

EXECUTIVE PERSPECTIVES ON TOP RISKS

for the Near- and Long-Term

Economic volatility, talent challenges and data privacy among top risk concerns for CLOs and GCs

by Chad Volkert, Managing Director, Global Leader, Protiviti Legal Consulting

Boards of directors and senior executive teams face a complex web of uncertainties. These may generate opportunities for strategic advantage or risks leading to unexpected disruption and performance shortfalls. An ability to anticipate risks that may be on the horizon before they become imminent can help leaders navigate unfolding developments — particularly those that are uncontrollable — that may impact their organization's value and growth objectives.

Our 13th annual **Executive Perspectives on Top Risks Survey** contains insights from 1,215 board members and C-suite executives around the world regarding their views on the top risks they see on the near- and long-term horizons. Specifically, our global respondent group provided their perspectives about the potential impact over the near term (two to three years ahead) and long term (over the next decade) of 32 risk issues across these three dimensions:

- **Macroeconomic risks** likely to affect their organization's growth opportunities
- **Strategic risks** the organization faces that may affect the validity of its strategy for pursuing growth opportunities
- **Operational risks** that might affect key operations of the organization in executing its strategy

Commentary — Chief Legal Officer and General Counsel perspectives

As chief legal officers (CLOs) and general counsel (GCs) look ahead to the next two to three years, economic, cultural and operational challenges that can threaten business resilience and the legal function's ability to operate effectively are high on their risk radar. From macroeconomic volatility to workplace transformation and rising labor costs, the pressures today's legal executives are facing extend well beyond traditional legal risk management.

The latest findings from our Top Risks survey reveal a clear theme: CLOs and GCs are being asked to do more — with less — in an increasingly unpredictable environment. Legal executives must help protect their organizations from compliance missteps as well as a host of financial, reputational and cultural risks that stem from forces outside their direct control.

Here's a closer look at the top near-term risks keeping CLOs and GCs up at night, followed by an analysis of their key risk concerns for legal leaders looking out across the next decade.

Analysis of the top near-term risks for CLOs and GCs

Economic uncertainty amplifying the need for CLOs and GCs to be frontline protectors

CLOs and GCs responding to our Top Risk survey indicate they will be highly focused on economic conditions and inflationary pressures for the next two to three years. This macroeconomic risk is also the number one near-term risk in our global survey.

Economic volatility directly impacts business operations, strategic decision-making and exposure to legal risk. Equally important, it raises the cost and complexity of running a legal function, whether it's a stand-alone legal practice or housed within a business. Against this backdrop, many CLOs and GCs likely feel a heightened sense of responsibility to help safeguard their organizations from traditional legal risks as well as the broader financial and reputational fallout that economic instability can often trigger.

When corporate culture weakens, especially in a distributed workforce, the risk of compliance lapses, employee misconduct and regulatory violations rises. For CLOs and GCs tasked with maintaining strong governance frameworks, this cultural drift isn't just a human resources concern; it's a legal and reputational risk.

Changes in the workplace creating culture and compliance headaches for legal executives

Ranking second on the list of near-term risks for legal leaders is an operational risk: challenges in sustaining culture due to changes in the overall work environment. This risk issue did not even rank among the top 10 risks for legal executives in our previous survey.

However, it is easy to understand its rapid ascent into the top five. The workplace itself has undergone seismic change in recent years, with remote work, hybrid teams and evolving employee expectations transforming how and where work gets done. This creates cultural challenges that directly impact compliance and legal risk — areas squarely within the purview of CLOs and GCs.

A company's culture heavily influences ethical behavior and adherence to policies. When corporate culture weakens, especially in a distributed workforce, the risk of compliance lapses, misconduct and regulatory violations rises. For CLOs and GCs tasked with maintaining strong governance frameworks, this cultural drift isn't just a human resources concern; it is a legal and reputational risk.

For organizations engaged in merger and acquisition (M&A) activity, undergoing rapid expansion or experiencing leadership transitions, maintaining a strong, unified culture becomes even more challenging. CLOs and GCs know that cultural misalignment after a major change event can drive employee turnover, cause compliance issues and invite regulatory scrutiny — all of which increase legal and operational risk.

CLOs and GCs see increasing labor costs amid talent recruitment and retention challenges

Rising labor costs rank third among the near-term risks cited by legal executives — and for good reason. This issue directly influences an organization’s financial health and the legal and operational risks related to workforce management. This macroeconomic risk is also closely intertwined with an operational risk that rounds out the top five of near-term risks: the ability to attract, develop and retain top talent, manage shifts in labor expectations, and address succession challenges.

From a strategic and budgetary perspective, rising labor costs make it more expensive to attract and retain legal talent, both inside the legal function and across the broader organization. Legal teams are not immune to inflationary salary pressures, particularly as demand grows for specialized skills in areas like compliance; data privacy; environmental, social and governance (ESG); and AI governance.

Rising labor costs are often a sign of deeper and more complex challenges, including talent shortages, shifting employee expectations around flexibility and succession planning gaps as senior leaders retire or exit. These dynamics can drive more legal exposure, from wage-and-hour disputes to pay equity claims. Workforce restructuring, whether to cut costs or adapt to evolving skill needs, can further escalate employment law risks.

Privacy, AI and ethical oversight: a triple challenge for legal executives

While this risk dropped slightly from our previous survey — from third place to fourth — ensuring privacy and compliance with growing privacy and identity protection risks and expectations remains a significant concern for CLOs and GCs. As consumers, employees and business partners grow more vocal about their expectations for data privacy, legal executives face mounting challenges to ensure their organizations comply with an increasingly complex web of global privacy laws and demonstrate proactive and ethical stewardship of sensitive data.

The rapid adoption and evolution of AI adds a new facet to this operational risk issue. AI systems rely heavily on vast datasets, including personal and behavioral information, to function effectively. This raises urgent questions about how organizations collect, store and process that data — and how transparent they are with individuals whose data they are using. Legal teams must help their organizations defend not only their compliance posture but also the integrity and fairness of their AI-driven processes.

A particular flashpoint is the use of AI by oversight bodies in government, like the newly formed Department of Government Efficiency (DOGE), that are deploying algorithmic tools to analyze public disclosures, detect potential conflicts of interest and identify irregularities in how organizations interact with government

entities.¹ While AI offers efficiencies in surfacing potential ethics violations, legal executives have raised concerns about the quality, accuracy and fairness of these AI-driven assessments — especially when sensitive personal data or confidential business information is involved.

Risk category	Top 10 near-term risk issues	Score
M	1. Economic conditions, including inflationary pressures	3.00
O	2. Challenges in sustaining culture due to changes in overall work environment	3.00
M	3. Increases in labor costs	2.84
O	4. Ensuring privacy and compliance with growing privacy and identity protection risks and expectations	2.84
O	5. Ability to attract, develop and retain top talent, manage shifts in labor expectations, and address succession challenges	2.81
M	6. Change in current interest rate environment	2.79
M	7. Geopolitical shifts, regional conflicts and instability in government regimes	2.79
S	8. Ease of entrance of new competitors or other changes in competitive environment	2.78
S	9. Heightened regulatory change, uncertainty and scrutiny	2.74
O	10. Cyber threats	2.74

Each risk was rated in terms of its relative impact using a five-point Likert scale, where a score of 1 reflects “No Impact at All” and a score of 5 reflects “Extensive Impact” to their organization over the near term (next two to three years).

¹ “DOGE’s Use of AI Raises Major Privacy Concerns, Legal Heat,” by Chris Riotta, Data Breach Today, February 10, 2025: www.databreachtoday.com/doges-use-ai-raises-major-privacy-concerns-legal-heat-a-27489.

An overview of the top long-term risks for CLOs and GCs

Looking out across the next decade to 2035, CLOs and GCs see geopolitical shifts, regional conflicts and instability in governmental regimes as their top macroeconomic risk concern. For legal executives, geopolitical risks are particularly difficult to manage because they are dynamic and unpredictable — with legal implications that can cut across compliance, contracts, dispute resolution and even corporate ethics. Legal leaders will obviously play a vital role advising boards and executive teams on adapting to future geopolitical shifts while ensuring regulatory compliance and protecting organizational reputation.

Closely following geopolitical risk is economic conditions, including inflationary pressures. This macroeconomic risk, which also tops the leaderboard of near-term risks, reinforces the reality that legal leaders are deeply involved in enterprise-level risk management. They not only help organizations address any legal fallout from economic instability but also ensure contracts, workforce strategies and corporate governance structures remain resilient in the face of inflation, cost volatility and shifting capital markets.

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CLOs and GCs responding to our Top Risks survey identified ease of entrance of new competitors and broader changes in the competitive environment as the top strategic risk issue on the long-term horizon. This finding reflects growing concern that disruption can come from anywhere — whether it's emerging technologies, industry outsiders, digital-native startups or global players expanding into new markets.

New entrants often push regulatory boundaries, challenge established intellectual property protections and rewrite competitive norms in areas like pricing, data usage and consumer engagement. CLOs and GCs must help their organizations navigate heightened antitrust scrutiny, defend proprietary assets and manage legal disputes that arise when established players collide with aggressive newcomers.

The second top strategic risk looking out to 2035 is the impact of climate change and growing environmental and sustainability requirements and expectations. Legal leaders are increasingly at the center of their organizations' ESG strategies, helping to interpret evolving climate-related regulations, disclose environmental risks, and respond to shareholder and stakeholder demands for transparency and accountability. Legal teams must also manage litigation risk as climate-related lawsuits against companies, boards and executives become more common.

Cyber threats emerge as the top operational risk concern for the long term for CLOs and GCs. By 2035, legal leaders will need to navigate an environment where cyberattacks are not just technical events but full-scale legal crises that can trigger regulatory investigations, shareholder scrutiny, contractual disputes and potential litigation. As data protection regulations evolve and cross-border data flows become more complex, legal teams will play a central role in helping organizations align cybersecurity strategies with global privacy requirements and demonstrate strong governance around digital risk.

Tied for second place are two different — but equally challenging — operational risks. The rising threat of catastrophic natural disasters and extreme weather puts legal leaders in the middle of climate resilience planning, especially for industries with global supply chains and vulnerable infrastructure. From insurance and liability questions to supply chain contract renegotiations, CLOs and GCs will need to help their organizations anticipate and mitigate legal exposure tied to future climate-driven disruptions.

Legal executives also foresee challenges in managing a more cultural and human-centered risk: the challenge of sustaining organizational culture amid ongoing changes to the work environment. This risk issue surfaces softer risks — like how to preserve ethical standards, leadership development and cultural cohesion across increasingly dispersed and digitally connected teams.

These macroeconomic, strategic and operational risks highlight how the scope of legal leadership is likely to evolve and expand in the years to come. CLOs and GCs will need to blend their legal expertise with strategic foresight, risk fluency and corporate culture stewardship to help their organizations not only comply with evolving laws and regulations but also build resilience and trust in a world where uncertainty, rapid change and disruption are likely to be the norm.

Macroeconomic risk issues

Risk	Percentage
Geopolitical shifts, regional conflicts and instability in governmental regimes	38%
Economic conditions, including inflationary pressures	36%
Change in current interest rate environment	33%

Strategic risk issues

Risk	Percentage
Ease of entrance of new competitors or other changes in competitive environment	34%
Impact of climate change and other environmental and sustainability requirements and expectations	31%
Organization not sufficiently resilient and/or agile to manage an unexpected crisis	22%

Operational risk issues

Risk	Percentage
Cyber threats	31%
Rising threat of catastrophic natural disasters and weather phenomena	26%
Challenges in sustaining culture due to changes in overall work environment	26%
Third-party risks	19%

Note: Respondents were asked to identify the top two risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as top two risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

About the Executive Perspectives on Top Risks Survey

We surveyed 1,215 board members and executives across a number of industries and from around the globe, asking them to assess the impact of 32 unique risks on their organization over the next two to three years and over the next decade, into 2035. Our survey was conducted online from mid-November 2024 through mid-December 2024. For the near-term outlook, each respondent was asked to rate 32 individual risks on a five-point Likert scale, where 1 reflects “No Impact at All” and 5 reflects “Extensive Impact.” For each of the 32 risks, we computed the average score reported by all respondents and rank-ordered the risks from highest to lowest impact.

We also asked executives to share their perspectives about long-term risks (over the next 10 years to 2035) by selecting the top two risks from each of the three dimensions (macroeconomic, strategic and operational). For each of the 32 risks, we calculated the percentage of respondents who included that risk as one of their two top risks for each dimension.

Read our *Executive Perspectives on Top Risks Survey* executive summary and full report at www.protiviti.com or <http://erm.ncsu.edu>.

About the author



Charles (Chad) Volkert brings more than 25 years of legal optimization and executive management experience to his clients in the United States and around the world.

He focuses on providing the C-suite, in-house counsel and law firm leadership with expertise in the areas of legal department optimization, reducing legal risk, litigation and e-discovery, contract management, data privacy, M&A, strategic business solutions, and hiring and retaining top talent.

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