

Doing business in today's world

By  Danette Breitenbach

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"The biggest risk is not taking risks. That is the reality of today," says Kuseni Dlamini, Massmart and Aspen chairperson in his keynote address, 'Managing business in times of risk', at the recent Deloitte Risk Conference 2018: De-risking digital in the age of Industry 4.0.



Source: pixabay.com

Dlamini outlined a five key risks business - public and private - is facing today. This includes technology, economic risks, geopolitical, societal and environmental risks.

Technological risks

"Technological risk is looming and inescapable," he says. It includes cybersecurity and attacks, data fraud and theft, Industry 4.0 and the risk of the collapse of key and crucial infrastructure.

Cybersecurity and attacks

Last year the cost of cyber risk was US\$1 trillion and while this is the single most significant risk that businesses face, most businesses are battling to quantify this risk. "Combatting this risk requires leadership from the top. Your board must have executives who have the right mix of skills and competencies to have a conversation around this risk and to deal with the challenge."

He adds that because some many businesses do not have this in hand, it opens it up for innovation and R&D for a sustainable solution.

Data fraud and theft

"We need to have a sense of what information is important to our business and then we need to figure out how best to

protect it and what resources are needed to protect it,” he says.

More than often not these functions are still delegated to the IT department. “However, these days are gone as we become more entrenched in the digital space. Opportunities such as AI and big data come with risks.” He adds that it must be noted that the risks are not only from hackers but often come from disgruntled employees, suppliers and from competitors.



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Industry 4.0

“Industry 4.0 is not an opportunity or a threat - rather than an either or, it is a question of and, that is Industry 4.0 is an opportunity and a threat,” he states.

The adverse impact of technology is itself a risk. “As business becomes more digitalised, we are more exposed. Governments will need to institute programmes to reskill workers for Industry 4.0 and the school curriculum needs to be relooked at urgently.”



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He feels that the current curriculum is equipping young people for the jobs of yesterday, not the jobs of the future. “Education needs to be reframed urgently in South Africa and Africa if our sons and daughters are to be part of the knowledge-intense economy of tomorrow. The right environment needs to be created.”

Technology is a mixed blessing, he adds “This does not mean we must deny it, but at the same time we cannot embrace it blindly. We have to minimise the downsides.”

The risk of the collapse of key and crucial infrastructure

The more digitalised we are the more vulnerable we are if this infrastructure collapses - it only takes one hacker. “We need to ensure we have fit for purpose structures to deal with this,” he says.

Economic risks

The world we are living in is characterised by the current trade war between Beijing and Washington. “This war is impacting the world, including South Africa. Steel, a locally produced product has been affected, but as this war continues it could impact on other products the country produces. For example, motor vehicles,” he explains.

Geopolitics

Brexit and Trump have had a profound effect on global politics, leaving the world not only leaderless, but with a lack of cooperation between leaders. “The centre is not holding at global level and so we are in a precarious position,” he says.

States are collapsing or unable to preside over their own countries and this is exasperating the political situation. “Zimbabwe is saying the right things, but the shelves are still empty, while the DRC is essentially a country without governance, run by a President who cannot travel to certain parts of his own country. None of this is good for regional and global stability. No state exists in isolation, we impact on each other and therefore we need to strengthen each other,” he says.

Societal risk

Global migration is shaping geopolitics. “It is ironic that the countries, such as the United States and other western countries, who are responsible for this migration, are the ones shutting out the fleeing migrants,” he says.

Emerging countries are increasingly facing protests as their ruling parties become increasingly isolated from the masses and more corrupt.

Environmental risk

Climate change and our failure to address it, he says is the top risk in this category. “The irony is that the countries that are victims of climate change ironically are the least responsible.”

Extreme weather conditions are prevailing, and we need to gear ourselves with the right processes to respond to mitigate the risks especially on the most vulnerable. “Man-made disasters must be avoided. Businesses must do good and monitor their environmental footprint and monitor best practice.”

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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