Reimagine Resilience: An Asian Perspective

PwC’s Global Crisis and Resilience Survey 2023
The ceaseless cycle of change and disruption is the hallmark of today’s global business climate. Organisations are contending with an environment in *permacrisis* – constant movement, continuous disruption – as they attempt to undertake broader business transformations to adapt and address each challenge, emerge stronger from unplanned events, and thrive.

From geopolitical instability and the lingering COVID-19 pandemic to climate crises, cyber threats and faltering supply chains – a multitude of external macro forces are converging on the market. Against this backdrop, resilience has become one of the most vital strategic priorities in the corporate world.

In Asia, where economies are export-oriented and relies heavily on global supply chains, a disruption here has the potential to pose cascading consequences onto the rest of the world. With that said, organisations need to be truly resilient to not only recover and survive from disruptions but to also thrive. This is key to ensuring sustainable growth and to meet societal expectations amongst customers and the workforce.

Enterprise resilience requires your business to evolve continuously, protected from shocks, while at the same time being able to adapt, create value and maintain a competitive edge. However, tension can exist between being resilient and being agile. Balancing these two competing demands can be challenging.

The three core components of enterprise resilience are:

- **Strategic resilience**: the ability to evolve and build agility into the organisation
- **Operational resilience**: the ability to maintain critical operations during disruption
- **Financial resilience**: the ability to maintain capital and cash flow during disruption

What is enterprise resilience?
Zooming further into Asia, we see that:

In 2023:

- **95%** of organisations have experienced disruption in the past two years
  
  This is a remarkable increase from the 69% of organisations stated in our 2019 survey that they had experienced a crisis in the last five years.

- **84%** of organisations said their most serious crisis had a medium-to-high impact on operations
  
  Besides the pandemic, organisations are most concerned about cyber attacks, supply chain disruptions, and operation/technological disruption or failure.

The focus of PwC’s Global Crisis and Resilience Survey 2023 is understanding today’s threats and how organisations target their resources, efforts and investments to become more resilient.

Data from nearly 2,000 respondents worldwide provides insights into how business leaders are preparing for and responding to this new world. For this report, we have consolidated the data of 499 respondents across India, South Korea, Japan, Malaysia, Thailand, Hong Kong, Singapore, The Philippines, Vietnam and Indonesia to focus on the insights for Asian organisations.

**The resilience revolution is here**

Long-relegated to the halls of compliance exercises and checklists, resilience has evolved from a capability designed merely to mitigate potential losses or meet regulatory obligations. Today, true resilience is a core competitive advantage and a prerequisite for any successful business strategy.

As the revolution moves ahead, resilience by design is critical – and our respondents agree: 89% noted that resilience is one of their most important strategic organisational priorities. Yet many also report that their organisations have not taken the steps needed to implement an integrated enterprise resilience programme or even identified the steps to move forward on that journey.

Business leaders express confidence in their ability to recover from a crisis. However, the data is clear: Organisations are lacking the foundational elements of resilience needed to be successful.
Below are the top 3 challenges faced during a disruption according to our respondents in Asia:

01 Gathering appropriate information
02 Prioritising actions
03 Restoring critical business services

It is with these insights in mind, and amid the current state of constant disruption, that we believe all organisations should be asking the following key questions to rethink their approach to resilience:

- Why do we need to build resilience – and for whom?
- What do we care most about protecting in our organisation, and what is our strategy to preserve those critical business services?
- Have we embedded the right mindset and culture to drive the necessary investment in resilience?
Three takeaways

So, if building a resilient organisation by design has become a strategic imperative, what are today’s business leaders doing to make it happen? And what are the key components of an effective resilience programme?

The survey data revealed three key takeaways:

1. Integration
   An integrated resilience programme is essential – and if you aren’t developing a strategy to move in that direction, you are falling behind.

2. Leadership
   Thriving in permacrisis requires a senior leader, executive sponsorship and upskilled teams.

3. Operational resilience
   Leading organisations are adopting an operational resilience (OpRes) approach and leveraging technology to enable a panoramic view of their risk and resilience landscape.
Resilience programmes are too often siloed, with little coordination across functions. It is no longer sufficient for organisations to do so as they address today’s complex and interconnected risks. Enterprises are actively moving to an integrated resilience approach, centrally governing and aligning multiple resilience capabilities around what matters most to the business, and embedding the programme into operations and the corporate culture.

To start, leaders should consider the roles, responsibilities, governance, objectives, strategy and other key elements – and design a programme that extends across the enterprise and into every facet of the business.

Organisations with a resilience strategy driving an integrated programme not only can identify and manage risks better, but can see opportunities amid disruption. This allows business leaders to take appropriate risks in a way that’s aligned with the overall business strategy. Prioritising investment based on what is critical to the organisation and stakeholders also enables senior leaders to coordinate their response to disruption and execute a faster and more effective recovery.

**The result:** Improved risk management, better financial performance, competitive advantage in the marketplace, a protected reputation and stakeholder trust.

In Asia, almost two thirds of organisations have moved toward an integrated resilience programme – but only one in five is fully integrated:

- **89%** have a C-suite level sponsor that accounts for the organisation’s enterprise resilience programme resilience competencies
- **85%** have a dedicated resource managing enterprise resilience programme
- **30%** organisations have only had their programme in place for less than 3 years.

Have a C-suite level sponsor

Have a dedicated resource managing enterprise resilience programme

However,
We often refer to resilience as the enterprise’s immune system. Building immunity requires layers of resilience – from employees to leadership and the board. A successful resilience strategy and programme needs (1) sponsorship from the C-suite, (2) a programme leader with clear responsibility, and (3) a skilled team to do the day-to-day work.

In Asia, 41% of enterprise resilience programmes are sponsored by the organisation’s CEO.

However, these leaders need to keep up with current resilience trends and acquire new expertise where necessary as to future-proof resilience, the top concern for organisations is to upskill future leaders in crisis and resilience competencies.
What does the data show?

1. **Accountability:**
   We are seeing real progress on executive sponsorship of resilience. In 2021, 61% of our Global Crisis Survey respondents said their head of crisis or resilience was accountable (at that time, data was related to the pandemic). Today, 89% of organisations in Asia with a resilience programme in place have established a C-level sponsor. In fact, 41% of respondents have named their CEO as the executive sponsor for resilience, demonstrating the role’s criticality to the success of the organisation. Executive sponsors are accountable for establishing the target maturity for the resilience programme and making sure it is appropriately funded and staffed, and ensuring it meets expectations.

2. **Responsibility:**
   On the other hand, we are not seeing organisations coalesce around a single role that is responsible for managing the implementation of an enterprise resilience programme – a Chief Resilience Officer, for instance, was named by only 11% of our survey respondents. Appointing a Chief Resilience Officer might not be the answer for every industry, but this lack of clear enterprise-wide responsibility undermines focus and direction. In the absence of a dedicated role with responsibility for the programme, organisations are unlikely to fully integrate resilience into operations and culture.

3. **Upskilling:**
   Resilience expertise constraints present another challenge: 31% of our respondents said building a team with the right skills is a major hurdle in establishing a resilience programme. To date, the field lacks a pool of talented resilience professionals with the experience and skills to execute on a strategic, integrated programme and to respond effectively during a crisis. Furthermore, 39% of the organisations also indicated that maintaining and maturing their existing programme was a prominent challenge. To build resilience, senior resilience leaders must be clear about how the organisation works, how to deliver on the right priorities, and the role they play as leaders. So how do we get there if the expertise pool is shallow? By providing the right investment in training and professional development, organisations can overcome this challenge and develop the team they need.
As more organisations move to integrate their resilience programmes, there is a clear trend toward adopting core principles of an OpRes approach that allows organisations to manage risks with high reliability and to drive efficiency.

OpRes focuses on establishing and continuously maintaining core elements of non-financial resilience, informed by a strategic view of what is most important to the organisation and its stakeholders. What is most important should determine business service outcomes — and not, as conventional business continuity approaches generally dictate, just the systems that deliver them.

From there, organisations should carefully map them, end-to-end; clearly understand the impact and priority of systems, applications, third parties, people, physical property and data; and establish mature exercise and testing capabilities based on arduous — but plausible — scenarios. Existing risk appetite can help determine the degree of resilience required, but leaders should also consider setting tolerances based on external impacts to customers and the wider system or market in which the organisation operates.

In addition to the shift toward OpRes, organisations are looking to technology as a driving enabler. Business leaders are also looking to use technology to create a living resilience programme they can continually test and evolve. 45% of organisations have invested significantly in cyber resilience in the past two years.
The confidence gap: Understanding the risk – and opportunity – of disruption
While our survey results confirm that business leaders recognise resilience as a strategic imperative, the data also reveals a “confidence gap” for certain organisations: Despite confidence in their ability to navigate disruption, only a third of our respondents report that they have the proper foundational elements in place to support resilience.

While many organisations feel bolstered – either because they haven’t experienced many crises or because they survived those they confronted – our data shows they are leaving themselves exposed to a number of threats:

1. **Inadequate risk management:**
   - Less likely to have a clear understanding of risks and vulnerabilities, and may not have a plan in place to mitigate them
   - Increased risk of unexpected disruption and the costs associated with responding
   - No link between Enterprise Risk Management and resilience strategy

2. **Lack of cultural resilience:**
   Less likely to have a strong culture of resilience, including a leadership team that sets the tone for the rest of the organisation
   Increased risk of workforce that’s not flexible or adaptable

3. **Inadequate technology and resources:**
   - Less likely to have the right tools in place, including the latest data and analytics, to support resilience
   - Less likely to have an established network of experts to provide guidance and support when needed

4. **Increased costs and decreased competitiveness:**
   - More likely to scramble to respond to disruption, rather than proactively prepare
   - Likely to result in decreased competitiveness and loss of market share

Which sectors have the most-integrated resilience programmes according to our respondents?

- **Financial Services**
  - 32%
- **Health Industries**
  - 28%
- **Technology, Media and Telecommunications**
  - 28%
- **Industrial Manufacturing and Automotive**
  - 17%
- **Government and Public Services**
  - 16%
Case study
Organisational maturity

An integrated resilience programme makes all the difference when disruption strikes. Here’s what can happen:

**Company A**

A ransomware attack disabled a global manufacturer’s critical business services. Lacking key strategic components needed for resilience in the face of disruption, the organisation lost several weeks of business – and close to one billion dollars.

**Company B**

But on the other hand, when a massive disruption dismantled a global manufacturer’s shipping operations, the organisation’s integrated plan kicked in and the business was able to swiftly shift its shipping routes and supply chain without interrupting service to customers. The organisation tapped into its resilience to weather the disruption – and emerged stronger.

**Evaluation criteria**

The organisation went into the crisis with resilience in silos. There was no clear sponsorship nor dedicated central resources with authority over the resilience programme. The organisation lost valuable time, money and energy attempting to come to consensus on critical processes and tactics.

With an executive-level “owner” to oversee the entire resilience programme, the organisation had invested in integrating its resilience programme prior to the crisis. The integrated approach laid the foundation for holistic insight into the impact of the issue as it arose as well as clarity on who was accountable and had the authority to make decisions.

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Prioritisation

Without an established agreement regarding the most important elements of the business, the crisis forced executives to waste valuable time trying to reach consensus on what to address first.

The executives had agreed on the critical business services, hammered out in resilience planning over the course of designing their overall programme. They were able to quickly execute their continuity strategies in a prioritised fashion.

Mapped end-to-end processes

Each team knew their individual process/part, but there was not a clear understanding of end-to-end business processes and associated dependencies. Individual teams trying to reduce the effects of the crisis on their process exacerbated certain processes downstream.

By mapping their entire operational capabilities, leveraging a holistic resilience software tool, executives also knew at the start of the crisis how each process would affect functions down the line and had the ability to quickly assess the broader impact of the event.

Regular testing

Executives didn’t regularly test their crisis response plan, and there was a lack of awareness of broader recovery plans and strategies, so gaps that could have previously been identified and closed resulted in additional pain points. Moreover, the organisation lacked response muscle memory and essentially developed response plans and playbooks on the fly, costing valuable time.

The organisation updated its programme periodically in response to external pressures and internal changes – enhanced technology, for instance, alerted the testing team to needed adaptations in several key processes. Gaps that could have haunted them with this crisis had been previously addressed as a result.
Despite current market conditions, organisations aren’t reducing their investment in resilience, which is further testament to business leaders’ recognition that resilience is an essential cog in their firm.

Where are businesses investing?
Almost 88% of our respondents plan to invest in cyber resilience and crisis management, reflecting concern over the rise in cyber attacks such as ransomware, and the organisation’s strategic response to deal with the threats emergency management follow closely to round out the top three areas of investment, with 86% of respondents, planning to invest during the next two years.

Given the volatility of the past few years, we’re surprised to see that some respondents are not planning any investment whatsoever in a number of areas foundational to resilience: 16% are not investing in personal and emotional resilience while 10% are not in supply chain resilience, disaster recovery, incident response and threat monitoring.

The lack of investment isn’t just a potential threat in the event of disruption. These organisations are putting themselves at a disadvantage in day-to-day operations.

Businesses making the greatest overall investment in resilience are characterised by a few key traits that deliver results over the long term. For starters, they consider investment a strategic move, rather than a tactic motivated by compliance needs or fear.

Organisations that invest in resilience are more likely to:

- View resilience as "very important" compared to other priorities
- Incorporate 6.6 resilience competencies, on average, as part of their integrated resilience programme
- Have a dedicated resource(s) managing day-to-day operations
- Have faced financial crises in the past
- Have spent $50 million or more on their most serious disruption
After a catastrophic event, most organisations will move quickly to invest in building resilience. That’s no surprise; even moderate disruption can be a prime motivator for change, so taking steps to avoid repeating the past is understandable.

Leaders who view investing in resilience as a strategic imperative – and approach that strategy with greater urgency – emerge from crisis with invariably better results.

**Bottom line:** Rethink your investment reasoning and fortify your resilience programme – not just in the wake of disruption, but before it happens.
Being resilient by design is critical both for survival and for strategic advantage in an era of disruption as the norm. It’s an imperative for leading organisations. The ability to adapt and respond to disruption is vital to maintaining the trust built with stakeholders and protecting shareholder value and reputation. Certainly, the pandemic has shown us the importance of being able to respond adequately to crisis, for businesses and government alike, regardless of how unknown or unexpected a situation may be.

Resilient organisations build and maintain trusted relationships across their stakeholders: Customers know they can count on consistency and results. This, in turn, preserves and enhances the reputation of the enterprise.

To build a trusted and agile organisation, it is vital to invest in resilience across functions and people, and to focus on an integrated approach.

This includes aligning resilience goals with business and strategy, embedding resilience into key critical services, and fostering a culture of resilience.

Communicate the value of resilience throughout your organisation; embrace resilience as a strategic imperative and an opportunity to strengthen your organisation as you prepare for disruption, manage crises, recover, and thrive.

**Be resilient by design.**
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