

# LINKING RISK WITH LONG-TERM SUCCESS



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It feels like the world is once again standing at a crossroads, grappling with a mix of challenges and opportunities that will define the global landscape for the rest of 2025.

There is hope that a certain degree of normality will finally return to the global economic cycle. However, the acceleration of interconnected risks—geopolitical and economic disruption, cyber threats, technology including AI, regulatory compliance, and talent—continues to put increased pressure on businesses and, in turn, their finance teams to look beyond financial reporting. And, as a result, there are increasing demands placed on the accounting and finance profession to have competencies beyond traditional accounting and finance knowledge.

## RISK OVERSIGHT

This is supported by the findings of the *2024 Global State of Enterprise Risk Oversight* report from AICPA & CIMA and North Carolina State University's Enterprise Risk Management (ERM) Initiative, where 66 percent of global senior finance and business leaders surveyed sense the volume and complexities of risk have increased in the past five years. Paradoxically, it also reveals that businesses may not be sufficiently investing in their risk oversight and management ap-

proach.

About 48 percent of respondents said that their organization has faced a significant operational surprise in the past five years, which suggests a potential breakdown in their organization's risk management strategy and processes. What's more concerning is that only 32 percent of respondents described their organization's risk oversight practices as "mature" or "robust" and only 47 percent said their risk oversight processes are "systematic, robust, and repeatable with regular reporting of top risk exposures to the board". Our study report also shows that there continues to be a struggle in linking risk oversight with strategic implementation. According to most respondents, the output from ERM processes is not providing strategic insights that lead to a competitive advantage for their organization. Interestingly, many organizations still focus on traditional risks like IT, operations, and compliance, rather than emerging strategic risks such as cybercrime, supply chain challenges, and climate crises.

This would suggest that risk oversight and management practices in organizations around the world are not keeping pace with the true scale and complexity of risks in today's business environment. And to

truly be value-adding, we also need to find ways to seamlessly integrate the practices into the organization's business strategy.

## FINANCE TEAM'S ROLE

The very term "risk" often makes people feel uncomfortable, and although risk management primarily focuses on managing downside risk, it is important to appreciate that risk also has an upside. This upside involves seizing new opportunities that can arise from disruption or uncertainty, such as opportunities to enter new markets or create new product lines. This may be obvious to accounting and finance professionals, but it is something that some colleagues and business partners may need to be reminded of. Accounting and finance professionals play a pivotal role in providing non-financial and financial management information to drive business performance, develop strategies, and influence decision-making. Having such a rich understanding of what drives their organizations, and their future strategic initiatives is the first step towards becoming an effective participant in broader, more strategic organization-wide risk oversight and management processes.

## MUST HAVE SKILLS

To successfully contribute to the risk oversight and management approach within their organizations, accounting and finance professionals need to develop a diverse set of skills.

- **Analytical skills:** The ability to analyze complex data sets and identify trends will be crucial for effective risk oversight and management. This not only includes understanding financial statements but also economic indicators as well as industry and market trends to anticipate risks, their probabilities, their causes, and the impact they would have on the organization.

- **Strategic thinking:** Accounting and finance professionals must develop and demonstrate the ability to look beyond the numbers, beyond finance, and understand the broader business landscape. This notably involves aligning risk management strategies with the organization's overall goals and objectives, understanding both its current position and future direction.

- **Communication skills:** Clear and effective communication skills are essential both for gathering risk-related information across the organization and delivering high-quality counsel to senior leaders,

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**EXPERT STRATEGIC VALUE OF ENTERPRISE RISK MANAGEMENT**

board members, and internal and external audit committees. This includes presenting com-

port strategic thinking.  
 • Regulatory knowledge: Understanding the regulatory envi-

professionals will need to be able to pivot quickly and adjust strategies accordingly to both

non-financial analysis and reporting, positions them to help transform their organization's

**Follow these links to find out more:**

**[aicpa-cima.com/resources/download/2024-global-state-of-enterprise-risk-oversight](http://aicpa-cima.com/resources/download/2024-global-state-of-enterprise-risk-oversight)  
[weforum.org/stories/2025/01/global-risks-report-2025-bleak-predictions/](http://weforum.org/stories/2025/01/global-risks-report-2025-bleak-predictions/)**

plex data in an understandable way and making persuasive arguments for risk mitigation strategies.

• Technological skills: To do a better job, accounting and finance professionals should be familiar with risk management software and data analytics tools, which can enhance their ability to monitor and manage risks. This includes technologies such as big data, machine learning, and artificial intelligence, which can help save time, reduce errors, and sup-

port strategic thinking. environment and compliance requirements is a critical component of risk oversight and management. This helps in identifying legal risks and ensuring that the organization follows all relevant laws and regulations. Accounting and finance professionals will need to dedicate time to stay up to date with the latest regulatory developments and understand how this impacts their organization.

• Adaptability: As the risk landscape is constantly evolving, accounting and finance

efficiently mitigate current risks and stay ahead of emerging risks.

**SEIZING OPPORTUNITY**

Today, mega shocks keep emerging, and disruption and volatility are constant. Organizations must think differently about mitigating and navigating risk. Accounting and finance professionals have a great foundation of skills and competencies that can be applied to strategic risk management. Their expertise in financial and

risk oversight and management from a reactive process to a proactive strategy, ensuring that it can withstand the most unexpected of circumstances.

The key to success will be linking risk thinking to what drives long-term success. The opportunity is there; the challenge will be grabbing hold of it.

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