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Cautious Asian business leaders worry about business risks and aspire to greater resilience

Lucien Mounier • May 24, 2022

Recently Beazley conducted a research report called ***Risk and Resilience*** in Asia for the first time. It allowed us to assess the views of business leaders based in Singapore on a range of risk-related topics, and to compare their views to other regions of the world.

The results showed us that business leaders based in Singapore have their own priorities and concerns which differ quite markedly from their counterparts in other regions, as well as from their competitors and trading partners in the US. The differences cast an important light on how differently risks are prioritised in Asia.

The survey found that Singaporean business leaders are worried about today's business economy, with over a third (35%) of Singaporean business leaders saying that they are currently in a high-risk environment. This compares sharply to the 24% who feel the same in the US.

Singaporeans also worry that they are not prepared enough to face problems that might arise in their business and economic lives. While over a third of Americans (34%) optimistically believe they are highly resilient to different types of risk, less than one-quarter of Singaporeans (23%) believe this of themselves.

Looking ahead, the difference is even more marked, with only 74% of Singaporean business leaders expecting to be more resilient in 12 months' time, compared 96% of Americans or 89% of business leaders globally.

Business concerns lead above politics in Asia

Our survey also asked Asian business leaders what types of risk keep them awake at nights. The answers in Asia related closely to modern

commerce, with the top two concerns being business risk (seen as the key risk by 31% of respondents), and digital risk (ranked the leading concern by 28% of correspondents).

This was in contrast to business leaders based elsewhere around the globe, whose opinions were more divided on key risks. Many more global leaders rated political and economic risks their biggest worry, and environmental risk was also a significant concern for some. However, fewer leaders in Asia found these topics a concern. Only 18% ranked environmental risk as their leading concern.

What is clear is that the reduced focus on political risks reflects the stable political environment in Singapore. Meanwhile, perhaps the more *laissez-faire* attitude to environmental risks links to the less regulated landscape around environmental damage in Asia, which means that few companies have this as a high-factor corporate risk.

Singaporean leaders are also willing to focus on individual aspects of business risks: they are most keen to focus on cyber security and supply chain improvements for their businesses, as well as investing in risk management initiatives. They are much more focused on supply chain than the rest of the world – and rightly so.

Pandemic worries remain high in Asia

In Asia the pandemic remains a significant concern, perhaps because of the region's longer history with pandemic disease, which began with SARS in 2003 and which gives them a lower tolerance for Covid casualties. When asked to consider global environmental risks, pandemic risk remains a standout concern for business leaders in Asia, with over a third (35%) rating it a top concern, far above the 23% who hold that view globally.

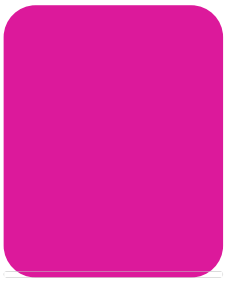
It seems that final judgement on the impact of COVID is also being reserved, because although COVID has reduced business buyers' trust in the value of insurance, as well as lowering their tolerance for risk and trust in management decision making, these impacts are much lower here than in the US or UK or globally.

Business environment is critical

Finally, when asked about worrying external factors (grouped together in our survey as 'country risk'), economic uncertainty was rated a top concern by 31% of Singaporean business leaders, followed closely by inflation risk. Political risk and war/terror risks rate much lower. This perhaps is at the heart of the attitude to risk in this region. Business leaders in Singapore have a strong faith in ongoing political stability. Outside Singapore, political instability is much more common, including the recent coup in Myanmar. The South East Asian region is complex, fragmented, with economies at completely different ends of the maturity spectrum, which perhaps also means that business people operating in the region have simply become used to living a in rapidly changing, volatile, uncertain environment.

Singaporean companies show a protective concern about the future and a keep a clear eye on a potential lack of resilience to new threats. They are willing to embrace new classes of cover to build resilience in new ways. This cautious but forward-looking attitude must surely help

businesses in this region to manage future risks in ways that other global markets might do well to emulate. No wonder their success is admired and imitated globally.



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