

Risk Response Network

Emerging risks, emerging opportunities

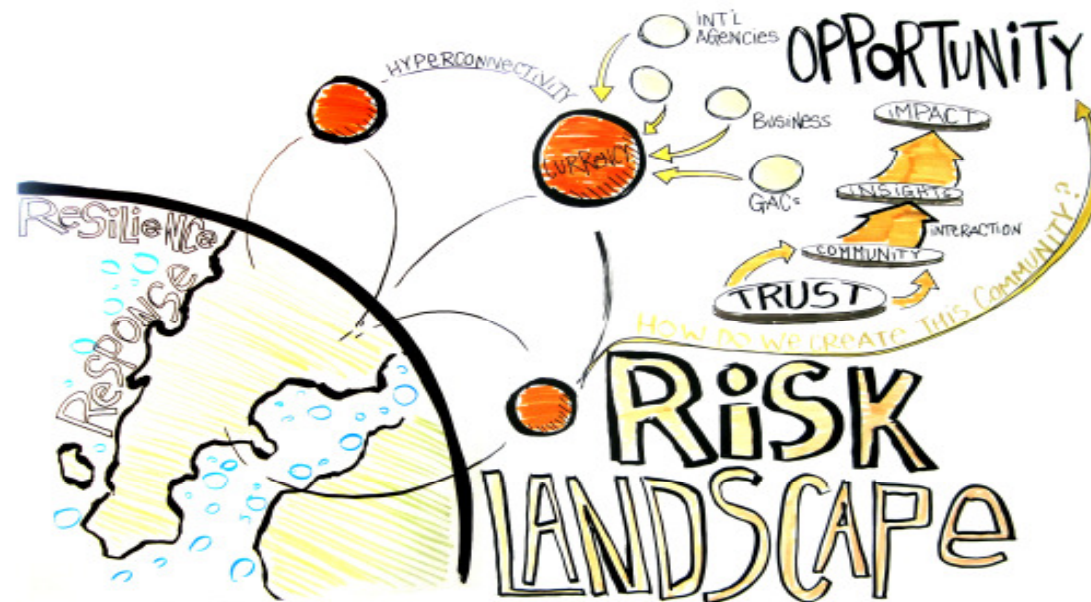
Presentation to the
International Human Resources
Community of Switzerland
01.12.2011



What is the Risk Response Network?

A neutral platform for high-level dialogue and action

In **January 2011**, the **Risk Response Network** was launched in Davos to provide private and public sector leadership with an independent platform to better monitor, prepare for, manage and mitigate global risks.



What does the
Risk Response
Network do?

- We identify, define, measure and monitor global risks across **five thematic areas** : **Economic Risks – Environmental Risks – Geopolitical Risks – Societal Risks – Technological Risks**
- We examine the **likelihood** and **impact**.
- We explore how the risks are **linked**
- We explore **possible contingencies**
- We develop a methodology for multi-stakeholder discussion on risk mitigation, response and resilience

Who forms this community?

- Leading **global corporations**
- **Governments, international organizations, NGOs, regulatory agencies** and **security** related organizations
- **Research institutions**

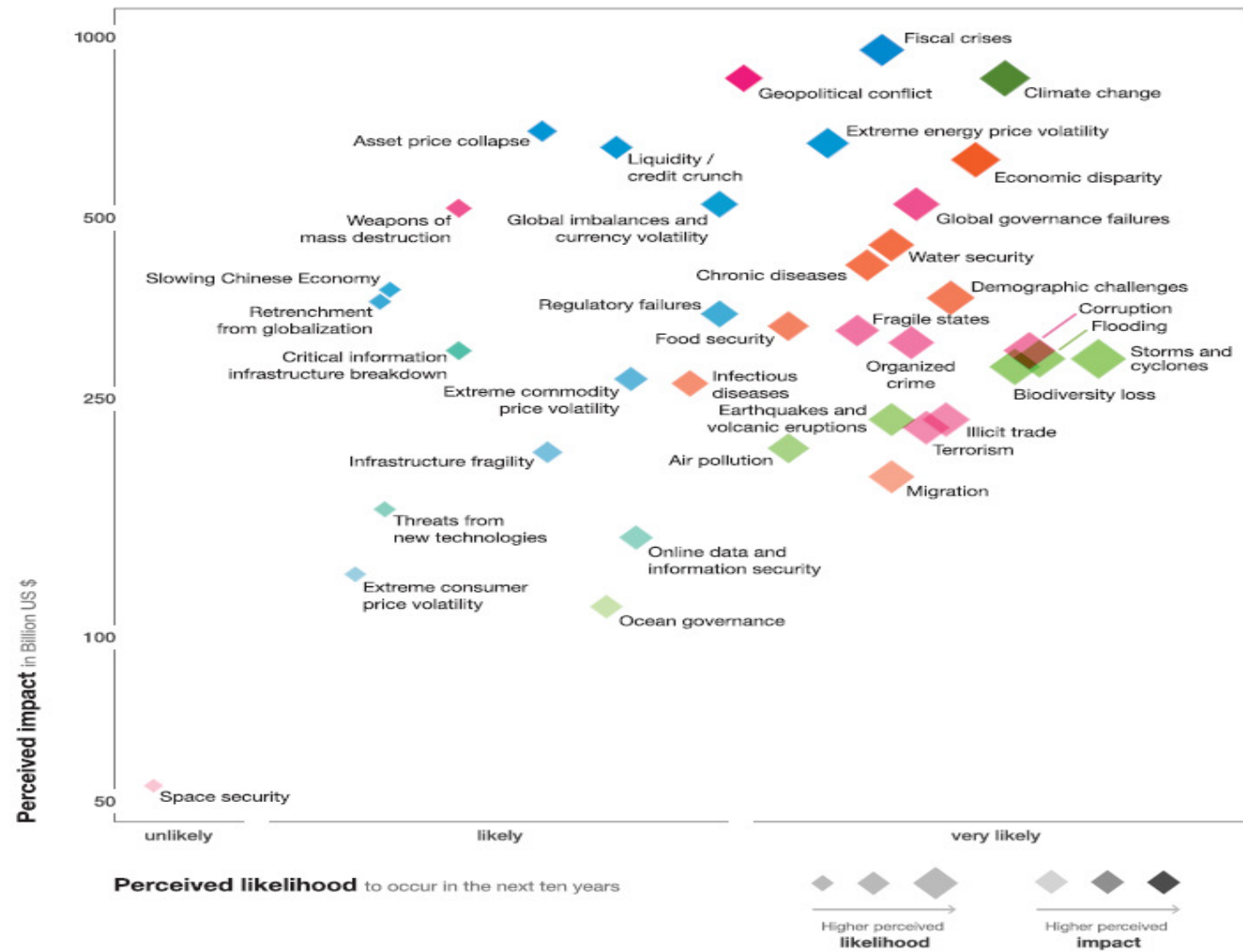
We collaborate with the Forum's **Global Agenda Councils**, a network of more than 1,000 experts focusing on 78 global, regional and industry challenges.



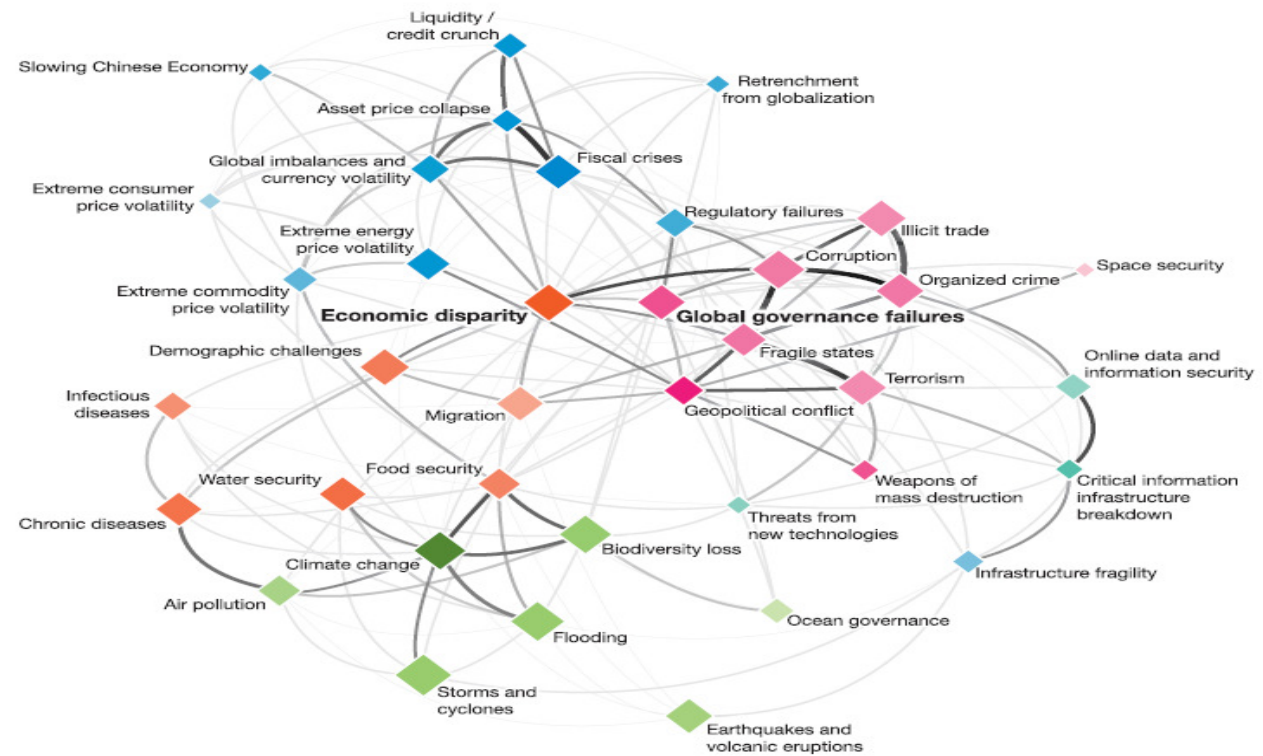
What are members engaged in?

- In-person **interaction** with other members of the RRN Community as well as other risk experts
- Quarterly and annual risk-related **Surveys** with unique access to detailed results and data feeds
- Design Workshops to validate the risk landscape analysed in the **Global Risks Report**
- **“What If” Scenarios Series** providing Forum communities with their perspective of the “unknown unknowns”
- **Risk In-Depth** Projects & Publications
 - Risk and Responsibility in a **Hyperconnected World**
 - Supply Chain and Transport Risk**
- **Leading Practices Exchange** for best practices sharing in global risks management
- Design and development of an online **RRN situation room**

The Global Risk Landscape, 2011



Risk Interconnections Map, 2011



Economic Risks

Geopolitical Risks

Environmental Risks

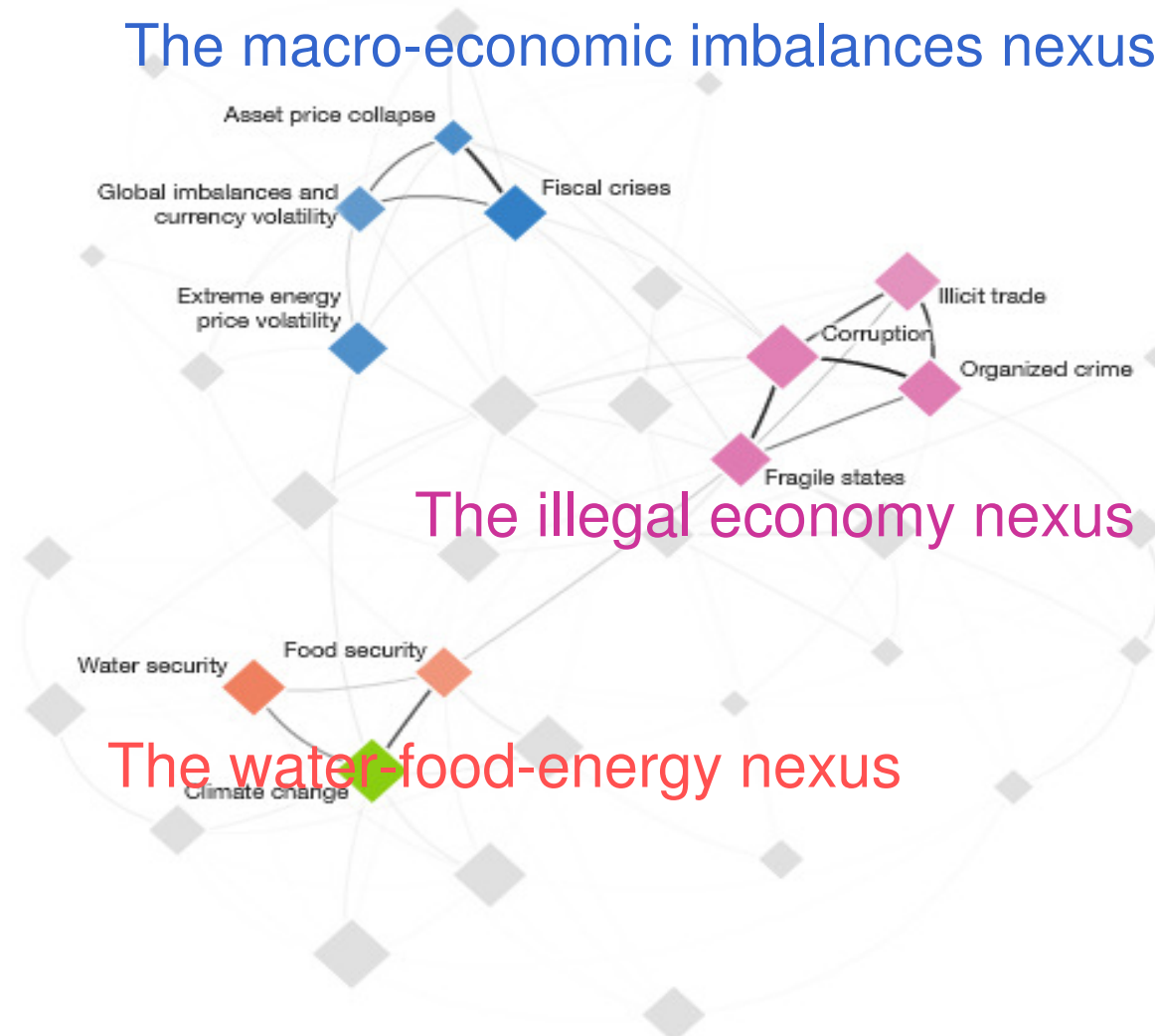
Societal Risks

Technological Risks

Two risks dominated the 2011 landscape



Three critical themes, 2011



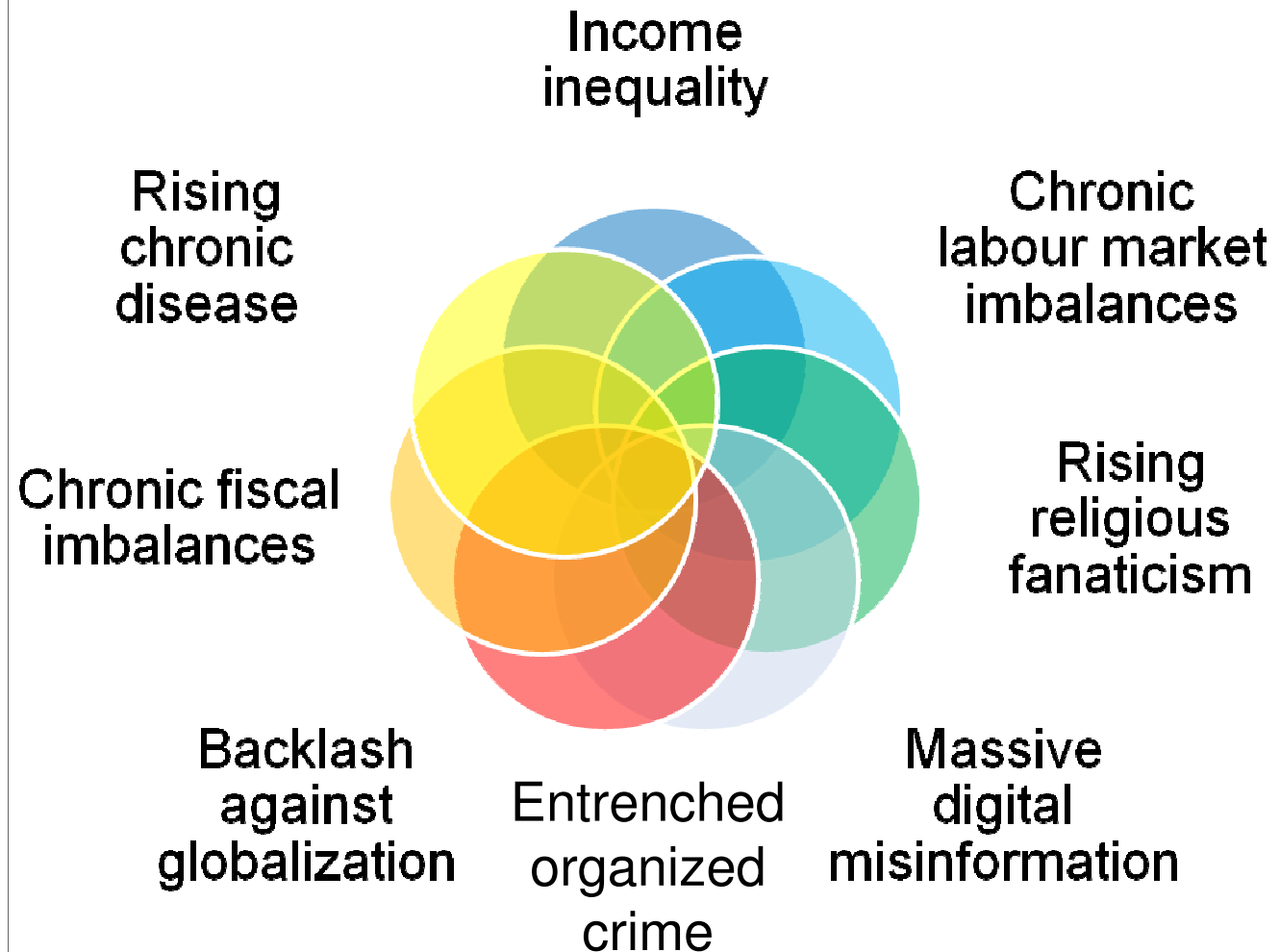
Emerging Themes, 2012

- Rising Divergence in Human Capital
- Mismanagement of Socio-Ecological Systems
- Dystopian Societal Trends
- Conflict in a Hyper-Connected World
- Failed Leadership

Dystopian Trends

Interlinking societal economic and technological risks

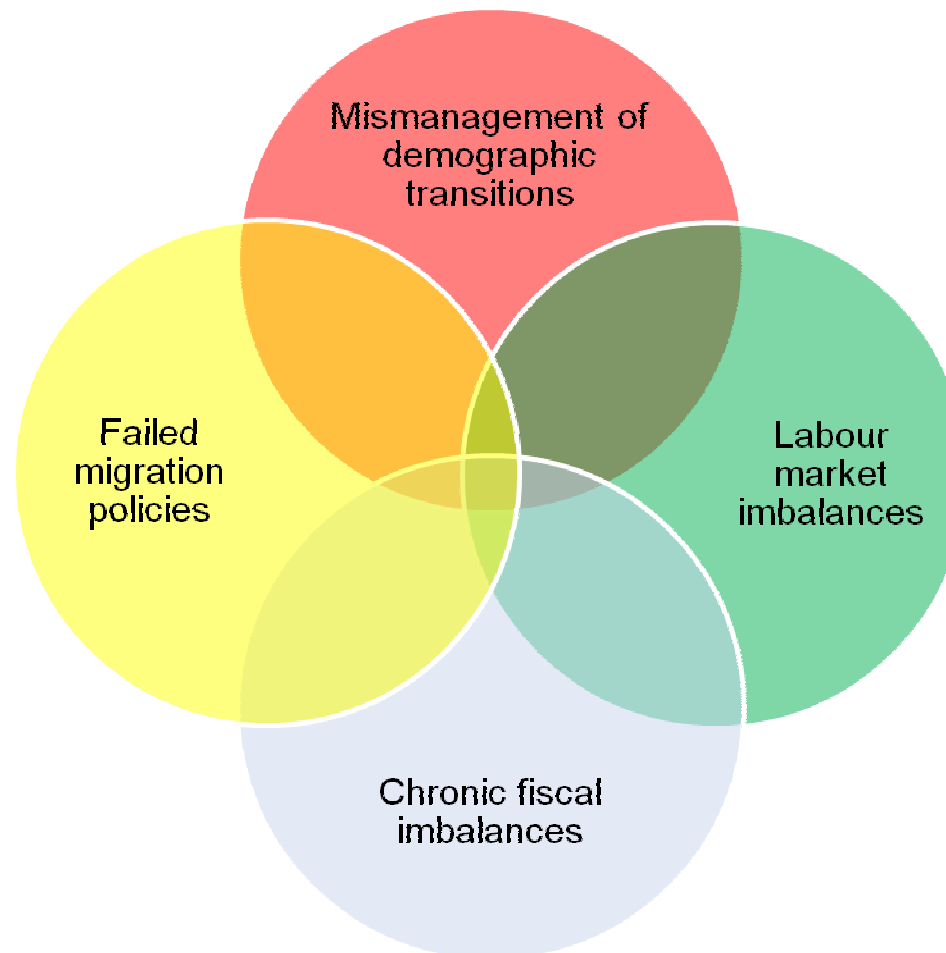
The rich get richer and the poor get poorer – the poor also live short lives, are ill more often and for longer. They are underemployed or unemployed, depend on social protection systems which sustain them but provide no hope for a better life. Modern media and communication technologies allow for rapid spontaneous community organization in which misinformation can spread—truth loses integrity as traditional information gatekeepers wither in the context of full democratization of information. There is backlash against globalization, a rise in isolationism and religious fanaticism in fragmented populations.



Human Capital

Interlinking economic and societal risks

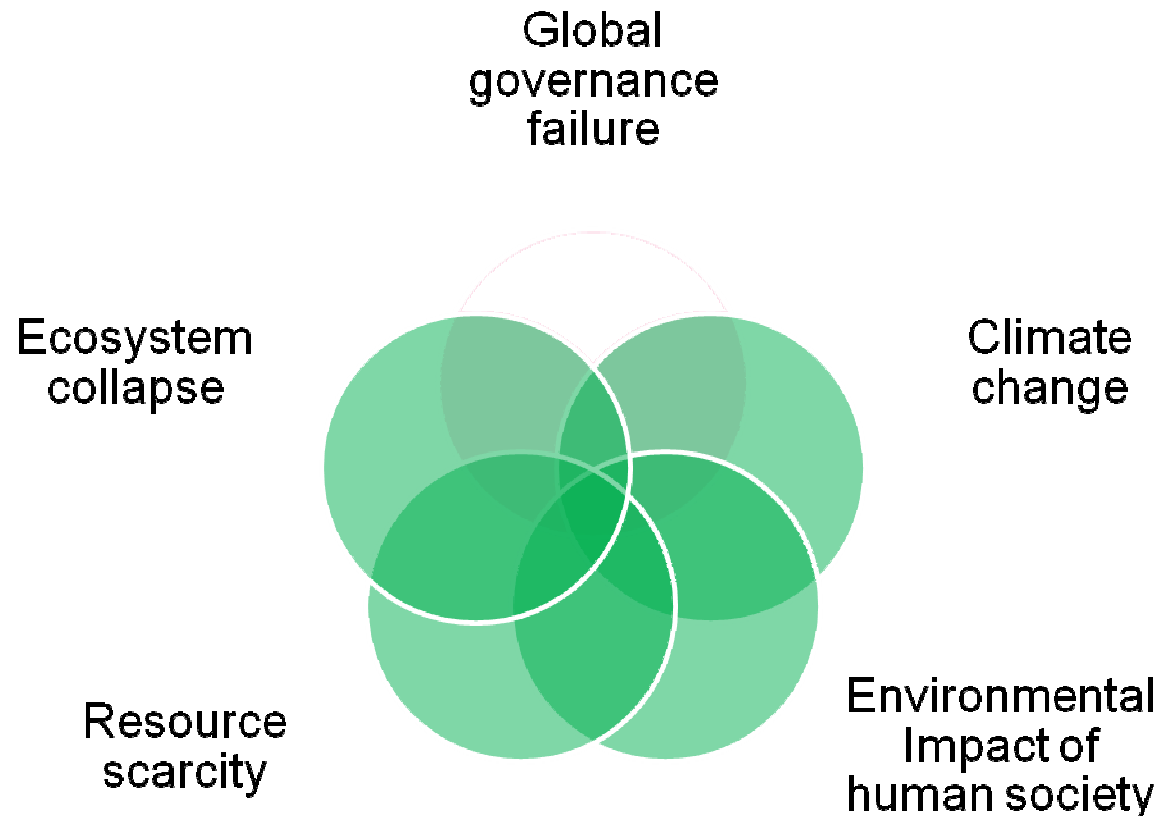
Governments face insurmountable debt obligations as costs of healthcare, pension and social insurance liabilities soar as populations age in developed and emerging economies. In some least developed economies where fertility rate remain high or increase, populations are youthful but underemployed. Unemployment is high and persistent despite high demand from employers. This is due to a combination of a growing mismatch of in-demand and available skills, migration policies that hinder labour mobility, and a growing workforce gap left by population aging.



Social-Ecological Systems

Interlinking environmental, and societal risks

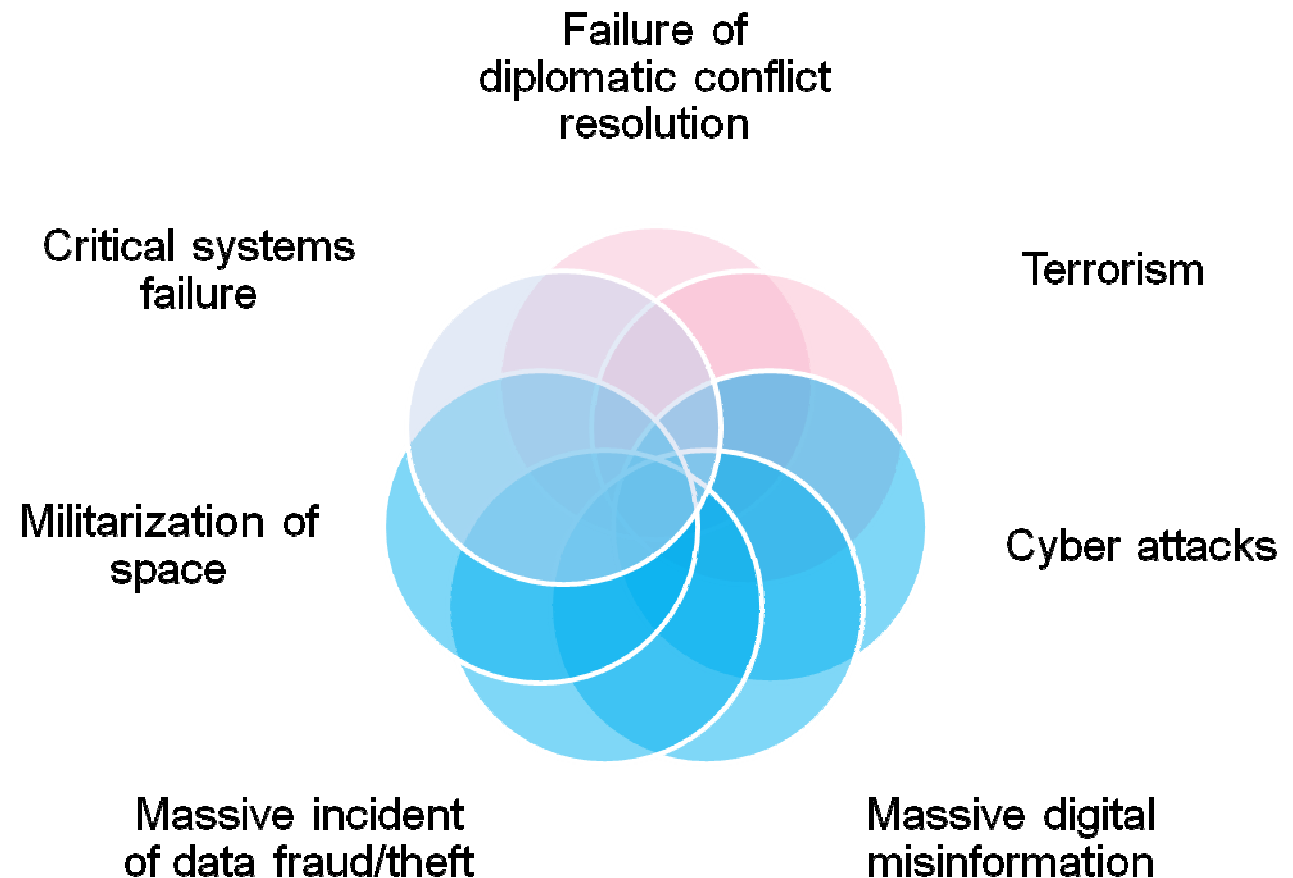
Ecosystems collapse under dual pressures from climate change and the direct impacts of human society, such as pollution, habitat destruction, species exploitation and urbanization. Increasingly inhospitable environments lead to scarcity of vital resources such as fresh water and food. This triggers and is further fuelled by extreme market volatility, which provokes economic downturn, social instability and international disputes which can escalate into armed conflict.



Conflict in a Hyper-Connected World

Interlinking technological and geopolitical risks

The growing dependence on virtual communications and web-based technologies has opened new areas for national, corporate and personal security. It has also created new physical targets on land and in orbit for militarization, terrorist attack as well as corporate and government espionage. This theme explores risk and responsibility in this new arena for conflict, defence and diplomacy.



Emerging Themes, 2012

Global Governance Failure

Twentieth century systems are failing to manage 21st century risks. We need new networked systems to identify and address global risks before they become global crises.

A Nexus of Macroeconomic Risks

Macroeconomic imbalances, fiscal crises in developed economies, massive unfunded social liabilities and weak financial markets form a complex nexus of economic risk.

Disillusioned Society

The rich get richer and the poor get poorer. Unemployment grows and benefits shrink. Modern communication technologies showcase the widening gaps and facilitate disillusioned citizens' response. There is a growing backlash against globalization, a rise in isolationism and religious fanaticism in fragmented populations.

Emerging Themes, 2012

Human Capital Imbalances

Ageing populations saddle debt-riddled governments with insurmountable costs of healthcare, pension and social insurance. In some least developed economies where fertility rates remain high, populations are youthful but underemployed. Inadequate training means they lack the right skills for the job market.

Risk in a Hyperconnected World

The growing dependence on virtual communications and web-based technologies has opened new areas for national, corporate and personal security. It has also created new targets on land and in orbit for militarization, terrorist attack as well as corporate and government espionage. This theme explores risk and responsibility in this emerging arena for conflict, defence and diplomacy.

Resource Limits to Growth

The world faces shortages of core resources such as water, food and energy which are likely to create more conflict and threaten global prosperity. Demand for resources is rising as populations grow, and climate change is compounding the problem.

What leadership traits must be fostered to meet the global challenges we've discussed?

Break out Session:

- Organize into groups of five
- Take 15 minutes to discuss the following:
 - What are the leadership traits that organizations currently value?
 - Are these the same traits that will be required in the next 5-10 years?

Fostering a culture
of risk management
in the human
resources discipline

Mitigation strategies around key questions:

- Ensuring a strategic workforce in an environment of labor market imbalances/mismatch
- Promoting diversity
- Values and behavior
- Recruitment and retention
- Migration policies