

Our research this year shows a strong link between how worried a business is about a risk and the level of control a business has over it. Issues such as the impacts of Brexit, a shortage of skilled workforce, climate change and environmental risks show extremely high levels of worry for the businesses that consider them risks, whereas those more within a company's control, such as their brand and reputation and technological risks, are considered less worrying.

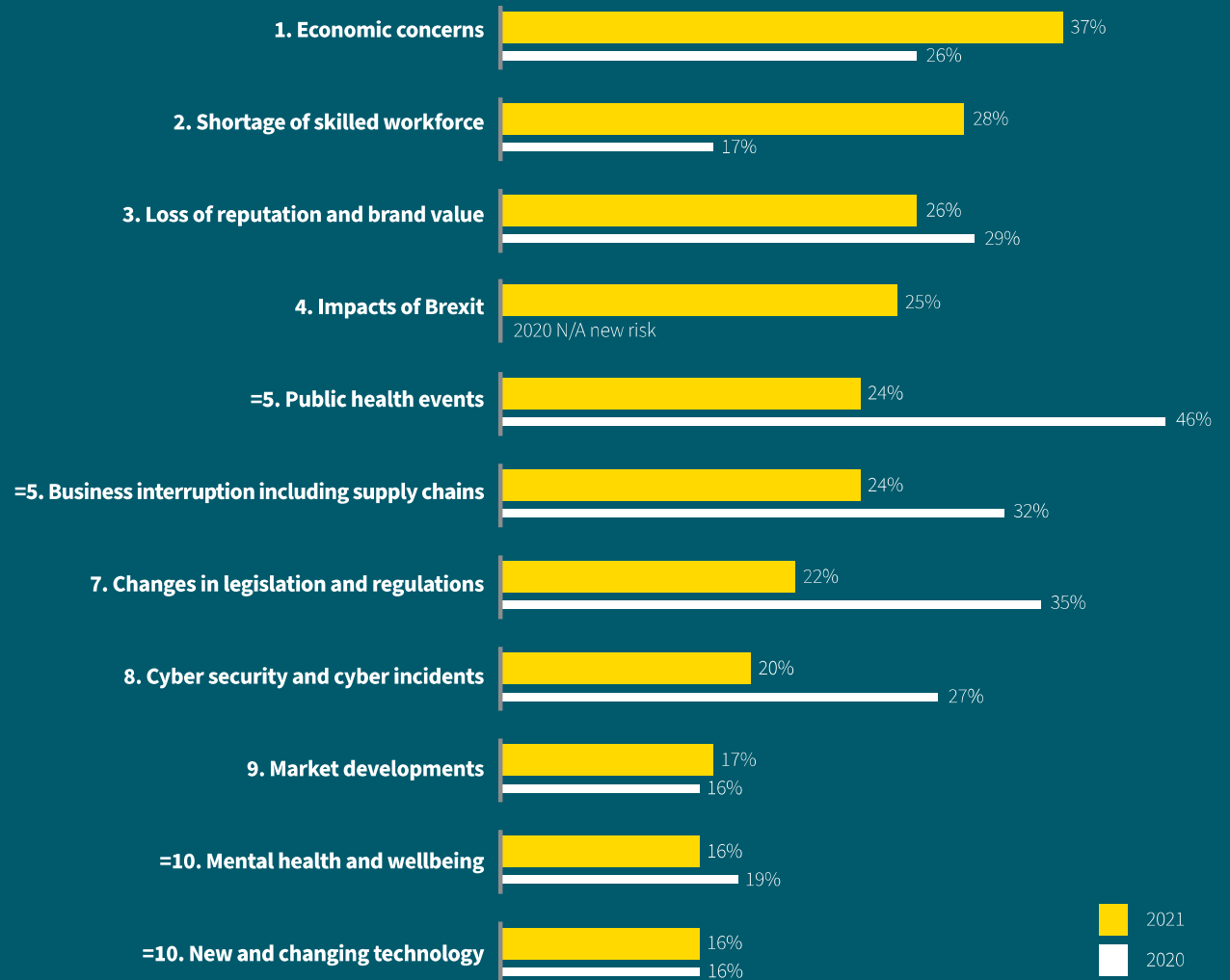
The risks businesses are exposed to are far more interconnected than in the past and can no longer be dealt with in a siloed fashion. The impacts of Brexit and the pandemic have affected the economy, the supply chain, business interruption and the workforce, which in turn may cause operational failures that damage a company's brand and reputation. Similarly, a changing and difficult economy inspires innovation and new technological solutions, and this can lead to increased cyber security concerns – concerns which may have already been exacerbated by the rapid rollout of increased working from home in response to the pandemic.

Climate change (including extreme weather events) ranked 14th this year, with 8% of businesses selecting it.

Businesses in the UK face the difficult challenge of preparing for and managing against increasingly intangible risks while dealing with pressing issues such as a shortage of workforce and a disrupted supply chain. However, what must not get lost is the importance of focusing on and building a strong base of risk management fundamentals. It is only by taking steps to identify and plan for potential disruptions that businesses can have confidence in their ability to respond effectively to incidents that may occur.

Biggest risks 2021 vs 2020

We asked business leaders what major risks they believe their business is particularly exposed to.



Note: Due to the addition of new risks this year the percentage of businesses that selected each risk is not directly comparable between 2020 and 2021.

Risk insights

Methodology

This research was carried out in partnership with YouGov during August and September 2021. 1,251 business owners, executive-level managers and individuals with significant decision-making power responded primarily to online surveys. A wide geographical spread was sought where feasible. Throughout this report, we've split business sizes into three categories*:

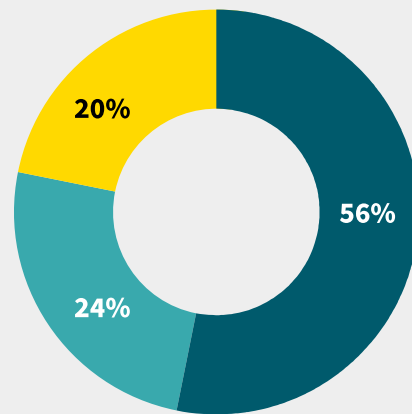
- **SMEs** – businesses with annual revenue of less than £250m, which includes:
 - › Small – businesses with less than £10m in annual revenue
 - › Mid-market – businesses with between £10m and £250m in annual revenue
- **Corporates** – businesses with an annual revenue greater than £250m.

We also categorised businesses into nine broad, but analytically useful, industry sectors. Responses have been weighted by YouGov to ensure even results across sectors.

Methodology

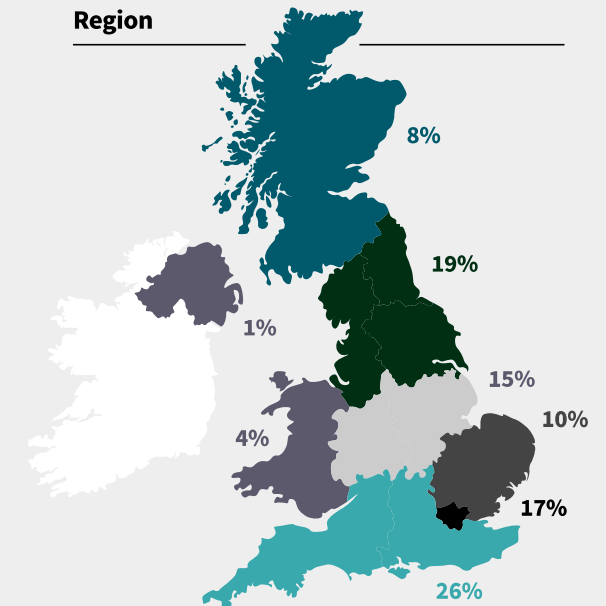
We spoke to business leaders across a wide variety of industries and regions to get a full picture of the threats and opportunities to UK businesses.

Business revenue

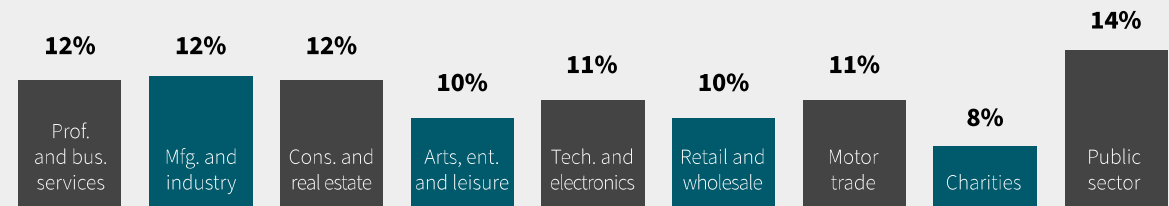


■ Small business (<£10m)
 ■ Mid-market (£10m-£250m)
 ■ Corporate (£250m+)

Region



Sector



Base: All respondents 2021 (1,251)

*Note: In the 2020 research the mid-market and corporate audiences were defined differently. Mid-market firms were defined as those with £10m-£100m annual revenues, and corporates were defined as those with £250m+ annual revenues.