

Source: WEF global risks report 2026

In 2026, the global economic landscape is increasingly defined by a "polycrisis" of interconnected threats that transcend geographical boundaries. According to WEF global risk report 2026, Geoeconomic Confrontation (18%) and State-based Armed Conflict (14%), have emerged as the

primary drivers of material crises worldwide, creating systemic shocks that trigger a domino effect across international supply chains and financial markets. These disruptions reveal the inherent fragility of modern trade routes and "just-in-time" logistics models. When instability threatens critical maritime chokepoints; responsible for a significant portion of global energy and commodity transit; the impact is felt instantaneously in local economies through soaring insurance premiums, increased freight costs, and inflationary pressure. In an era where societal polarization and information volatility further complicate the strategic response, businesses can no longer rely on traditional risk management. We have entered a period where operational resilience and proactive continuity planning are the only viable strategies for long-term institutional survival.

Impacts of Crisis



1. Immediate Impacts

When global disruption occurs, the ripple effects are felt instantaneously across international markets. These shocks expose the hidden vulnerabilities of modern supply chains, where "just-in-time" models—designed for maximum efficiency during periods of stability are paralyzed by sudden route closures and maritime blockades. This reality necessitates a strategic reckoning with the fragility of global interconnectedness.

2. Subsequent Global Economic and Business Impacts

i. Operational disruptions and key personnels unavailability

As a direct effect, businesses operating in conflict areas will face major disruptions in their daily operations from staff being unable to access workplaces, transportation interruptions, safety concerns or temporary offices closures.

ii. Supply chain disruptions

The effect of crisis also disrupts the global supply chain affecting other business sectors like semiconductors, fertiliser and pharmaceuticals. As cargo ships are stuck in one point, even if they take alternative routes, the transit time is much longer and there will be shortage and prices rise in a wide range of goods. Longer routes with higher fuel prices all leads to higher costs eventually.

iii. Economic stress and inflations

Rising energy prices, supply chain disruptions and higher transportation costs would contribute to inflationary pressures across many countries.

Business may face higher operational costs and consumers could experience increasing cost of livings as consequences.

iv. Global recession

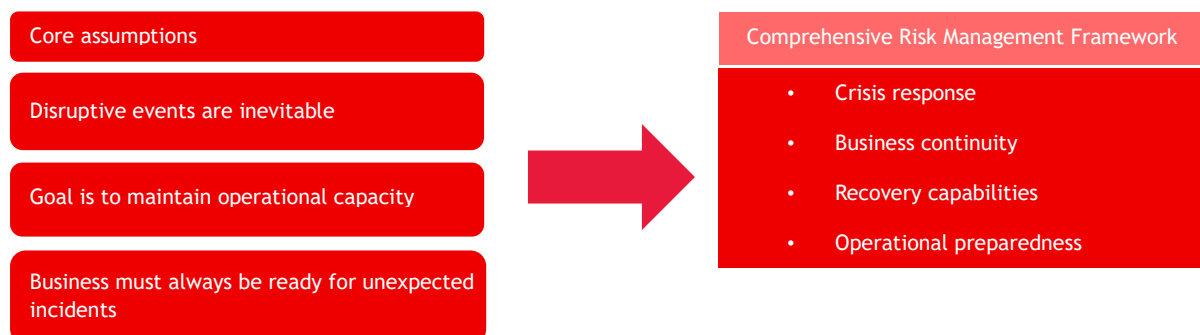
If the geopolitical tensions escalate and continue to persist, the combined effects could contribute to slower economic growth or even a global recession in the worst-case scenario.

The New Strategic Mandate

Because these regional dependencies create systemic risks, operational resilience is no longer optional. Unlike traditional risk management, which focuses on prevention, operational resilience assumes that disruptions whether from geopolitical instability, maritime blockades, or regional kinetic warfare are inevitable. Organizations must now build an "immune system" that proactively addresses vulnerabilities where business continuity plans and crisis management plays an important role.

Why Business Continuity Planning Is No Longer Optional

In the current geopolitical climate, Business Continuity Planning (BCP) has transitioned from a defensive "best practice" to a non-negotiable requirement for institutional survival. The ongoing global unrest situations serve as a constant reminder that regional instability can decouple a company from its critical vendors or customers overnight. For global organizations, a static document on a shelf is no longer sufficient; BCP must be a living, event-driven strategy that accounts for worst-case scenarios, such as the total loss of regional logistics hubs or the necessity of rerouting entire supply chains.



Necessity to implement a comprehensive framework of preparedness

1. Crisis Response

When disruption occurs, organizations must first focus on **crisis response**, which refers to the immediate actions taken to stabilize the situation. The primary objective is to protect employees, stabilize operations, and prevent the situation from escalating further.

Effective crisis response typically begins with activating a crisis management team (CMT), a designated leadership group responsible for rapid decision-making during emergencies.

Clear communication protocols must also be established to ensure timely coordination with employees, customers, suppliers, and relevant authorities.

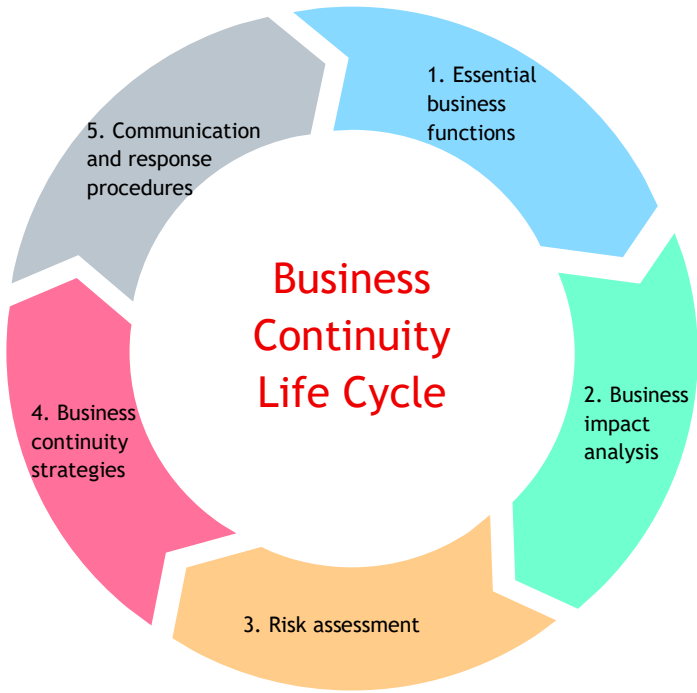
In addition, organizations should implement employee safety measures such as evacuation procedures, remote work arrangements, and emergency contact systems.

A clearly defined decision escalation framework further ensures that responsible leaders can quickly activate contingency plans. When properly implemented, these mechanisms reduce confusion and allow organizations to act swiftly and decisively during crises.

2. Business Continuity

Following the initial crisis response, organizations must shift their attention toward maintaining critical operations during the disruption. This is the objective of business continuity.

Business continuity planning focuses on ensuring that essential business functions can continue even when normal operating conditions are interrupted. A structured BCP can be developed through following key steps:



- i. Identifying essential functions to maintain business operations
- ii. Performing business impact analysis to determine the operational requirements for maintaining those functions during disruption. BIA should identify- MTD for each critical function, RTO, RPO and key resources required (staff, systems, facilities). The analysis helps organizations understand how quickly operations must be restored to prevent significant impact.
- iii. Performing risk assessment that may disrupt operations to determine where vulnerabilities exist and what mitigation measures are needed.
- iv. Developing business continuity strategies to help ensure that essential business functions can continue even when the physical workplace becomes inaccessible.
- v. Establishing communication and response procedures to help employees understand their roles and can respond quickly to changing conditions.

A well-developed Business Continuity Plan enables organizations to sustain minimum operational capacity even during severe disruptions.

3. Recovery Capability

After maintaining operations during disruption, organizations must understand how quickly operations must be restored as efficiently as possible.

Recovery plans include procedures for restoring IT infrastructure, recovering critical data, and rebuilding operational processes. Coordination with suppliers and partners is also essential to reestablish disrupted supply chains.

In addition, financial contingency planning plays an important role, ensuring that organizations have sufficient liquidity or emergency funding to support recovery efforts.

4. Operational Preparedness

This approach prioritizes proactive resilience by identifying vulnerabilities and implementing mitigation strategies before a crisis hits. Through rigorous planning, training, and scenario analysis, organizations can document strengths while pinpointing areas for corrective action. It also allows management teams to practice decision-making under pressure. To remain effective, business continuity plans must be regularly updated to address emerging risks and shifting operational needs.

Key takeaway

Resilience is essential. By prioritising proactive continuity planning against geopolitical shifts, organizations protect their operations and contribute to broader economic stability in a volatile landscape.

This newsletter has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations, and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Neither BDO Advisory Services Company Limited nor its respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.