water supplies will come under threat, and the location of crop cultivation will shift. We may need new solutions, such as vertical farming. Regardless of near-term volatility, you can bet on a future of needing to protect our environment and change how and where we grow food – with big implications for companies in the agriculture, food, and forestry industries, among others.”

Regardless of the ups and downs in the immediate future, what is the direction of change? What is true across multiple scenarios and versions of the future? What core competencies, business and operating models, partnerships, ecosystems, and investments will you need, regardless of which scenario comes true? These are the no-regret moves you can start making now.

Supply chain resilience has become a mantra for companies in the current business environment. But back in 2019, the focus was instead on developing ultra-lean, just-in-time supply chains, and just about nobody was talking about resilience. It turned out, of course, that we were on the cusp of a series of global disruptions – the pandemic, multiple geopolitical conflicts, extreme weather, tariff wars – all of which would disrupt supply chains, making investing in supply chain resilience a no-regret move that would be relevant across multiple future scenarios.

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Disruptive Innovation Faculty and Venture Studio Lead at the USC Iovine & Young Academy

What no-regret moves will empower your company to thrive over the next five years?

One firm that has succeeded by defining a future vision and charting a steady course toward it with no-regret moves is Microsoft. Soon after ascending to the top job, CEO Satya Nadella laid out his vision for Microsoft in a company-wide internal memo.¹ The firm would stop defining itself as a “devices and services company” and would instead be guided by a singular mission: “reinvent productivity to empower every person and every organization on the planet to do more and achieve more.”

Microsoft’s mission statement freed the company from being beholden to the past; it soon spun off its Nokia mobile phone acquisition and stopped approaching every market opportunity through a “Windows-first” lens. More importantly, the long-term goal of reinventing productivity prompted the company to strategically invest in the future. It bet big on cloud – and, beyond that, on AI and mixed reality.²

While many factors have contributed to Microsoft’s resurgence – such as embracing external partnerships, breaking up internal silos, and fostering a startup culture – much of what has followed can be traced back to defining a mission that would allow it to thrive across multiple versions of the future. In the decade since Nadella took over as CEO, Microsoft’s market valuation has grown tenfold, from US\$300 billion to more than US\$3 trillion – much of it attributable to the no-regret moves the company made in AI to deliver on its mission of reinventing productivity.

Examples of companies that developed a long-term vision and identified no-regret moves are not restricted to technology companies or trends. In the mid-2000s, Tesla, for example, developed a long-term vision based on the inexorable march of climate change, and defined its mission as “accelerating the world’s transition to sustainable energy.” Based on this long-term view, Tesla invested comprehensively across multiple sustainable energy market offerings, from electric vehicles and charging infrastructure, to solar panels and roofs, and home battery storage systems.

Chapter 3

Achieve agility through reimagining the enterprise

Transform your organization – and transformation itself – for agility in a NAVI world.

Future-back planning allows you to chart a long-term course through NAVI’s choppy waters. But to thrive in the near term, you simultaneously need to transform and reimagine your enterprise to be more agile. This involves transforming business models, operating models, risk management – and, ultimately, transformation itself.

1. Transform business models

While business model disruption is nothing new, the ways in which companies develop new business models will change to be better aligned with the NAVI world.

First, in a business climate that is increasingly interconnected, new business models will succeed by harnessing the power of connections. One example of this is combining multiple emerging technologies, which can deliver breakthrough offerings that are more than the sum of the parts. A new crop of AgTech startups, including Carbon Robotics, FarmDroid, and FarmWise, is developing automated weeders that combine technologies such as AI, robotics, computer vision, and lasers to make weed control autonomous, precise and chemical-free – with considerable implications for the economics and business model of organic farming. A methodology known as future mapping can be a critical capability here. “Future mapping is a structured way of illuminating the first-, second- and third-order effects of potential trends and developments,” says Minsoo Pak, EY Transformation Architect and Strategic Futurist. “Thinking through ‘implications of implications’ allows us to think in scenarios and better plan for future events – a powerful tool in business model innovation.”

Second, adopting a portfolio approach – developing multiple business models simultaneously – gives companies increased resilience amid increased volatility, and allows them to be prepared for multiple versions of the future. Singapore-based Grab, for instance, has multiple market offerings and business models, from ride-hailing and food delivery to digital payments, and is expanding into financial services such as lending and insurance.

Third, business model innovation needs more than ever to be ongoing and continuous. One example of this is Volkswagen Group’s “AI Lab,” focused on developing disruptive offerings powered by AI. The AI Lab serves as a global hub for innovation, identifying new product ideas and collaborating with multiple technology partners to develop and explore a range of disruptive offerings.

2. Transform operating models
Companies will thrive by restructuring their operating models. The first step is rethinking legacy business processes and functions and recasting them to be better aligned with AI and other disruptive trends. Moderna, for instance, has appointed its first-ever Chief People and Digital Technology Officer, charged with managing “3,000 AI’s and 5,800 humans.”³

Companies will also reshape their operating models to be more nimble and agile in a NAVI world. This includes reshaping organizational structures around smaller teams, with the goal of building flat networks rather than hierarchical trees. It involves reengineering talent models, information flows, business processes, and business functions – to enable the deployment of AI across the enterprise, as well as create organizational structures that are more adaptive and nimble. Critically, it requires rethinking incentive structures and performance metrics to enable these changes.

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Over time, these and other shifts will fundamentally transform the enterprise as we know it, with the ultimate destination being the frictionless organization we refer to as the “superfluid enterprise.”

3. Transform risk management

Risk management, as currently practiced in most companies, is fundamentally misaligned with the NAVI world. In a time of accelerating change and increased volatility, risk management relies on slow and intermittent processes. In a world of increased interconnectivity, it is both siloed across the enterprise and inclined to manage risks as independent, rather than interconnected, forces. In an environment of nonlinear change, it has been slow to adopt methodologies suited to modeling and managing nonlinearity.

One indicator of the large gap between standard risk management practices and the challenges of the NAVI risk climate is that it is still rare for even the world's largest companies to have something as basic as a Chief Risk Officer (CRO) in the C-suite.

EY analysis of the Fortune Global 500 companies reveals that just one in five companies (21%) has a CRO. These numbers are skewed by financial services firms, 80% of which have CROs, largely because of their unique risk management regulations. Among non-financial sector entities, only 12% of the world's largest companies have CROs.

“The need to transform risk management has never been greater,” says Scott McCowan, EY Global Consulting Risk Markets Leader. “Despite an environment of increasing risk and uncertainty, much of risk management remains siloed and slow to change. This will no longer suffice. In today's volatile environment, risk management is not a compliance exercise – it's strategy.”

Indeed, aligning risk management with the NAVI world requires comprehensive transformation. This includes practices such as Integrated Risk Management (IRM) and Enterprise Risk Management (ERM), which are well-suited for developing a more holistic and strategic view of risk, but which – as with CRO appointments – have not been adopted by most companies.

Risk transformation includes reshaping organizational structures and operating models to make risk management pervasive across the enterprise. It involves adopting technologies and methods more suited to analyzing risk in a NAVI world – from AI to tabletop exercises

and Monte Carlo simulations.

In a NAVI environment, risk and strategy need to be integrated as never before. Beyond the minimal step of appointing a CRO, companies will succeed by elevating the role of CROs, giving them an equal voice in key strategic decisions. This would ideally be supplemented with initiatives to restructure incentives, so that risk management professionals are rewarded for striking an appropriate balance between upside and downside, rather than just limiting downside.

4. Transform transformation

Major transformations have traditionally been years-long exercises. But how do you chart a steady course over such a long time frame in an environment where new surprises and tipping points could suddenly emerge to upend your strategic plans, assumptions and cost-benefit calculations?

The answer, according to Craig Glindemann, EY Global Consulting Markets Leader, is to rethink the traditional approach to transformation.

“An environment of accelerating change and growing volatility is transforming transformation into something more fluid, flexible and adaptive to changing market conditions,” says Glindemann. “Instead of a linear process with a neat beginning, middle and end, transformation is becoming more nonlinear, iterative and continuous. And the days of two-to-three-year planning cycles are over. The new reality is one in which planning horizons have shrunk to months, not years.”

A megatrends-based approach can help companies make these shifts. Looking for common end points across multiple megatrend scenarios can help identify your organization's no-regret moves.

In this environment, companies need to identify, orchestrate and realize move value, more quickly. Instead of transformation initiatives that set a fixed map to be implemented over several years, companies will use approaches that are more iterative and adaptive. This involves not drawing a roadmap as much as identifying a direction of travel – establishing a “North Star” – to guide the overall transformation journey, with shorter transformation projects that can be iterated and adjusted as needed in response to changing conditions.

AI is catalyzing these shifts in a couple of ways. First, it creates an imperative to make transformation continuous and ongoing. “AI implementation is unlike the deployment of prior technologies,” says

Cathy Cobey, EY Global Responsible AI Leader, Assurance. “It's not a ‘one-and-done’ like SAP integration. Instead, companies are on a continuous and ongoing journey of deploying newer capabilities and models as they emerge.”

Second, newer capabilities such as agentic AI are enabling companies to accelerate their transformation cycles. Examples range from kTern.AI,4 a digital platform by Kaar Technologies which uses agentic AI to streamline SAP implementations, to sustainable energy provider Eneco,5 which completed a transformation of its website customer interface using a multilingual AI agent in just three months.

A megatrends-based approach can help companies make these shifts. Looking for common end points across multiple megatrend scenarios can help identify your organization's no-regret moves. Frequent strategy refreshes informed by Megatrends ideation exercises can provide new directions for the iterative, shorter transformation sprints that are the new norm. Scanning across multiple scenarios can help identify future tipping points – and empower your organization to be ready for them.

Questions leaders should ask in a NAVI world

CEO

- How do we foster a culture of innovation that encourages our teams to embrace uncertainty and adapt to rapid changes with agility?
- How can we better communicate a vision for agility and transformation to all levels of the organization?

CFO

- How do we allocate resources efficiently, for both the short term and long term, amid increased uncertainty?
- How do we ensure stability of financial performance in an environment of increased volatility?

COO

- How can we transform our operations and organizational structure to be more agile, and less hierarchical and siloed?
- What role does cross-functional collaboration play in our operational strategy, and how can we improve it?

CMO

- What innovative channels and technologies can we explore to reach our target audience more effectively in a rapidly changing environment?
- In what ways can we leverage emerging technologies, such as AI, to enhance our marketing strategies and customer engagement?

CHRO

- As AI reinvents work, how will it reinvent the role of the CHRO, and how do we ensure we have the appropriate mix of competencies in CHRO office?
- How should we rethink hiring, learning, workflows and feedback mechanisms to develop an agile workforce?

CIO/CTO

- Amid an accelerated pace of tech innovation, how can we anticipate tipping points, and be ready to accelerate adoption and scaling up at the appropriate time?
- How can technology adoption and deployment be used to transform our operating and business models, as well as make the transformation process more agile?

CRO

- How can we enhance our risk management frameworks, both to drive strategy and growth, and to better anticipate and respond to emerging megatrends and market disruptions?
- What incentives, approaches and strategies can we implement to foster a risk-aware culture throughout the organization?

Boards

- How can we ensure that our strategic oversight aligns with the organization's need for agility and responsiveness in the NAVI world?
 - What skill sets and competencies do we need in the Board in a NAVI world?
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Continued from previous edition

Chapter 4

Lead through uncertain times

Navigating NAVI's behavioral traps will take leadership from CxOs and boards.

For almost half a century, business leaders across multiple sectors have navigated the pitfalls of disruption. Disruptive innovation is particularly treacherous because it sets behavioral traps. The very behaviors that led companies to succeed in the past – such as focusing on the preferences of existing customers, or making decisions based on near-term return on investment – would cause them to fail in the future.

The NAVI world compounds this challenge by creating new behavioral traps. We've already discussed how best practices for key aspects of the business – from operating and business models, to risk management and transformation – are no longer fit for purpose, and need to be approached in fundamentally different ways.

But NAVI's new behavioral traps also deal with more basic questions: many organizational principles – such as values, metrics and assumptions – need to be rethought and redesigned.

It's imperative for C-suite executives and boards to lead the way here. This is both because of the importance of setting the tone at the top, and because some of NAVI's new organizational principles are antithetical to the DNA of most senior leaders – meaning that leaders need to change not just how their organizations operate, but how they operate as well.

Consider, for instance, that business leaders are typically hard-wired to communicate decisiveness and certainty. Yet, the NAVI world is defined by volatility and uncertainty. How do leaders embrace

uncertainty to thrive in this operating environment, both at the individual and the organizational level? Leaders and teams are habituated to reach agreement before making key decisions.

But amid NAVI, success may instead hinge on living with the ambiguity of disagreement for extended periods. How do you do make this behavioral shift yourself, and how do you scale constructive disagreement across your enterprise? Meanwhile, profound uncertainty can lead to indecision and analysis paralysis – but inaction is rarely a winning strategy. How do you develop the organizational ability to move ahead even in uncertain times? Making changes such as these requires rethinking some core values around which your company is organized, and realigning incentives and metrics around the new behaviors you want to incentivize.

In a world that's changed – and a world of change – we will need to rethink old approaches to succeed. Using the Megatrends framework can give you the confidence to face the NAVI world decisively, and shape your future with confidence.

About the authors

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Summary

A 2025 emerging markets perspective of the EY Global Integrity Report offers key insights into how companies can keep integrity at the forefront of corporate strategy. This ecosystem of checks and balances will help organizations create a circle of integrity that reinforces trust within the organization and among stakeholders, even in times of uncertainty.

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