

2022 Global Risk Survey: Singapore edition

Embracing risk in the face of disruption





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Turn risk into opportunity

The world is different than it was two years ago and so is the risk environment within which organisations operate. Change is fast and disruptive.

As the world gradually returns to some semblance of normalcy, organisations in Singapore are opening up to a new normal that is filled with new risks beyond the pandemic. Externally, geopolitical conflict has left a lasting disruptive impact on business and supply chain operations. Internally within organisations, Singapore corporate leaders face a changing workforce, new regulations, cybersecurity threats, and also the pressure to keep pace with digitalisation.

Optimism prevails amidst disruption

For all the bad news that may continue to make headlines, there is a sense of hope within change. Globally, business leaders believe the launch of new products and services, digitisation of existing products and services, and entry into new geographic markets and new customer segments will help drive revenue growth. Organisations in Singapore and the world recognise that disruptive technologies like the metaverse and cryptocurrencies can have a significant impact on their business (see Figure 1).

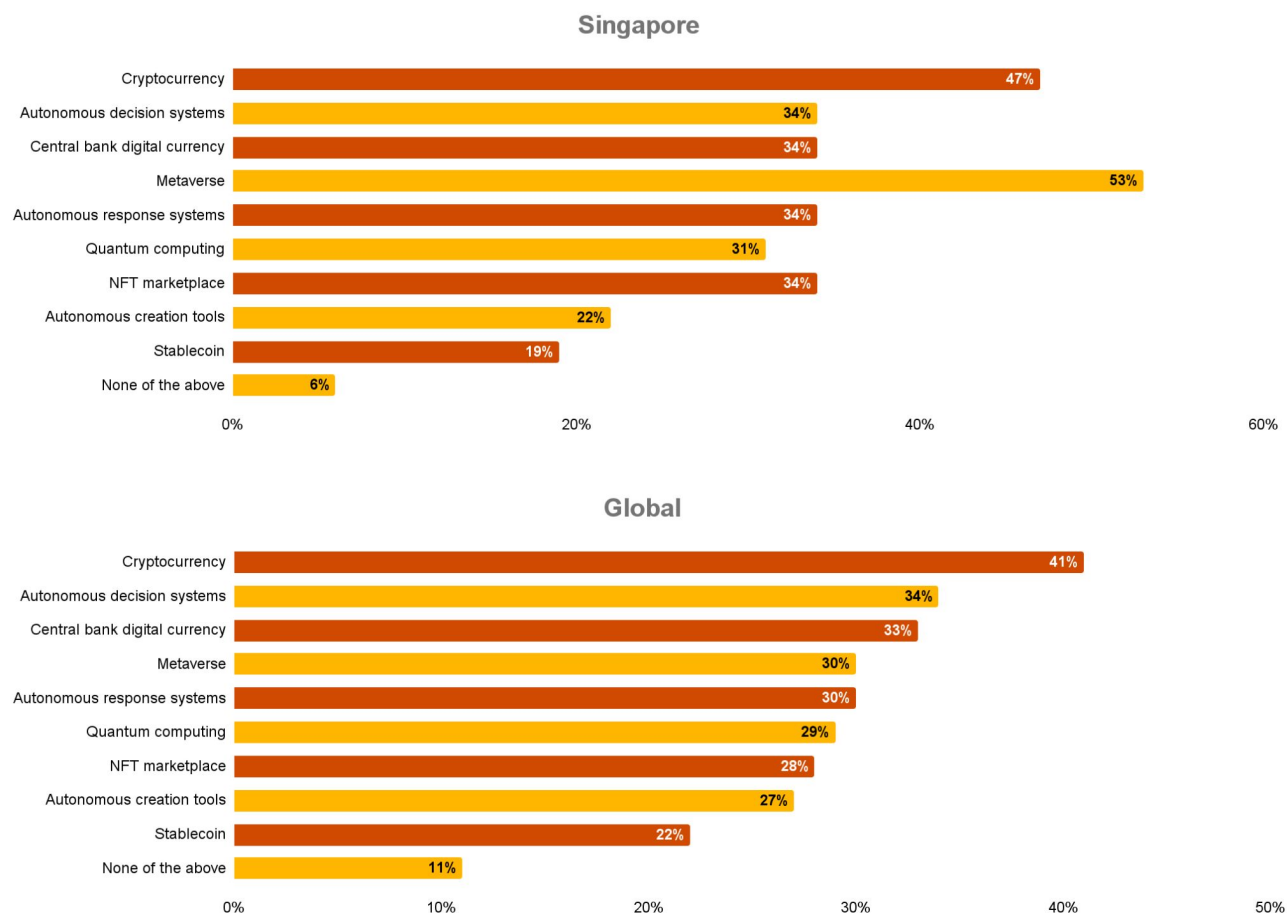


Figure 1: Q17a: Thinking about the next three years, which of the following disruptive technologies does your organisation expect to have a significant impact on your business? Source: PwC, 2022 Global Risk Survey

Despite the increasingly diverse nature of risks involved in businesses today, a majority of Singaporean and global corporate leaders surveyed had felt optimistic about revenue growth over the next 12 months (see Figure 2).

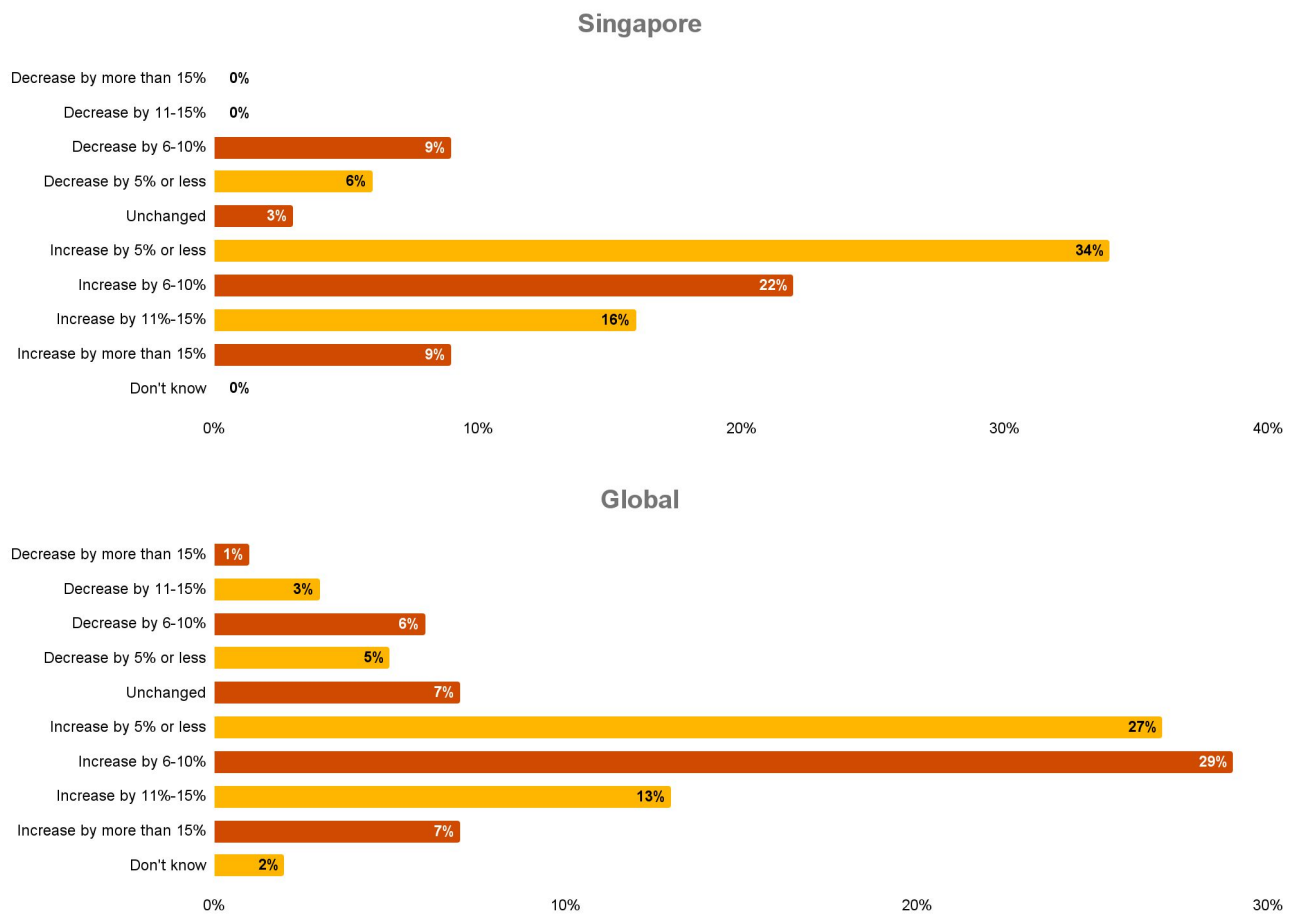


Figure 2: Q1: How do you expect your organisation's revenue to change over the next 12 months? Source: PwC, 2022 Global Risk Survey

Seizing opportunities through strategic management capabilities

At the same time, risk management is a growing concern. In a business environment defined by volatility and laden with interconnected risks, risk management must be a team sport, with the right structures and tools in order to support business agility.

Our survey found that when organisations embrace risk management capabilities as a strategic organisational capability that is supported by people, processes and technology, there is high board-level and executive confidence in the organisation. Organisations are five times more likely to be very confident in delivering stakeholder confidence, a growth-minded risk culture, increased resilience, and business outcomes.

Benefits of strategic risk management practices

Business outcomes

- Increased share prices
- Improve returns on strategic investments

Stakeholder confidence

- Increased board confidence
- Gain customer trust
- Increase confidence among external investors

Growth-minded risk culture

- Improve organisational resilience
- More risk-aware culture
- Make decisions faster

Risk management is a strategic priority for the entire organisation

Risk management responsibilities are spread out across the organisation, making coordination key

As companies explore ways to divide the responsibilities of risk management, norms are forming. In Singapore, the Chief Information Security Officer (CISO) is noticeably less expected to oversee digital risks, as compared to their global counterparts. Instead, the Singapore-based Chief Operating Officer (COO) appears to be taking on more digital and reporting risk responsibilities than their global counterparts (see Figure 3).

Singapore

	Financial risks	Strategic risks	Operational risks	Digital risks	Reporting risks	Compliance risks	Reputational risks
Chief Risk Officer (CRO)	6%	13%	3%	13%	22%	9%	13%
Chief Financial Officer (CFO)	63%	13%	9%	9%	22%	16%	9%
Chief Executive Officer (CEO)	6%	31%	16%	9%	13%	19%	22%
Chief Operations Officer (COO)	3%	6%	44%	19%	16%	6%	9%
Chief Information Security Officer (CISO)	3%	9%	9%	6%	9%	13%	6%
Chief Information Officer (CIO)	6%	3%	3%	25%		6%	9%
Chief Technology Officer (CTO)	3%	9%	6%	13%			13%
Chief Audit Executive (CAE)		3%		3%	6%		6%
Chief Compliance Officer (CCO)	3%	6%	6%		9%	25%	
General Counsel (GC)	3%					3%	6%
The Board	3%	6%	3%	3%	3%	3%	6%

Global

	Financial risks	Strategic risks	Operational risks	Digital risks	Reporting risks	Compliance risks	Reputational risks
Chief Risk Officer (CRO)	9%	16%	14%	12%	21%	17%	18%
Chief Financial Officer (CFO)	58%	8%	8%	7%	20%	9%	8%
Chief Executive Officer (CEO)	10%	29%	15%	10%	13%	13%	25%
Chief Operations Officer (COO)	5%	12%	39%	6%	7%	8%	9%
Chief Information Security Officer (CISO)	3%	7%	4%	18%	7%	6%	5%
Chief Information Officer (CIO)	3%	5%	4%	16%	9%	5%	6%
Chief Technology Officer (CTO)	2%	5%	4%	22%	4%	4%	4%
Chief Audit Executive (CAE)	3%	3%	2%	2%	6%	4%	4%
Chief Compliance Officer (CCO)	1%	2%	1%	2%	3%	24%	5%
General Counsel (GC)	1%	2%	1%	1%	3%	3%	4%
The Board	2%	8%	3%	3%	3%	3%	7%

Figure 3: Q4: Who is primarily responsible and accountable for risk management in your organisation? Source: PwC, 2022 Global Risk Survey

Working together requires thoughtful risk governance structures that support the dissemination of risk insights and promote a common understanding of risk appetite, enabling confident decisions, despite the risks. Strong risk and resilience capabilities can give businesses an edge over their competitors.

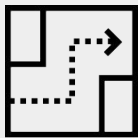
Understanding the different aspects of risk management

Robust risk management requires leadership to recognise that an organisation's risk profile is multifaceted and interconnected. Learn about the various organisational risks below:



Financial risks

Risks associated with an organisation's financing activities, including credit, currency and liquidity risks



Strategic risks

Risks arising from managerial decision making to achieve objectives, such as product and service development



Operational risks

Risks from disruptions to day-to-day operations, such as natural disasters, pandemics and human error



Digital risks

Risks arising from accelerated digitisation of systems and processes, including cybersecurity and privacy risks



Reporting risks

Risks arising from a failure to meet proper reporting requirements



Compliance risks

Risks arising from a failure to comply with laws and regulations



Reputational risks

Risks from negative publicity around an organisation that threatens to undermine its reputation, goodwill and value



The findings from PwC's 2022 Global Risk Survey unveiled five key areas that business executives should focus on as they strive to manage risks and take advantage of opportunities as an organisation.

- 1** Engage early and get risk insights at the point of decision
- 2** Take a panoramic view of risk
- 3** Set and employ risk appetite to take advantage of the upside of risk
- 4** Enable risk-based decision-making through systems and processes
- 5** Double down efforts on top risks



1

Engage early and get risk insights at the point of decision

Risk management capabilities provide the greatest value to board members and business leaders when they are embedded within the organisation’s strategic planning and decision-making processes.

Embracing risk management is a tall order. Globally, one of the most significant challenges to risk management is keeping up with the speed of digital and other transformations internally (see Figure 4). In Singapore, a higher percentage of respondents compared to the global average expressed that external or compliance pressures taking up resources and time is a pressing issue.

Singapore

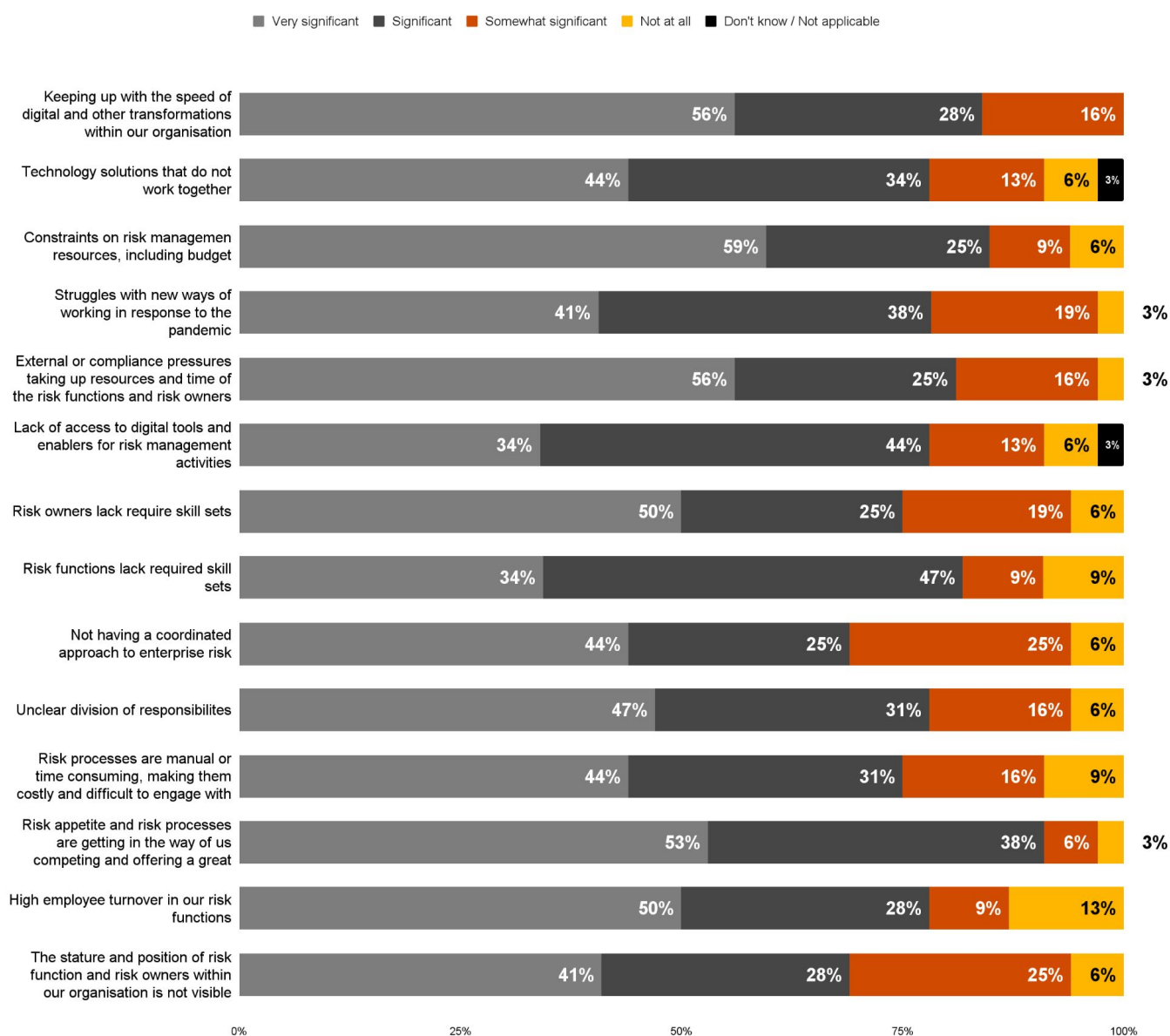


Figure 4: Q5a: How significant are the following challenges to managing risk in your organisation in 2022? Source: PwC, 2022 Global Risk Survey

As risk environments evolve faster than businesses can adapt, encouraging robust risk management practices is key. Organisations that embrace risk management are almost twice as likely to project revenue growth of 11% or more over the next 12 months. Strong risk management capabilities help protect the organisation from downside risks, and they enable the organisation to look forward and take strategic risks in pursuit of growth.

Being conscientious about risk management does not have to impinge on other strategic interests. Singapore respondents appear to find it a greater challenge than global respondents in balancing excellent customer service and a suitable risk appetite with adequate risk management processes. Early engagement in risk matters should provide business leaders with a good understanding of the boundaries in which they can design strategies for growth.

Global

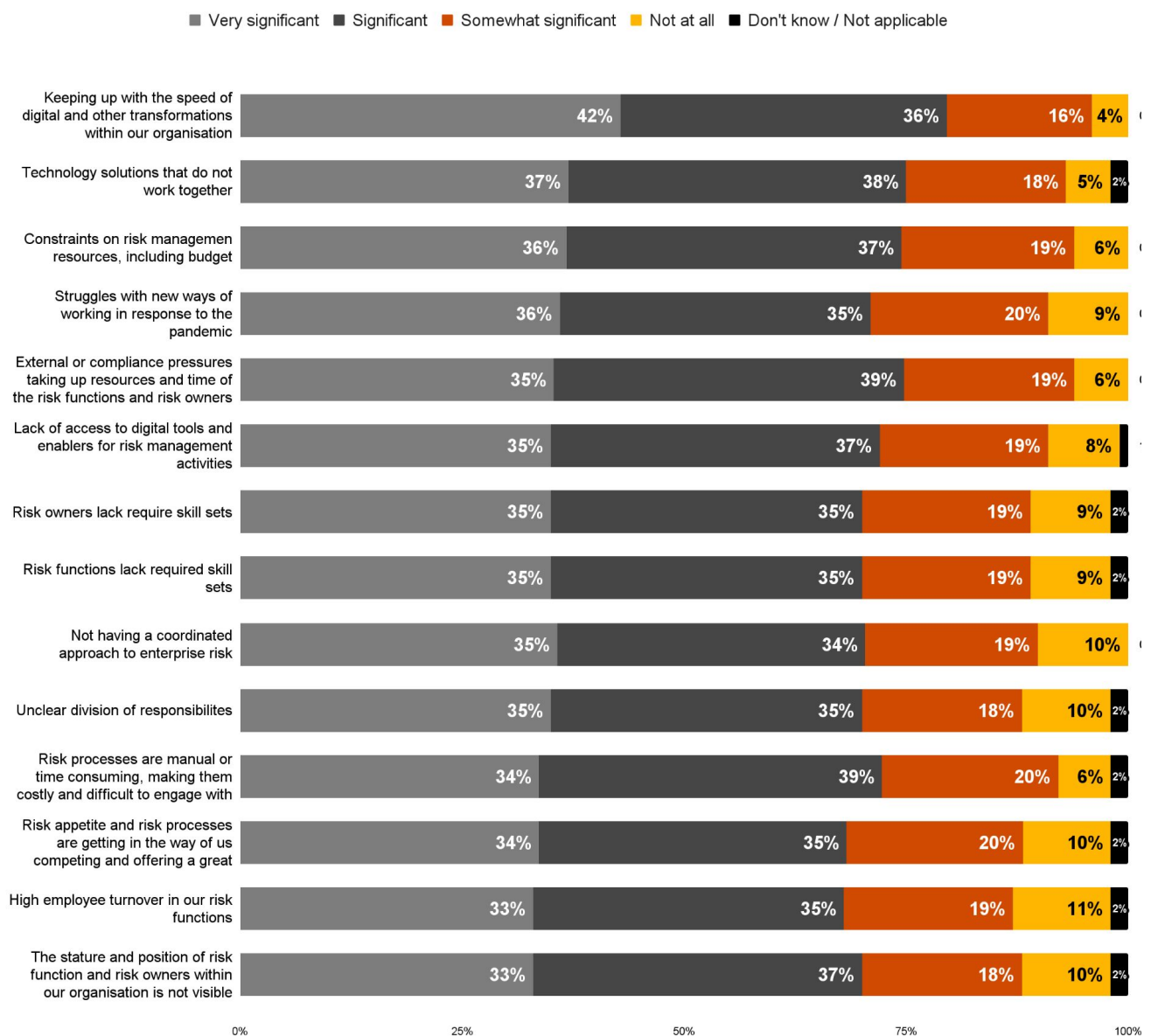



Figure 4: Q5a: How significant are the following challenges to managing risk in your organisation in 2022? Source: PwC, 2022 Global Risk Survey



Key considerations for engaging early and getting risk insights at decision points include:



Embed risk management into strategic planning, business decision-making processes, and large-scale transformation initiatives



Bring diverse risk insights together by forming a community of solvers to keep abreast of key risks and related analysis



Conduct scenario planning and modelling to proactively address key business risks

2 Take a panoramic view of risk

The ability to utilise and interrogate data is a key tool in an organisation's strategic arsenal in order to detect changes in the risk landscape.

Organisations commonly use key performance indicators (KPIs) to measure performance against strategic objectives and support decision-making. In a similar way, key risk indicators (KRIs) may act as barometers of the risk environment. For example, watching over the financial health of suppliers as a KRI can help to inform potential disruptions in the value chain, allowing business leaders to mitigate business continuity risks.

Reliable KRIs are data-driven and, like any data analytics workstream, would require adequate consideration of process automation and insight visualisation to create a holistic view of an organisation's risk profile. 66% of Singapore respondents indicated they are already benefiting from or have implemented a panoramic and integrated governance, risk and compliance system, which is higher than 58% globally. Yet, 19% of Singapore respondents said they have yet to implement such a system, which is also higher than the global average (see Figure 5).

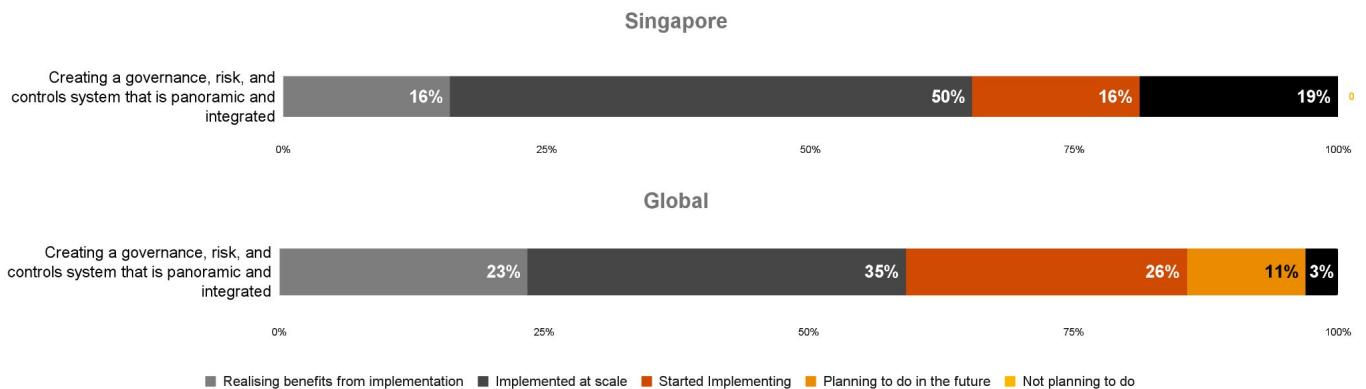


Figure 5: Q12: To what extent is your organisation doing the following with regard to your risk management strategy and programme in 2022? Source: PwC, 2022 Global Risk Survey

A panoramic view of risk allows organisations to remain knowledgeable of the opportunities and challenges in the market. In Singapore, while there is a high level of receptiveness to digitalisation, some firms still underinvest in technology. Risk management technology is no exception, with a high percentage of respondents displaying an eagerness to increase overall spending, but also 22% of respondents suggesting they would decrease their spending (see Figure 6).

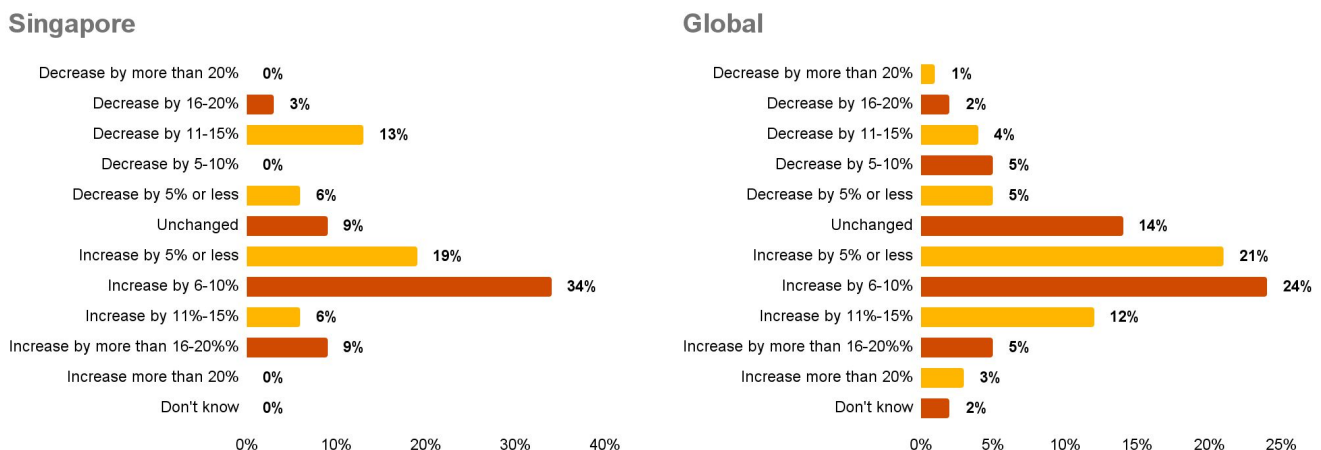
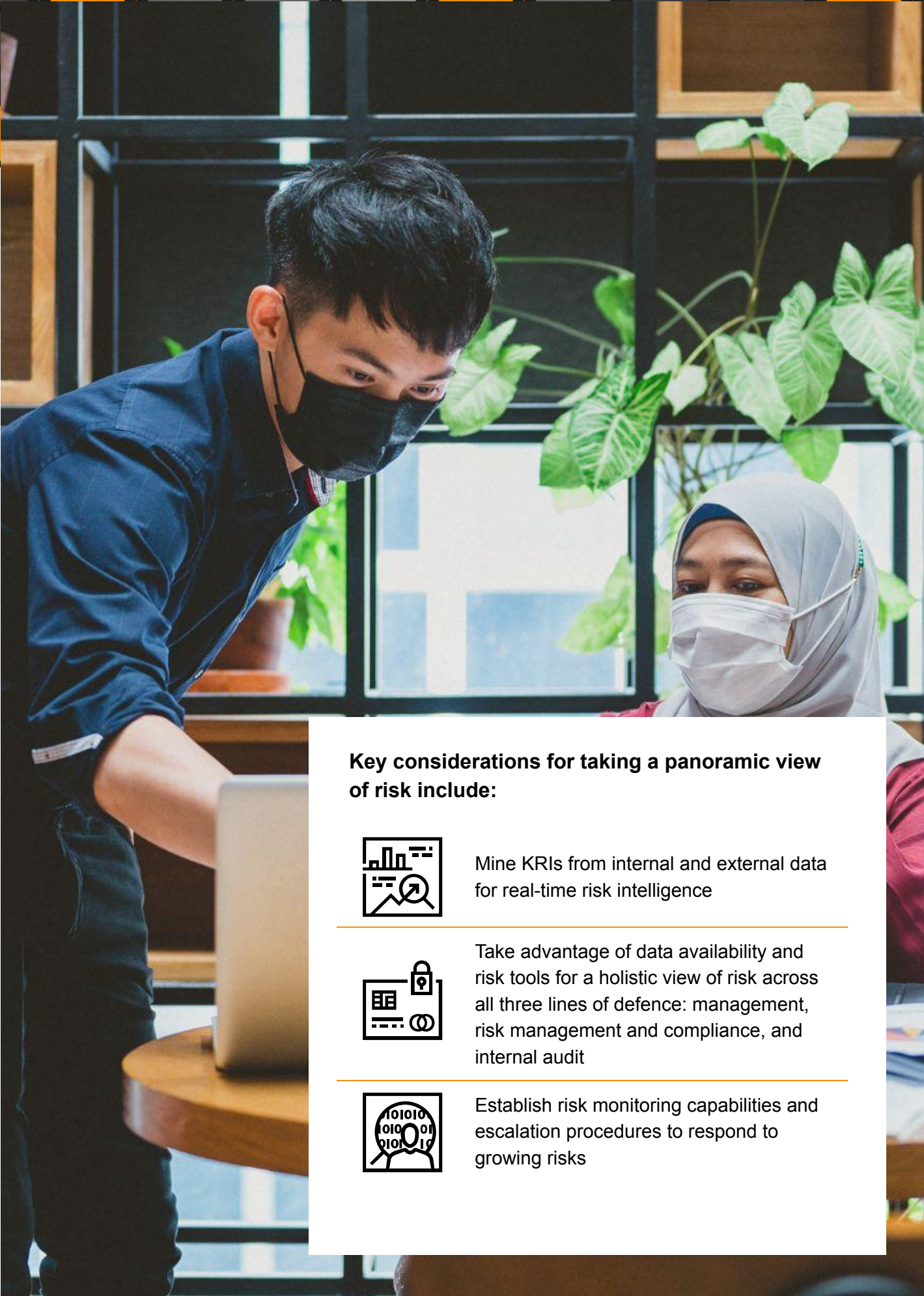


Figure 6: Q7: How do you expect your organisation's overall spending on risk management technology to change in 2022? Source: PwC, 2022 Global Risk Survey



Key considerations for taking a panoramic view of risk include:



Mine KRIs from internal and external data for real-time risk intelligence



Take advantage of data availability and risk tools for a holistic view of risk across all three lines of defence: management, risk management and compliance, and internal audit



Establish risk monitoring capabilities and escalation procedures to respond to growing risks

3

Set and employ risk appetite to take advantage of the upside of risk

An organisation’s risk management capabilities can create tremendous value if they help it take advantage of the worthwhile upsides of risks.

A business leader has to take risks to reap rewards, but what is the right amount of risk to take, and which risks are worth taking? Part of the risk management process is defining how much risk a firm is willing to take in strategic decision making. This includes defining the acceptable deviations from the norm, if a potentially highly rewarding opportunity requires more risk than the guidelines allow.

Singapore

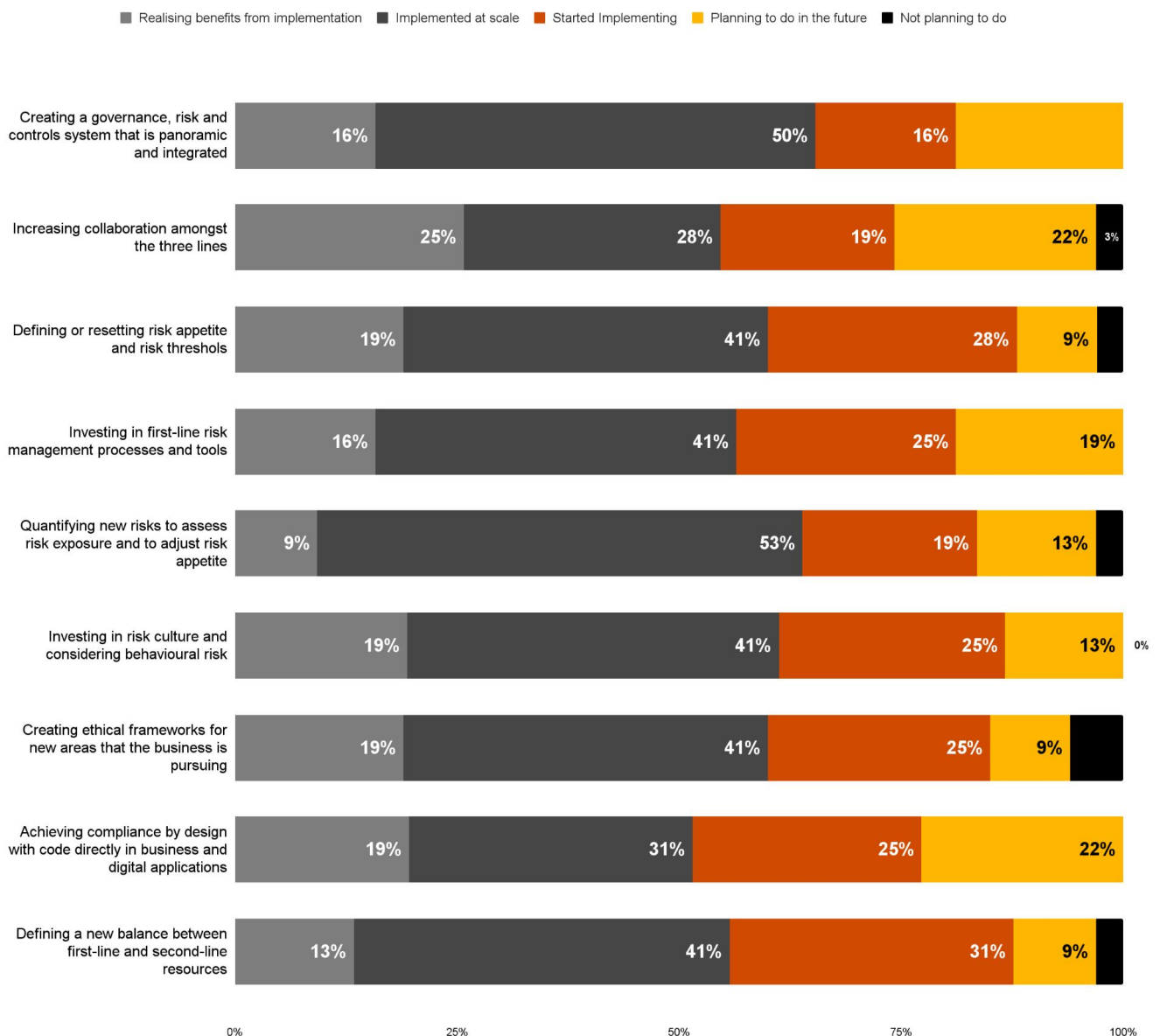


Figure 7: Q12: To what extent is your organisation doing the following with regard to your risk management strategy and programme in 2022? Source: PwC, 2022 Global Risk Survey

Aberrations from guidelines does not necessarily mean that risk management becomes a spontaneous or haphazard exercise. Beyond codified rules and quantified metrics, another important aspect of risk management involves cultivating a suitable organisational risk appetite and culture driven by principles that help business leaders make good judgement, which may be dependent on context and therefore requires bounded flexibility.

Organisations need to invest beyond culture and frameworks to promote ethical behaviour. Cultural norms and principles are often picked up from systems and functions (see Figure 7). Systems and processes that have been designed to promote risk management principles will yield a strong cultural norm that allows the organisation to balance risk management and risk taking, even if those initial systems and processes change one day.

Global

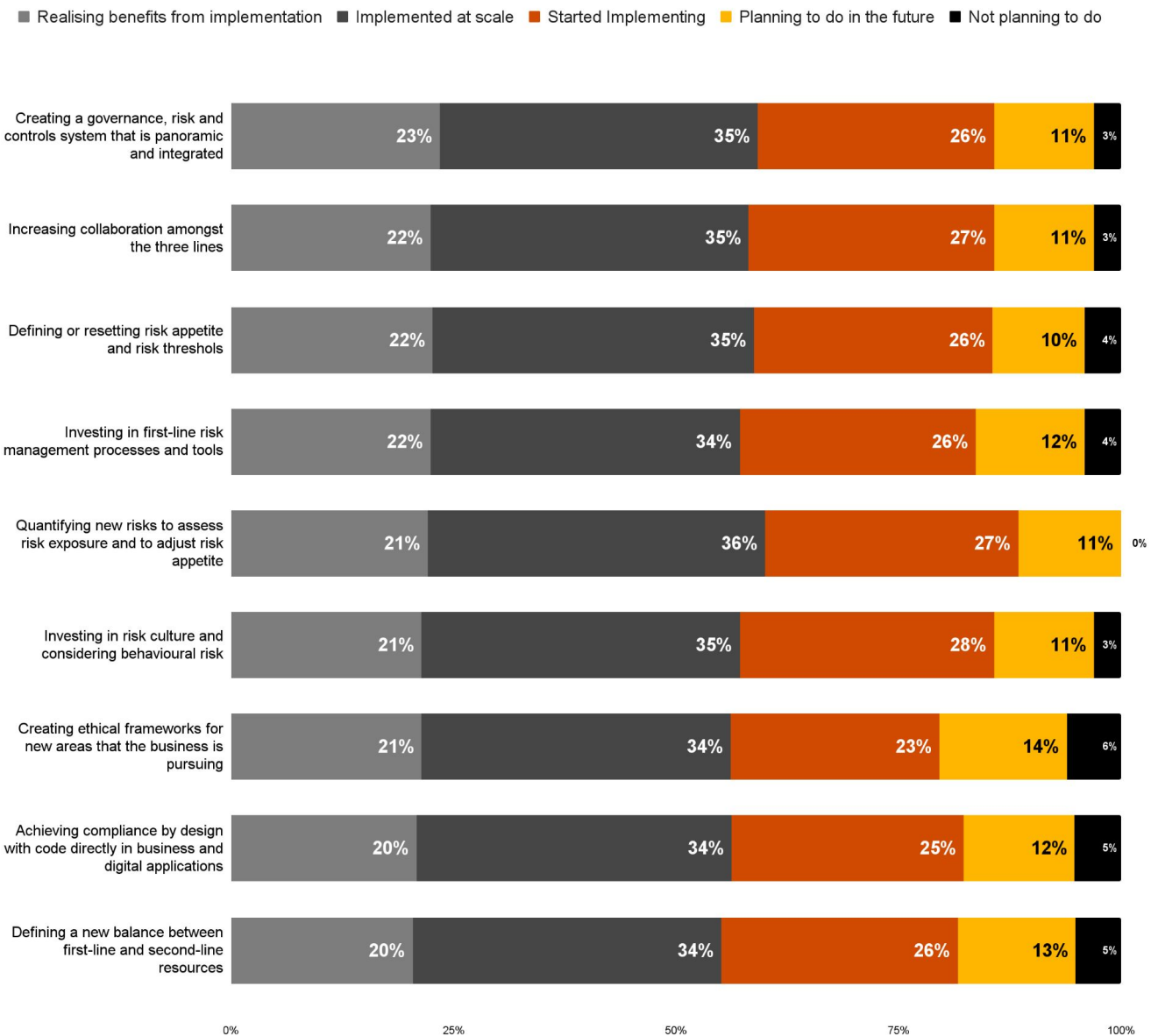
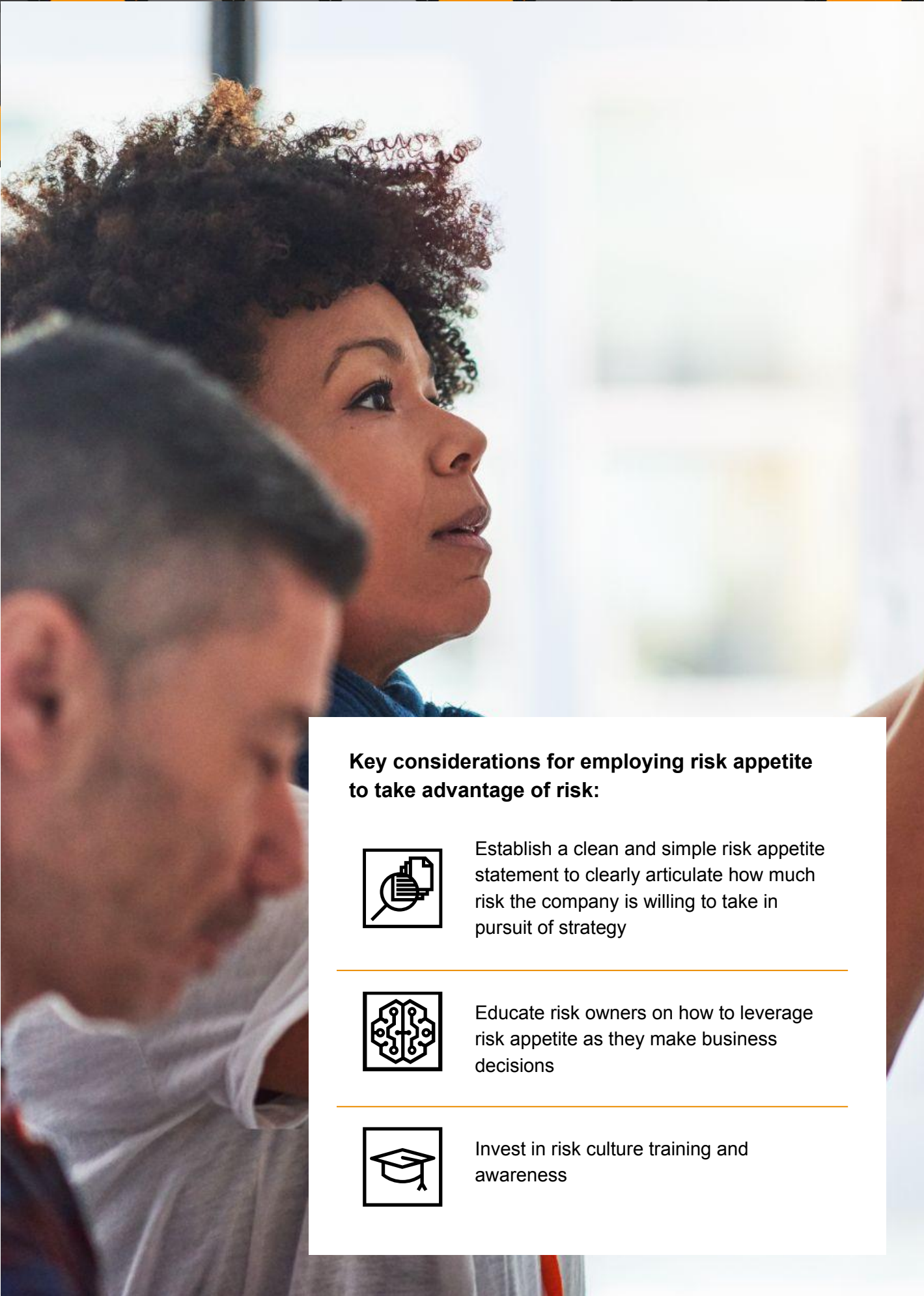


Figure 7: Q12: To what extent is your organisation doing the following with regard to your risk management strategy and programme in 2022? Source: PwC, 2022 Global Risk Survey



Key considerations for employing risk appetite to take advantage of risk:



Establish a clean and simple risk appetite statement to clearly articulate how much risk the company is willing to take in pursuit of strategy



Educate risk owners on how to leverage risk appetite as they make business decisions



Invest in risk culture training and awareness

4

Enable risk-based decision-making through systems and processes

With the growing complexity of organisational risks, timely, relevant and comprehensible information is more important than ever for making risk-informed decisions.

Until recently, companies would have to buy multiple separate risk management tools for managing inventory, financial risk, vendors, and more. Today, comprehensive and integrated platforms that enable holistic risk monitoring, like PwC's Continuous Monitoring Platform, exist. Using comprehensive risk monitoring tools allows organisations to obtain important signals and insights, which may cut across traditional silos.

Singapore

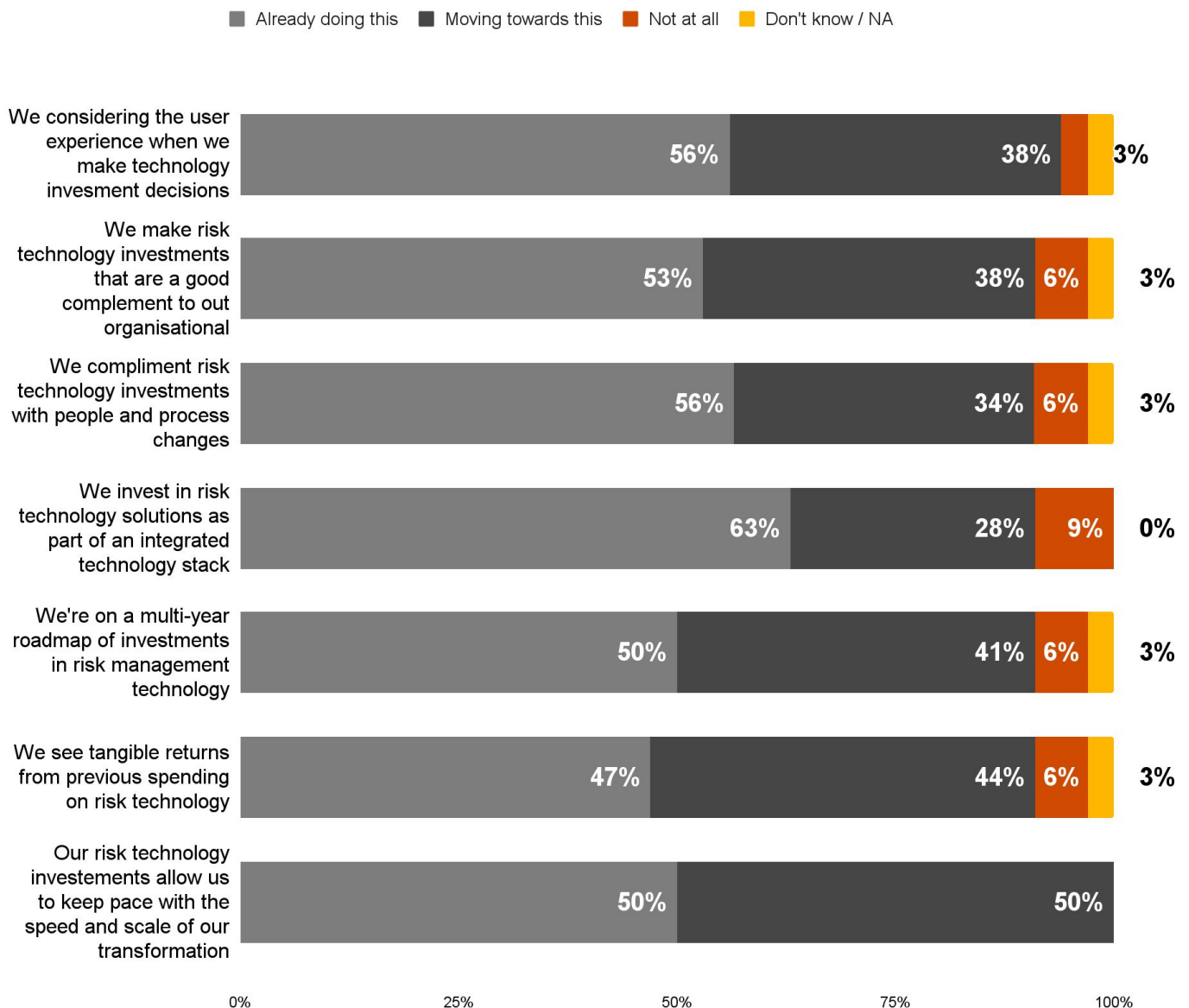


Figure 8: Q6: Which of the following statements represent your organisation's current approach to investments in risk management technology? Source: PwC, 2022 Global Risk Survey

About 2 in 3 Singapore respondents (63%) are already investing in risk management technology as part of an integrated technology stack, more than the global average (53%) (see Figure 8). Even so, organisations still struggle to fully realise the benefits of their investment. Many risk leaders aspire to achieve greater consistency of reporting, integration of processes, real-time monitoring, transparency, and also efficiency gains from their risk management programmes.

Global

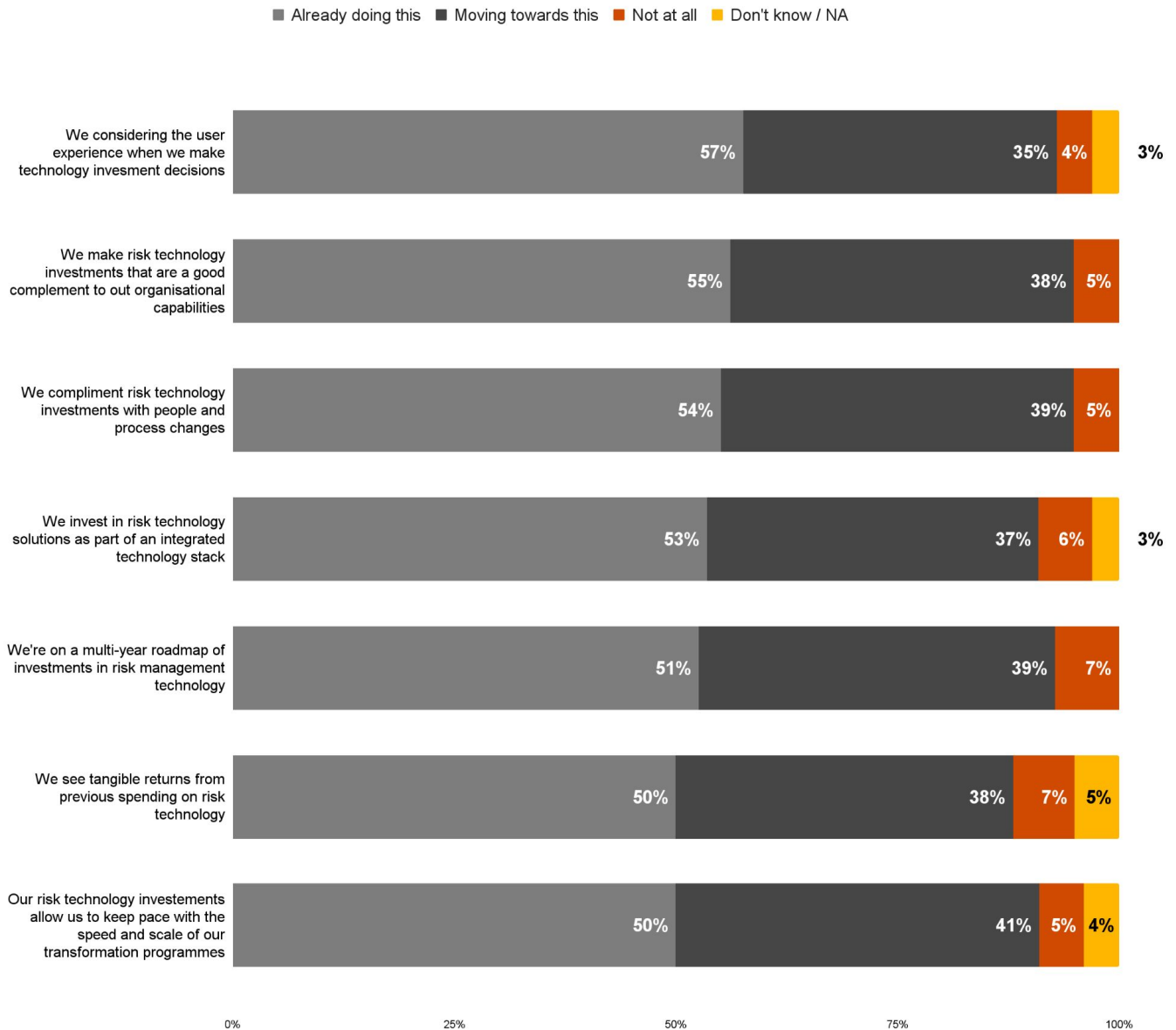
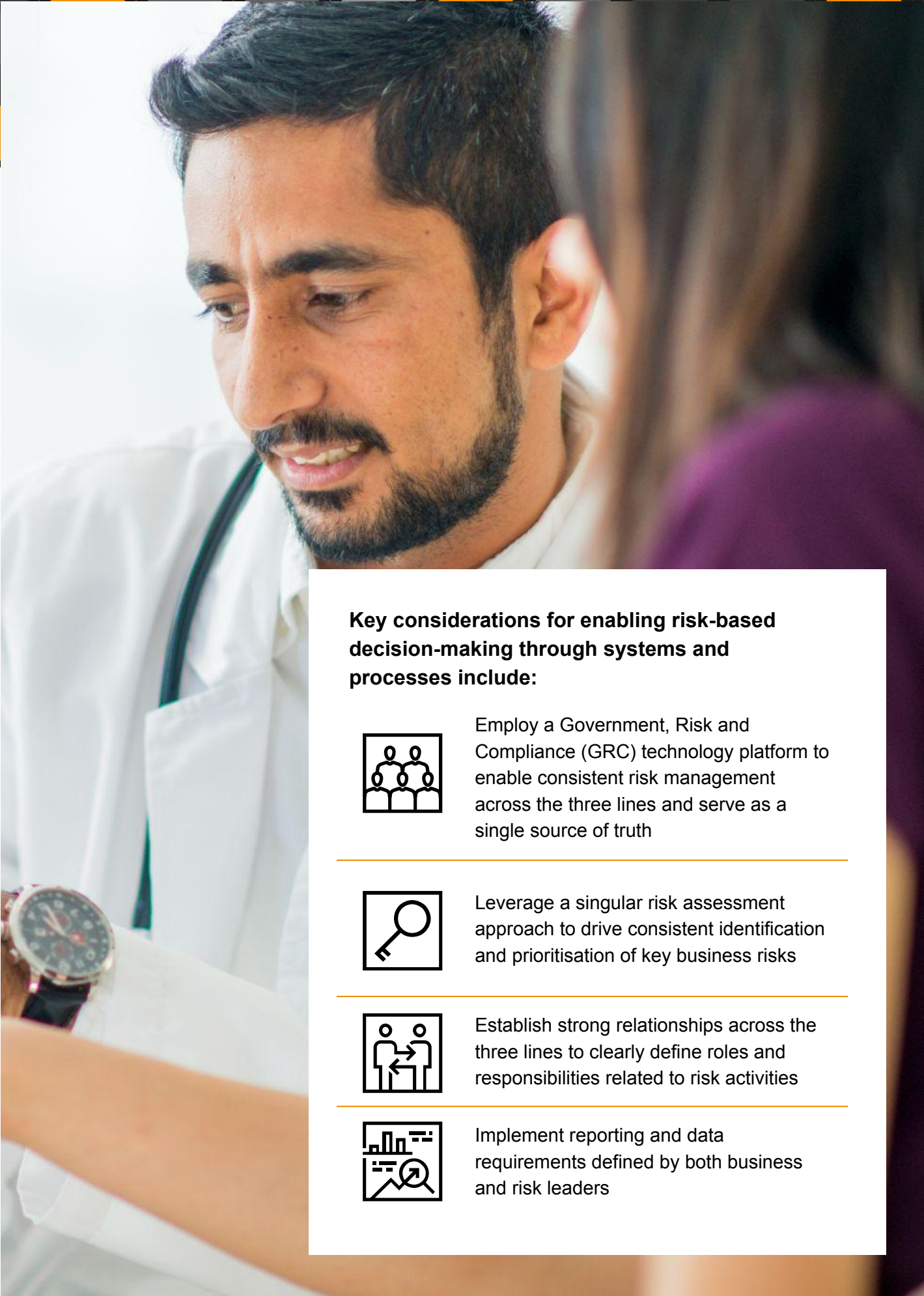


Figure 8: Q6: Which of the following statements represent your organisation's current approach to investments in risk management technology? Source: PwC, 2022 Global Risk Survey



Key considerations for enabling risk-based decision-making through systems and processes include:



Employ a Government, Risk and Compliance (GRC) technology platform to enable consistent risk management across the three lines and serve as a single source of truth



Leverage a singular risk assessment approach to drive consistent identification and prioritisation of key business risks



Establish strong relationships across the three lines to clearly define roles and responsibilities related to risk activities



Implement reporting and data requirements defined by both business and risk leaders

The success of your GRC programme is incumbent upon:



Selecting the right technology



Implementing the selected tools effectively



Maintaining a sustainable operating model

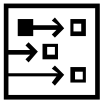
Common client challenges include:



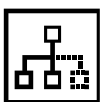
Fragmented three lines of defence



Lack of integrated risk management



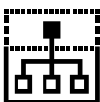
Digital transformation is driving innovation and automation in risk and compliance



Lack of a common risk language



Need for better board reporting on risk and controls



Too many GRC tools exist in silos and not being fully leveraged



Cost of compliance is too high



Issues management is out of control

PwC Singapore has a dedicated team offering GRC technology solutions to clients. Read more about them here.



5 Double down efforts on top risks

Deep-diving into high-priority risks sets the stage for how an organisation can respond to risks proactively.

Risks tend to be closely interconnected, with the potential to amplify one another. Being proactive about risk management plans will help the firm to develop resilience, and respond to risk events confidently. Identifying the triggers and signals that precede vital risks allows the organisation to anticipate future changes and plan for how to navigate them.

As Singapore is a small nation with a heavy reliance on international trade and business, organisations here are at a heightened risk of facing serious consequences from external forces. Aside from global geopolitical risks though, Singapore-based firms generally enjoy a facilitative business environment.

Singapore

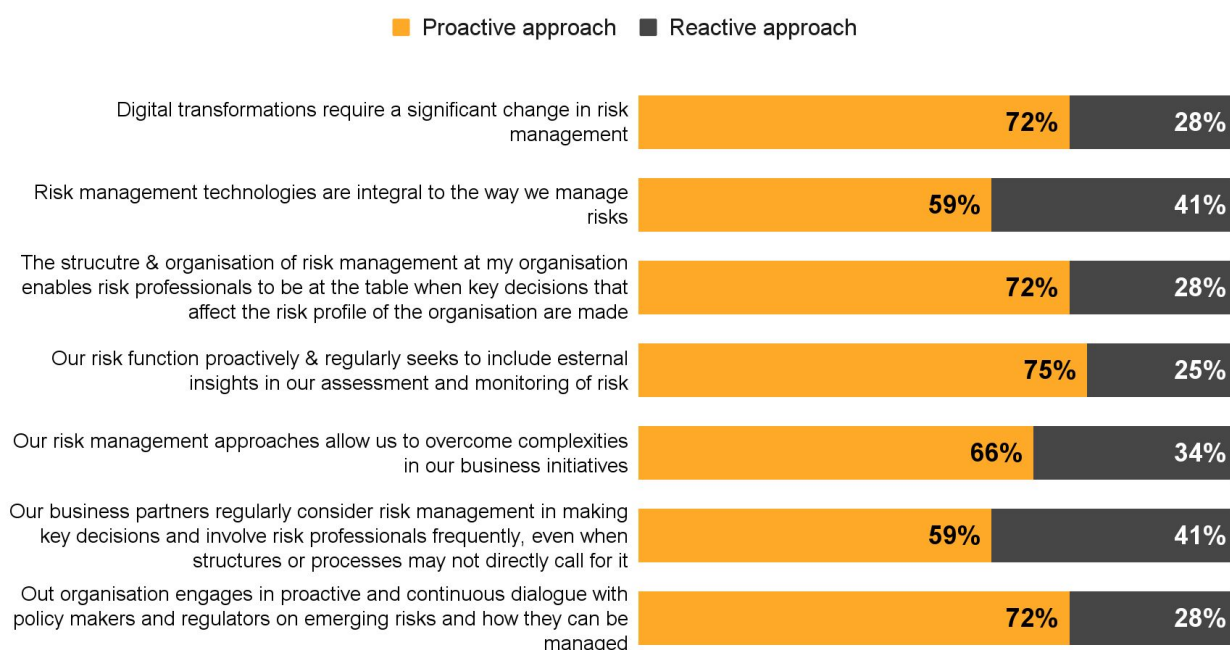


Figure 9: Q13: For each pair of statements, please indicate which one best represents your organisation's view and practices with regard to risk management. Source: PwC, 2022 Global Risk Survey

Over the pandemic, the Singapore government had engaged closely with the business community to improve economic and social resilience through the Emerging Stronger Taskforce. New public-private partnerships and initiatives were formed, like the launch of common data infrastructure SGTraDex (Singapore Trade Data Exchange) in June 2022. These initiatives look at important macro-level factors that are typically beyond the sphere of influence by most firms, so it is fortunate that pathways have been enabled for private sector participation.

Not surprisingly, the survey found that Singapore firms have taken a more proactive approach than their global counterparts in areas like digital transformation and continuous dialogue with policymakers (see Figure 9), because it is possible and accessible. Such collaborative dynamics between public and private sectors is something that PwC Singapore supports and encourages, not just for the benefit for the broader economy and society, but also for the client.

Global

■ Proactive approach ■ Reactive approach

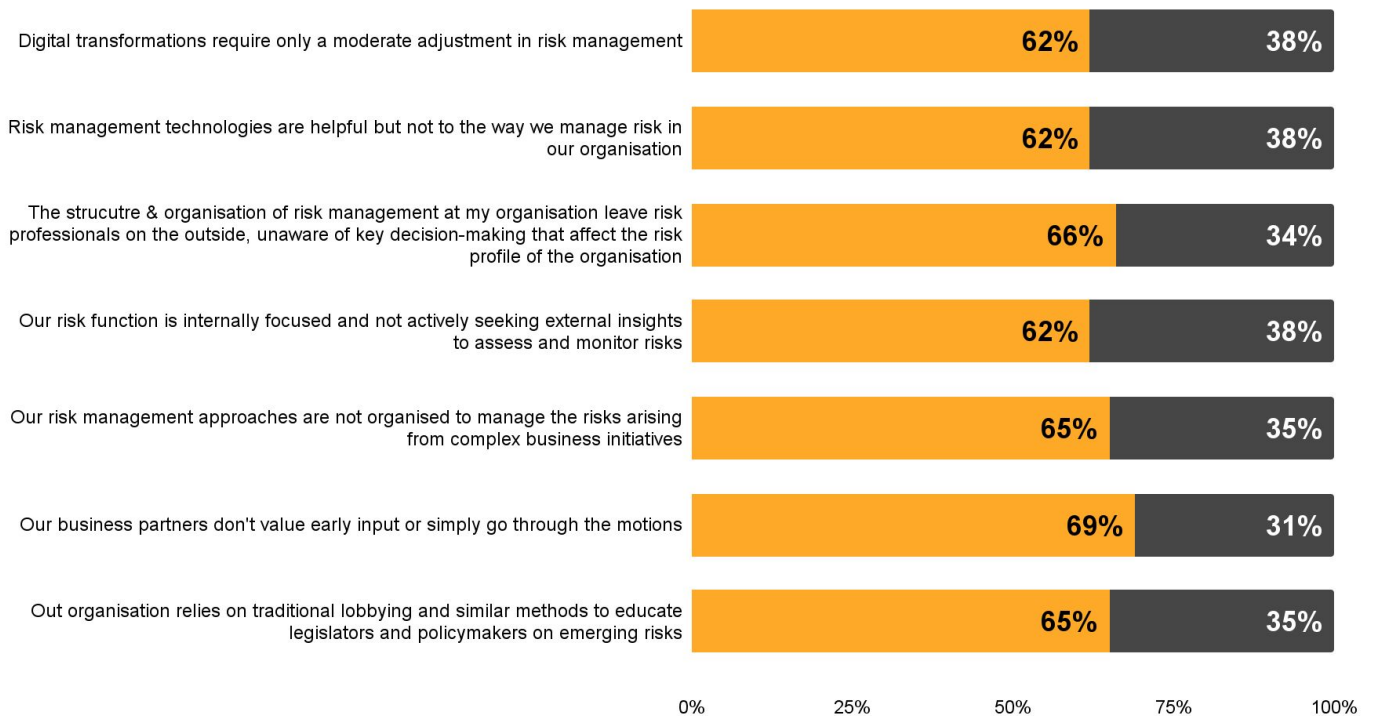
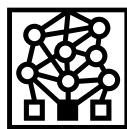


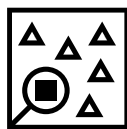
Figure 9: Q13: For each pair of statements, please indicate which one best represents your organisation's view and practices with regard to risk management. Source: PwC, 2022 Global Risk Survey



Key considerations for engaging early and getting risk insights at decision points include:



Perform an interconnectivity assessment over key business risks



Facilitate deep dives into mitigating activities over key risks



Develop and exercise robust business continuity and crisis response plans

Managing risks confidently is about preparation

With the COVID-19 situation in Singapore persisting, geopolitical conflict underway, and one too many supply chain disruptions in 2022, organisations will benefit from doing thorough review of their risk management to consider the possibilities in the new year ahead. In Singapore especially, organisations should look out for the opportunities that have yet to be maximised as well. Are there data-sharing platforms and other technology solutions that have not been explored? Are there public sector initiatives or business associations that are inviting participants to collectively test new ideas or concepts that will uplift the entire sector? All these can be ways to explore making your risk management programme more holistic and robust.

Effective risk management should be a well-oiled system involving your people and culture, thoughtful process design and beneficial technology implementation. We hope this article has sparked some inspiration for your organisation. What is one way you would like to manage risks better in your organisation in 2023?

About the survey

The 2022 Global Risk Survey is a survey of 3,584 business and risk, audit and compliance executives conducted from February 4 to March 31, 2022. Business executives make up 49% of the sample, and the rest is split among executives in Audit (16%), Risk management (24%), and Compliance (11%). Fifty-eight percent of respondents are executives in large companies (\$1 billion and above in revenues); 19% are in companies with \$10 billion or more in revenues.

Respondents operate in a range of industries: Financial services (23%), Industrial manufacturing (22%), Retail and consumer markets (16%), Energy, utilities, and resources (15%), Tech, media, telecom (13%), Health (9%), and Government and public services (2%). Respondents are based in various regions: Western Europe (30%), North America (29%), Asia Pacific (21%), Latin America (12%), Central and Eastern Europe (3%), Middle East (3%), and Africa (3%). There were 32 respondents from Singapore.

PwC Research, PwC's global Centre of Excellence for market research and insight, conducted this survey.

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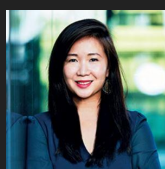


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