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ARTICLE

A WORLD OF UNCERTAINTY: RISK TRENDS IN 2019

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INTRODUCTION

There has never been a more urgent need for collaboration among those seeking solutions to global problems. Polarization is on the rise worldwide, and in some cases, the social contracts that hold societies together are deteriorating. New risks associated with technological change have created heretofore unseen uncertainties, which require new approaches and strategies. This issue affects many areas, including technology, climate change, trade, taxes, migration and humanitarianism, and there are many ongoing global aid efforts attempting to deal with these problems.

This year’s report analyzes risk trends for 2019, drawing information from [The Global Risks Report 2019](#), developed by the World Economic Forum with support from Marsh & McLennan Companies. Our report will also address crisis reporting in 2019 and how companies can expect to be affected.

Today’s generation is ultimately tasked with renewing and improving our political and economic architectures, both at home and abroad. The task is daunting, but absolutely necessary. The global risk report shows a high level of risk and sheds light on the urgent need to take action, covering a wide range of issues—from subtle and slow-growing risks to those that appear suddenly and violently. This year’s risks include quantum computing, human rights and economic populism.

“We have gone from a shift towards globalization to a return of disintegration, nationalism and populism”

DWINDLING SENSE OF UNITY

We have gone from a shift towards globalization to a return of disintegration, nationalism and populism. In this context, the protectionist approach many self-centered nations are taking is not conducive to developing solutions to problems such as climate change, which require coordinated global efforts.

It should come as no surprise that the high expectations created after COP21 led to widespread disappointment over COP 22. Countries such as the United States have consolidated worldwide concerns and identify climate change as the greatest threat to humanity’s existence.

Two-thirds of the world’s population will live in cities by 2050. As of 2019, it is estimated that 800 000 000 people live in over 570 coastal cities, locations that could well see the effects of a 0.5-meter rise in the sea level by 2050. In this way, risk becomes a vicious cycle. Cities attract more and more people to at-risk coastal areas, contributing to the destruction of natural defenses, such as coastal mangroves, and increasing pressure on groundwater reserves.

TOWARD THE TECHNOLOGICAL ABYSS

Technological vulnerability takes many forms, with cyberthreats growing exponentially and jeopardizing critical infrastructures. But we are also seeing the effects of other technological vulnerabilities, especially those associated with the drop in media credibility, fake news and identity theft, factors that will likely see further growth in 2019. There is a clear need for data protection. The recent incidents with Facebook and Cambridge Analytica have only heightened global concern. Will artificial intelligence cause humanity harm in the long run? The question is rooted in concerns over job loss, the creation of new professions and the looming question of whether our future will one day be controlled by machines, which will surpass us in intelligence and awareness. Will our world of increasingly smart



machines result only in increasingly sophisticated cyberattacks? Is it possible this will spur countries to establish crossborder protection agreements, or will they instead focus their concerns inward, raising barriers and isolating themselves?

RISING HUMAN ISOLATION

While the uncertainty of the future increasingly weighs on humanity as a whole, we should also consider its effects on individuals, who are becoming more and more isolated despite the hyperconnected global environment. Across the world, close to 700 million people suffer from mental health problems. In fact, psychological stress related to feelings of a lack of control is becoming a global epidemic. Israeli historian Yuval Noah Harari has asked if it possible to create a world where robots can autonomously produce everything we need. If we were no longer necessary to support ourselves, would we end up merely receiving a minimum income to continue acting as instruments of capitalism? Where would that lead humanity?

BIOLOGICAL RISKS

Before such a scenario manifests, other threats will likely emerge, such as biological pathogens. Today, we are witnessing major global lifestyle changes. We must consider the possibility that new biological threats could cause devastating outbreaks, with serious consequences due to global unpreparedness. New and revolutionary biotechnologies promise miracles, but they also raise daunting questions regarding supervision and control. Statements made in 2018 claimed that the world's first genetically modified babies had been created. If a technologically lenient country were to embrace this, would worldwide powers deem it acceptable?

CRISIS REPORTING: WHAT TO EXPECT IN 2019

Companies begin each year by outlining growth and work plans to act as their goals for the new fiscal year. Most of this strategizing is positive and overseen by management, but what happens

when success is predicated not on the actions of companies alone, but on an unforgiving “digital jungle” where the smallest misstep can jeopardize a company’s reputation and earnings?

The risks outlined in the 2019 crisis report seem to differ little from those companies, NGOs, governments and CEOs faced in 2018. These crises are a result of the digital revolution, which is part of the fourth industrial revolution. According to IDB Digital Transformation Advisor Diego Molano, melding technologies will significantly accelerate this process, which will ultimately eliminate boundaries between the physical, digital and biological realms. The following represent the greatest challenges to risk prevention and crisis reporting this year:

1.Contextual risks: To protect corporate and professional reputations, we must consider social instigators who may attempt to destabilize companies. These agitators cannot be controlled, but must be identified so a company may react accordingly and minimize risk. Companies must be prepared if they are to take swift action.

Bias is another important consideration. Preconceived biases help us process information more easily, but there is always a risk of being incorrectly influenced by our or our community’s emotional impulses. As a result, even perceived issues from key stakeholders regarding a business decision may spread to others, creating space for a very real crisis.

2.Digital judgment: Digital empowerment has allowed anyone with a cell phone to become their own media outlet. Anyone can be an influencer. Social media enables hyperconnectivity and allows large groups to organize through their platforms. With no large amount of money or time, communities can organize on Instagram, Twitter and Facebook to question and break down ideas they consider ill-conceived or believe to have negative effects.

In recent years, there have been plenty of examples of digital activism’s potential. This includes solidarity with political crises, such as in Nicaragua through the hashtag #SOSNicaragua, or groups defending

environmental issues or women’s rights, as can be seen in the #MeToo movement.

3.Falsehood and manipulation of truth:

Fake news has become a plague. It continues to grow because, for some, it has become a profitable business. Studies from the Massachusetts Institute of Technology even suggest that fake news stories are retweeted 70 percent more often than real news.

Memes, fake news and manipulated videos spread like wildfire, not only on social media, but also through WhatsApp. In this new communication environment, companies will always arrive late, with diminished relevance and without the means to reliably measure impact. Media, fact-checkers and companies must establish collaborative strategies to combat this cancer.

4.Corporate torpor: The high speed of social media is making management more difficult than ever. To make matters worse, many companies’ management strategies are slow, rigidly structured or out of date. In response to this new paradigm, speed must be a key feature, held at the core of any company strategy.

5.Lack of digital warning systems: Intelligent listening on social media can be more than a strategic tool for determining the best ways to engage potential customers. It can also allow you to detect emerging risks in your company, business and environment.

When dealing with the digital world, businesses cannot afford to dismiss online “noise” regarding their companies. Anything coming from social media must be closely observed and evaluated for the impact it could have on the company. Crisis prevention remains a huge challenge for most companies, and it poses one of the greatest risks for 2019.

Start the year with an in-house review of your crisis reporting tools. Determine whether your crisis manual addresses digital crises and whether your risk map includes modern instigators who could affect your business. You must ensure your management team has the skills and tools to deal with a crisis in real time if you hope to overcome these obstacles.



AUTHORS



Natalia Sara is Crisis and Risks Manager at LLYC Madrid. Specializing in managing and safeguarding reputation in the digital environment, Natalia has 17 years of experience in strategic corporate consultancy for national and international companies, having been an account manager at agencies such as ACP and Ketchum. She is highly skilled in risk prevention, crisis management, preparing communication plans and Crisis Manuals tailored to different sectors, and in training managers and spokespersons to face crisis situations. She was previously a journalist for such national media outlets as *Expansión* and *Actualidad Económica*. Sara holds a degree in communication sciences from the University of Navarra, a postgraduate degree in communication for leadership and people management and a master's degree in marketing, Internet and new technologies from ESIC Business & Marketing School.



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