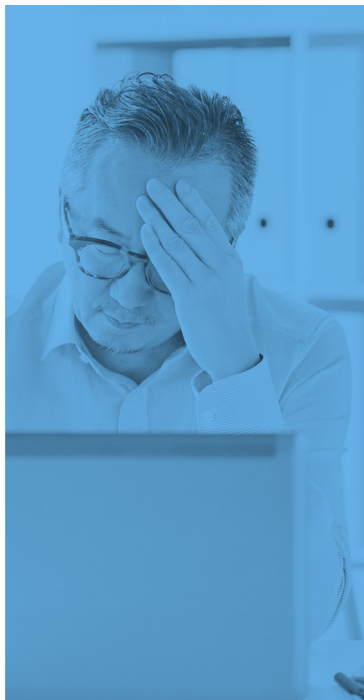# ORGANIZATIONS & SYSTEMS

The risk domain of organizations and systems concerns the orphan risks associated with how businesses operate, and the broader social, economic, and political environment they operate within. It addresses often-overlooked risks associated with internal culture, and tensions between foundational values and organizational practices. It also addresses the sometimes-intangible risks associated with maintaining reputation and trust, and navigating a complex and shifting national and global governance and regulatory ecosystem.

This risk domain has six dimensions where lack of awareness and process can lead to orphan risks:

ORGANIZATIONS & SYSTEMS

Bad Actors:

With the fluidity of expectations, standards, and regulations around emerging technologies, some enterprises may behave in ways that are ethically questionable or that lead to unacceptable harm. The damage done by these "bad actors" - whether it's perceived or actual - has the potential to muddy the waters for other businesses, and undermine the trust of investors, consumers, regulators, and other stakeholders.

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Organizational Values & Culture:

Most businesses are based on a set of values that reflect what is important to their founders and their members. Internally, the environment created through the interaction between management, team members, and business operations has a profound impact on the success and integrity of a business. Externally, values that are not protected and operationalized can severely compromise a business' ability to operate effectively and responsibly.

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Reputation & Trust:

Most businesses recognize that their reputation and consumer/stakeholder trust are two of their most important assets. As a result, overlooking threats to these, whether they come from behaviors, perceptions, or even attitudes, can severely impede operations. Yet most businesses have only a rudimentary understanding of how their behavior and actions strengthen or weaken reputation and trust, and the importance of establishing practices early on that help avoid risks down the road. In particular, the risks of actions that signal a lack of trustworthiness are often overlooked.

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Governance & Regulation:

Laws, policies, and practices that govern and guide business operations create a complex landscape that businesses need to be able to map, understand, and successfully navigate. As this landscape evolves, businesses need to ensure they are not blindsided by unexpected changes in regulations and expectations--especially where they are using technologies and developing products that push the boundaries of current regulations and governance mechanisms.

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RISK INNOVATION
N E X U S

ORGANIZATIONS & SYSTEMS

Standards:

Standards create an operational framework for businesses that spans legal requirements at one end, to informal guidelines, norms, and codes at the other. Lack of engagement with this framework, and how it is changing, can reduce access to markets, jeopardize partnerships, erode trust, and undermine investor interest. This is particularly the case with novel technologies and products, where a rapidly evolving framework of standards can leave unengaged businesses out in the cold.

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Geopolitics:

In today's globalized world, lack of awareness of geopolitics, and a lack of strategies for navigating a shifting geopolitical landscape, can lead to unanticipated barriers to success. These barriers span misreading the implications of global trade laws and agreements to misunderstanding the risks and opportunities associated with social and political norms in a global marketplace.