

## Strategic Risk Advisory Note

### Resilience and risk events shaping the world

A complex web of interconnecting risks is forecast for 2025 and beyond. This against a corporate backdrop where it is no longer viable for business to concentrate efforts on economic, commercial or organisation risk alone.

International 'rules of behaviour' are becoming more fragile and 2025 will see increasing challenge for many businesses, amidst potential changes to trade and industry practices.

A focus on **resilience when doing business** is becoming more pressing.

This year's *Global Risks Report* from the World Economic Forum's Centre for the New Economy and Society (in partnership with Zurich Insurance Group and Marsh McLennan) underlines this importance, providing insights into the global risk events shaping the world.

Foresight, strategic planning and a response to these (potential and real) events, remains important to doing business successfully: whatever the service or product; wherever in the world it is delivered or produced.

In this Bulletin, we've highlighted some of the key themes arising from the report.

### KEY TAKEAWAYS

52% of respondents who took part in the Global Risks Perception Survey (GRPS) survey\* foresee **instability over the next two years**, with 31% expecting to see **greater turbulence**. The outlook for 5% of the respondents is that of '**global catastrophic risks looming**'. These figures increase for the long term view, with a fear of global catastrophic risks looming rising to 17% of respondents, with 45% expecting to see turbulence and upheaval in the next 10 years.

*"Rising geopolitical tensions and a fracturing of trust are driving the global risk landscape.... leaders have a choice: to find ways to foster collaboration and resilience, or face compounding vulnerabilities."*

Mirek Dušek, Managing Director, World Economic Forum, 15 January 2025

### Immediate top 10 risks for 2025

**State-based armed conflict** was the stand-out global risk causing most severe concern in the *immediate term*, as identified by 23% of respondents, followed by **extreme weather events** behind it.

Whilst AI was a popular, often contentious talking point in 2024, the **adverse outcomes of AI technologies** did not appear in the top 10 rankings for immediate risks this year, ranking in 13th place.

### The longer term view

#### ECONOMIC

General **economic downturn** is a concern for 5% of respondents in the *immediate* (2025) global risk landscape, taking 6th place in the top 10 ranking. However, and surprisingly, given the demographic of the GRPS respondents, no economic-related risks feature in the **top 10 ranking** at all for either the *short* (two-year) or *long term* (10-year) horizons.

**Inflation** is less of a concern than it has been in previous years, illustrated in comparisons with the **2023-2024 global risks** summary, where it experienced the biggest fall in ranking (down 22 places on last year's figures).

# The longer term view

Credit: Matt Paul Catalano on Unsplash



## ENVIRONMENTAL

The longer term (10 year) risk landscape is dominated by environmental factors including:

- extreme weather events
- biodiversity loss and eco system collapse
- critical change to Earth systems
- natural resources shortages.

All stakeholder groups agreed that **extreme weather events**, in particular, was the top risk in the next decade.

In a **digest of the World Economic Forum's recent Executive Opinion Survey**, which is based on interviews with 11,000 global business leaders with the results also informing the Global Risks Report, the report team noted that **"global professionals often overlook environmental risks, whereas the G20 includes them as a top risk"** and underlines the accelerating climate crisis impacting nature, society and the economy.

The immediate risk landscape is dominated by geopolitical concerns.

**State-based armed conflict** is the global risk causing most severe concern for 2025 with **gloeconomic confrontation** (incorporating aspects such as sanctions and trade tariffs) in 3rd place. These concerns continue into the *short and long term* with **state-based armed conflict** moving from 1st to 3rd place within the two-year projection.

Given the severity of geopolitical risks in the near-term, they are noticeably absent from the top 10 risks in the next decade, with **state-based armed conflict** ranking 13th overall.

The findings from the GRPS suggest that most respondents (76%) believe *global treaties and agreements* are an important means for helping to mitigate risks related to gloeconomic confrontation, followed by *mini-lateral treaties and agreements*. There is also a suggestion that engagement and collaboration between stakeholders needs to be greatly improved to help manage trade relationships.



## GEOPOLITICAL



## SOCIETAL

The risk of **societal polarisation** ranks highly within the *immediate* (5th), *short term* (4th) and *long term* risk horizons (9th) and is identified as a strong connector with other key risks including **erosion of human rights and/or civic freedoms, misinformation and disinformation** and **ensorship and surveillance**.

**Inequality** (wealth and income), which ranked 10th in the *immediate* (2025) risk horizon, rises in severity in both the *short- and long-term* horizons to 7th position.

Credit: mauro mora on Unsplash

As highlighted by ongoing world events, concerns around the impacts of **misinformation and disinformation**, AI and cyber attacks are on the rise with more countries citing these risks as key threats this year.

Impacted by increasing volumes of online content, and the blurring of human and AI-generated content, **misinformation and disinformation** is flagged as the top *short term* risk (two-year horizon) for the second consecutive year. This signifies ongoing concerns for global social cohesion, in turn threatening business operations.

The **adverse outcomes of AI technologies** might have featured high in mainstream press in recent years but GRPS respondents have ranked this as a low concern in the *short term* (two-year landscape) in 28th place out of 33 risks, although this does jump dramatically up to 6th place for severity in the *longer term* (10-years).

**Cyber espionage and warfare** continue to rank high in both the *short* (5th) and *long term* (9th) rankings, reflected also in the World Economic Forum's 2nd **Chief Risk Officers Outlook (2024)** where 71% of Chief Risk Officers reported being concerned about the impact of cyber crime on their organisation.

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## TECHNOLOGICAL

# Divergences

## REGIONS

The report also presents regional trends and perspectives on risk. The majority of regions cite **environmental risks** (extreme weather events, biodiversity and critical change to Earth systems) as their top concerns *for the next decade*. Only the Middle East and Northern Africa feature **technological risks** (cyber espionage & warfare and adverse outcomes of AI technologies) in their top three risks *in the next 10 years* together with **state-based arm conflict**.

Sub-Saharan Africa is the **only region** to incorporate a societal polarisation risk in its top 3, with **lack of economy opportunity** ranked 2nd.

## AGES

Disparities extend to age groups too. In the *immediate term* (2025), younger respondents in the GRPS highlight **extreme weather events** as the risk with greatest severity, followed by **state-based armed conflict**. This view is reversed for those aged between 39 and 70+ where **state-based armed conflict** is perceived as a higher risk than **extreme weather events**, subsequently ranking 2nd.

**Economic downturn** is the 3rd highest risk for those under 30 years old, whilst the 70 and older group ranks **societal polarisation** in this position. In comparison, those aged 60-69 rank **critical change to Earth systems** in third place. There is most commonality between those aged between 30 and 69 who rank the threat of **geo-economic confrontation** in third position.

## STAKEHOLDERS

**Stakeholder groups** have distinctly different concerns over the *two* and *10-year* horizons. Whilst the rankings are dominated across the board by **environmental risks** from all five stakeholder groups over the *long term*, in the *short term* there is a much greater degree of disparity.

The **Private Sector** is the only group which **does not** rank **extreme weather events** in its top 3 risks for the next two years, prioritising 1. **misinformation & disinformation**, 2. **societal polarisation** and 3. **state-based armed conflict**. Academia and Government also rank misinformation & disinformation as their top risk in the next two years although International Organisations see state-based armed conflict as the number one risk.

## Key takeaways

### Collaborative approaches

Collaboration, which is said to have flatlined globally, continues to be promoted in the report with a strong call for cooperation, to enable stability and improve equality around the globe.

64% of survey respondents anticipate that cooperation on global risks in the next decade will be framed by a **new multipolar or fragmented order**, characterised by inward-facing country priorities. In comparison, 9% see a **new international order led by an alternative superpower** and 8% anticipate **continuation or reinvigoration of the US-led, rules based international order**.

**Fragmentation** is a common thread throughout the report, underscored by the belief that global divisions - and a marked shift in the global status quo - could threaten geopolitical and economic harmony and trigger increased societal polarisation.

**Existing governance and regulatory structures** also receive attention. How well are they coping with global change, are they fit for purpose and can they be trusted by society?

Risks, such as **misinformation and disinformation**, are in danger of being fuelled by poor governance and the report highlights the threat and potential impact of increased algorithmic bias.

**Humanitarian crisis** will get worse, not better due to weakening multilateralism, declining global budgets, continued threat of conflict and increased force displacement.

*“Renewed efforts to rebuild trust and foster cooperation are urgently needed. The consequences of inaction could be felt for generations to come.”*

Mark Elsner, Head of the Global Risks Initiative, World Economic Forum, 15 January 2025



# What to watch

## Ageing societies

'Super ageing societies' (where over 20% of a population are over 65 years old) come under the lens with countries like Japan, South Korea, Italy and Germany, potentially facing challenges in areas related to public infrastructure, social care, state pension systems, corporate strategies and working best practices/policies. Other difficulties include mitigating inter-generational conflict whilst encouraging cross-generational collaboration. How can wider society and business learn from these challenges and take steps to manage them?

## Intergovernmental organisations

The future of well-established organisations, such as the United Nations Security Council, and its role in multilateral peacekeeping, is under threat. How can its role remain relevant and effective as a global forum for helping to resolve conflict and maintaining stability?

## Balance of global power

With a new world order now rapidly emerging, what will it mean to be a leading powerhouse on the global stage? Will we see China, India and Middle Eastern countries taking a new, more powerful and influential role on the global geopolitical landscape and therefore in business also? And what does the US really have in store for the world over the coming period?

## Emerging technologies

The report offers a detailed look at technological advances including the advancement of frontier technologies across the next 10 years. Touching on the potential risks associated with "biotech innovation", it underlines the importance of developing timely and appropriate norms for this specialist field of technology, ethical usage and governance frameworks.

AI technologies remain an important risk to consider. Its role in society, what has been achieved to-date (and what is to follow) and the merits of adoption, need to be kept in balance and managed carefully. Business needs to remain vigilant and ready to adapt to changing policy or legislation in this area.

## Building resilience

Now in its 20th year, and with a repository of valuable back-data, the report captures perspectives on risks from leading experts and leaders in business, government, academia and society; illustrating broad-ranging and diverse opinion.

By addressing risk in the immediate, short and long-term, the report provides a smorgasbord of insights for those looking to develop strategic risk management strategies, crisis management plans or resilient business practices.

Nearly two thirds of those involved in the survey foresee a "turbulent or stormy global landscape by 2035". There has never been a more pressing need to be on the front-foot in business resilience and this summary highlights the **need for all business to stay ahead**.

*Whilst several of the risks highlighted may feel out of our reach, control or influence, even to big global business, there are important steps, and key actions, which can be taken to strengthen resilience against world events.*



# Taking action

## Are you ready for a rapidly changing world?

These are our top five recommendations for taking positive action to manage risk in business:

**1**

### **RESILIENCE, RESILIENCE, RESILIENCE**

Far reaching and all-encompassing, resilience in business means proactively taking steps to manage a range of risk events. In addition to traditional areas, like financial and operational risks, this should include environmental considerations (such as extreme weather events impacting your business, people and projects) and natural resources.

**2**

### **DIVERSITY**

Being diverse (and agile) in the face of these major risk events remains key. When considering ways to diversify avoid becoming too isolated or insular and strike a balance between focusing on local or regional opportunities whilst being open to broader, more global possibilities. Carry this philosophy through to talent acquisition and retention by developing strategies which recognise the benefits of an ageing workforce, for example and focus on being open-minded and inclusive in both business opportunities and workforce management.

**3**

### **GOOD GOVERNANCE & REALITY CHECKS**

The need to identify and counter misinformation and disinformation has never been greater. It applies as much to business as it does in politics and wider societal issues. Failing to take measures could impact good decision-making, quality of service and, therefore, business reputation.

**4**

### **TECHNOLOGY**

Select trustworthy AI and software products for use in product or service delivery. Ensure the tools you rely on are dependable and accurate and implement robust methods to maintain data reliability and information security. This includes protecting client, internal, third-party, or other confidential data from threats like ransomware attacks. To help facilitate this, ensure that your workforce is trained in the use of AI and software and understands the expectations and codes of conduct related to use of reliable data and keeping information both secure, and safe.

**5**

### **BUILDING TRUSTED RELATIONSHIPS**

A focus on collaboration, openness and trust has never been more paramount. Broadening and deepening relationships with key stakeholders should be heavily engrained within organisational culture, enhancing integrity and creating many other benefits for people and a strong, sustainable business.

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#### References

The full Global Risks Report can be found [here](#).  
The WEF's **Global Cooperation Barometer 2025** (with McKinsey & Company) outlines practical recommendations for leaders facing instability and volatility in areas such as strategies for cooperation and business flexibility.

#### Footnote

\*The World Economic Forum's Global Risks Report is based on the annual Global Risks Perception Survey (GRPS) which took place from September – October 2024. It also considers findings from the World Economic Forum's Executive Opinion Survey (EOS) and insights from leading experts.