

Executive Perspectives on Top Risks

2023 & 2032

Key issues being discussed in Australia and New Zealand's boardroom and C-suite, according to results from the latest Protiviti-NC State global survey

TOP 10 RISKS FOR 2023*	YOY change	TOP 10 RISKS FOR 2032*	YOY change
 1. Organisation's culture may not sufficiently encourage the timely identification and escalation of risk issues	↓	 1. Organisation's culture may not sufficiently encourage the timely identification and escalation of risk issues	↑
 2. Organisation may not be sufficiently resilient and/or agile to manage an unexpected crisis	↓	 2. Organisation may not be sufficiently resilient and/or agile to manage an unexpected crisis	=
 3. Resistance to change may restrict the organisation from making necessary adjustments to the business model and core operations	↓	 3. Resistance to change may restrict the organisation from making necessary adjustments to the business model and core operations	=
 4. Organisation's succession challenges and ability to attract and retain top talent and labor in a tightening talent market may limit ability to achieve operational targets	↓	 4. Rapidly expanding developments in social media and platform technology innovations may significantly impact how we do business	↑
 5. The rising threat associated with catastrophic natural disasters and weather phenomena creates significant challenges to deliver products and services	N/A**	 5. Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces may outpace ability to compete	↑
 6. Approach to managing ongoing demands on or expectations of a significant portion of workforce to work remotely or as a part of a hybrid work environment	↓	 6. The rising threat associated with catastrophic natural disasters and weather phenomena creates significant challenges to deliver products and services	N/A**
 7. Ability to meet expectations around protecting the health and safety of employees, customers, suppliers and the community may be insufficient	↓	 7. Organisation's succession challenges and ability to attract and retain top talent and labor in a tightening talent market may limit ability to achieve operational targets	↓
 8. Changes in the overall work environment may lead to challenges in sustaining culture and the conduct of business	↓	 8. Adoption of digital technologies may require new skills in short supply, requiring significant efforts to upskill/reskill employees	↓
 9. Organisation may not be able to embrace the evolving "new normal" imposed by the ongoing pandemic and emerging social change	↓	 9. Organisation may not be sufficiently prepared to manage cyber threats such as ransomware and other attacks	↑
 10. Growth opportunities through acquisitions, joint ventures and other partnership activities may be difficult to identify and implement	=	 10. Inability to utilise data analytics and "big data" to achieve market intelligence, and increase productivity and efficiency	↑

*Scores are based on a 10-point scale, with "10" representing that the risk issue will have an extensive impact on the organisation.
 **New item to 2023 survey, was not asked in the previous years' surveys

KEY HIGHLIGHTS FROM THIS STUDY



Uncertainty abounds, triggering heightened risk concerns for executives and boards. Survey respondents rate the overall severity and magnitude of risks at the highest level we have observed in the 11 years this study has been conducted.



The risk landscape is changing but resistance to change persists. Leaders cannot afford to ignore the changing risk landscape, given new risks can emerge rapidly. The culture of their organisations should be prepared to adapt to disruptive change and facilitate escalation of market opportunities and risks to decision makers.



The economy is top of mind. There are significant concerns globally about the potential for persistent challenges related to inflation and growth.



Talent and technology concerns dominate the composition of top risks. The 10-year outlook reflects a mix of opportunities and risks relating to disruptive innovation, advancing technologies and human capital challenges. Executives and boards recognise the need to find the talent to realise fully the value proposition associated with new technologies and digital innovations and are prioritising strategies around reskilling and upskilling existing employees to get it. They also are concerned about increases in labour costs impacting achievement of profitability goals, as well as evolving approaches to managing hybrid and remote work environments and continued shifts in the nature of work.



There are diverse risk perspectives across the C-suite and boardroom. There is noticeable variation among different leaders about what risks are most critical, highlighting the importance of engaging in conversations about the most significant risks for their organisations.



A long-term view of risks is vital in navigating the near term. As organisations manage the challenges 2023 brings, they should also prepare for the long term by addressing issues noted in this survey, including effectively transforming legacy IT infrastructures, emphasising the customer experience, investing in future growth opportunities, ensuring privacy and security, and advancing capabilities to deploy advanced data analytics. A long-term outlook helps companies focus on where to invest to be more resilient for the unexpected and better prepared for the next phase of growth.



The results show that risk management, as a discipline, is becoming more critical for success, with executives and boards expressing an overall higher likelihood to invest in strengthening risk management in 2023.

Results are based on a survey of 108 board members and C-suite executives in Australia and New Zealand. The full survey report, *Executive Perspectives on Top Risks*, may be accessed at erm.ncsu.edu or protiviti.com/toprisks. It includes detailed breakdowns of the results by respondent role, organisation size, industry, geography and other categories.

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