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Business leaders around the world heading into 2018 ...

Dec. 07, 2017



The rapid pace of technological developments and disruptive innovations, along with organizational resistance to change, are the top concerns for boards of directors and business leaders around the world heading into 2018, according to the results of the sixth annual Executive Perspectives on Top Risks Survey conducted by global consulting firm Protiviti and the Enterprise Risk Management (ERM) Initiative in the North Carolina State University Poole College of Management.

The survey report, “[Executive Perspectives on Top Risks for 2018](#),” assesses the concerns of 728 board members and executives globally. The results indicate that growing concerns around disruptive innovation significantly outpace fears of economic uncertainty and regulatory scrutiny, which have consistently been the top risk issues of board members and executives over the past several years. Threats related to cybersecurity are a top risk area for business leaders as well, particularly in

light of recent cyberattacks such as WannaCry, along with those affecting major

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established business models could outpace their organizations' ability to keep up and remain competitive.”

“It’s no longer a question of *if* digital will upend your business, but *when*,” said Jim DeLoach, a Protiviti managing director. “While a number of organizations already have digital strategies in place, digital transformation needs to become entrenched as a core part of the organization to ensure that companies are able to embrace disruptive change in the current business environment. This risk plus heightened concerns regarding resistance to change create a formidable challenge to executives and directors. Leaders know that failure to keep up with the rapid pace of change can place an organization in the position of becoming captive to events rather than charting its own course.”

The Top 10 Risks for 2018

Following are the top 10 risks identified in the “Executive Perspectives on Top Risks for 2018” report:

1. Rapid speed of disruptive innovations and/or new technologies may outpace our organization’s ability to compete and/or manage the risk appropriately, without making significant changes to our business model.
2. Resistance to change may restrict our organization from making necessary adjustments to the business model and core operations.
3. Our organization may not be sufficiently prepared to manage cyber threats.
4. Regulatory changes and regulatory scrutiny may heighten.
5. Our organization’s culture may not sufficiently encourage the timely identification and escalation of risk issues.
6. Our organization’s succession challenges and ability to attract and retain top talent may limit our ability to achieve operational targets.

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...especially how computers manage both digital and physical information
their operations.

From an industry perspective, the financial services and energy and utilities industry groups saw the largest decrease in overall risk concerns compared to 2017. This is likely due to reduced concerns about macroeconomic risks and regulatory change, as reflected in the survey findings. The technology, media and communications industry group expressed the highest concern regarding the magnitude and severity of risks overall.

“In light of the shifting risk landscape, it’s particularly interesting to observe an increasing concern among survey respondents that their organization’s culture may not sufficiently encourage the timely identification and escalation of risk issues to senior management and the board,” said Dr. Mark Beasley, Deloitte Professor of Enterprise Risk Management and director of NC State’s ERM Initiative. “As boards of directors and senior executives seek to improve their understanding of emerging risk issues, they may need to re-evaluate how their organization’s culture might be impacting the robustness and transparency of their risk identification and risk reporting efforts,” added Beasley.

The Executive Perspectives on Top Risks for 2018 survey was conducted in the fall of 2017, and respondents represent both U.S.-based and non-U.S.-based organizations across public and private sectors. The survey report also provides detailed insights broken out by size and type of company, respondent role and industry.

Resources Available to Learn More; Webinar on December 14

The “Executive Perspectives on Top Risks for 2018” report from Protiviti and North Carolina State University, along with an infographic, video and podcast highlighting the survey results, are available for complimentary download at

erm.ncsu.edu/toprisksreport and www.protiviti.com/toprisks. The first in a series of

complimentary 60-minute webinars exploring the implications of the survey results

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