

The five pillars of people risk

New global research, **The Five Pillars of People Risk: Managing risks for workforce and business resilience**, examines the greatest people threats facing employers today. It will help organizations understand which people risks will have the most severe impacts and the barriers that are preventing firms from mitigating them.

Designed to serve as a checklist to help organizations identify and prioritize the threats that are most pertinent to them and take the appropriate action.

About the survey

What

Compares the views of risk managers and HR professionals on the 3 year likelihood and impact of different people related risks.

Who

1,381 respondents
744 risk professionals
637 HR professionals
Respondents represented both a wide range of industries and cross-section of employer sizes.

Where

Asia, Europe, Latin America and the Caribbean, Middle East and Africa, North America, Pacific and the United Kingdom.



When Fielded from March to April 2021.

Key findings and implications

It's never been more urgent to tackle people-related risk.

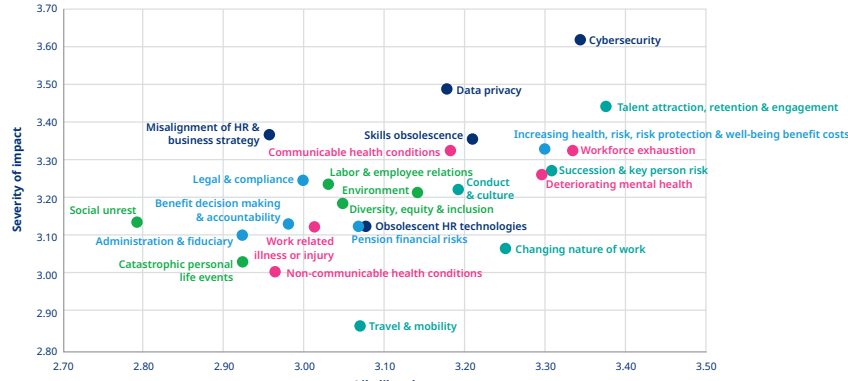
The pandemic left many companies exposed and vulnerable around their people. Understanding and evaluating these exposures is a core priority for business leaders.

Critical people risk exposures elevated to the boardroom agenda.

Employer-sponsored health, risk protection and well-being plans are now central pillars of the employee value proposition.

Likelihood and impact of people risks.

We grouped 25 key threats into five pillars of people risks. HR and risk managers assessed the likelihood and the impact of these risks on their organization.



Top 10 global risks, HR versus risk manager

Ranking	All respondents	HR	Risk
1	Cybersecurity	Cybersecurity	Cybersecurity
2	Talent attraction, retention and engagement	Talent attraction, retention and engagement	Talent attraction, retention and engagement
3	Data Privacy	Succession and key person risk	Skills obsolescence
4	Workforce exhaustion	Data Privacy	Workforce exhaustion
5	Skills obsolescence	Workforce exhaustion	Deteriorating mental health
6	Deteriorating mental health	Communicable health conditions	Data Privacy
7	Succession and key person risk	Deteriorating mental health	Increasing health, risk protection and well-being benefit costs
8	Communicable health conditions	Skills obsolescence	Environment
9	Increasing health, risk protection and well-being benefit costs	Increasing health, risk protection and well-being benefit costs	Conduct and culture
10	Conduct and culture	Changing nature of work	Pension financial risks

Risk categories

Health & safety

Governance & financial

Accelerated digitization

Talent practices

Environment & social

Risks are ranked by risk rating score; the product of the likelihood and the impact ratings.



Blind spots around 3 critical risks

The survey revealed blind spots around critical risks, notably:

- Non-communicable health conditions
- Benefit decision making and accountability
- Administration and fiduciary processes and controls

Implication

Failure to manage these exposures can have severe implications for firms including – reputational damage, stakeholder disengagement, a workforce that does not feel cared for, and even loss of profitability and/or market share.

Top risks identified by HR and risk managers for each category

Poorly managed risks impact your business and bottom line.



Health and Safety

Workforce exhaustion

Workforce exhaustion was the 4th highest threat amongst all people risks and yet it was concerning that when asked “To what extent is your organization currently addressing this risk?”, it was rated in 13th place.



Implication

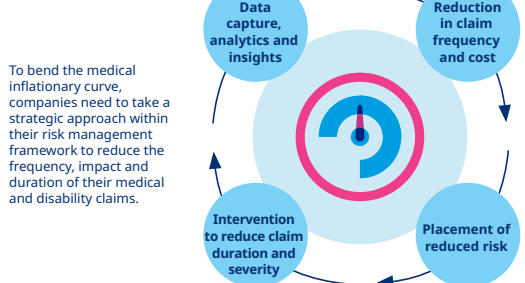
Firms are seeing rising **workforce exhaustion**, caused by work-life balance issues, change fatigue and too many priorities and distractions. This often leads to errors, high employee turnover, reduced productivity and even damaged reputation.



Governance and Financial

Increasing health, risk protection and well-being benefit costs

52% respondents deemed increasing health, risk protection and well-being costs as likely or very likely to occur in their organization in the next 3 years.



Implication

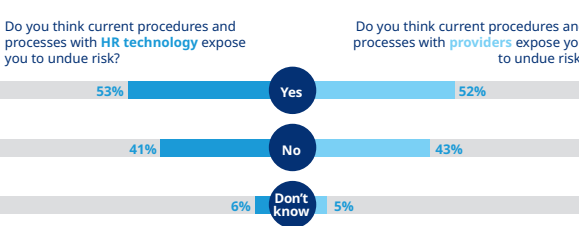
Reduced insurer appetite and medical inflation is pushing up the costs of some benefits. Simultaneously, increases in utilization, claims duration and severity can lead to **increasing health, risk protection and well-being benefit costs**.



Accelerated Digitization

Cybersecurity

Globally ranked as the #1 risk by both HR and Risk Managers. Increasingly sophisticated and frequent cybercrimes have pushed **cybersecurity** up the C-suite agenda.



Implication

Breaches occurring due to poor vendor and people management processes can cause severe business interruption and brand damage.



Talent Practices

Talent attraction, retention and engagement

Globally ranked as the #2 by both HR and Risk Managers. Having the **right talent** is crucial for firms that want to be agile and innovative to drive business change and results.



Implication

The inability to create a strong talent pipeline, compelling employee value proposition and growth opportunities will lead to an unmotivated workforce and the loss of key talent.



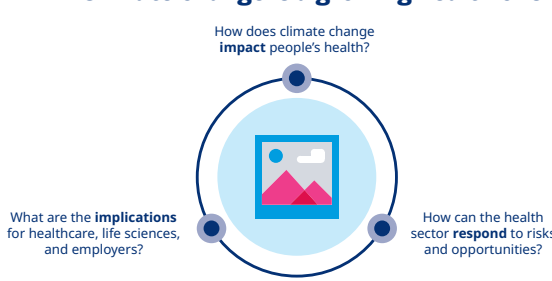
Environmental and Social

Environment

Environment featured as a top 10 risk (# 8 spot) for risk managers, but not HR.

Diversity, Equity and Inclusion featured as a prominent issue in multiple markets.

Climate change is a growing health crisis



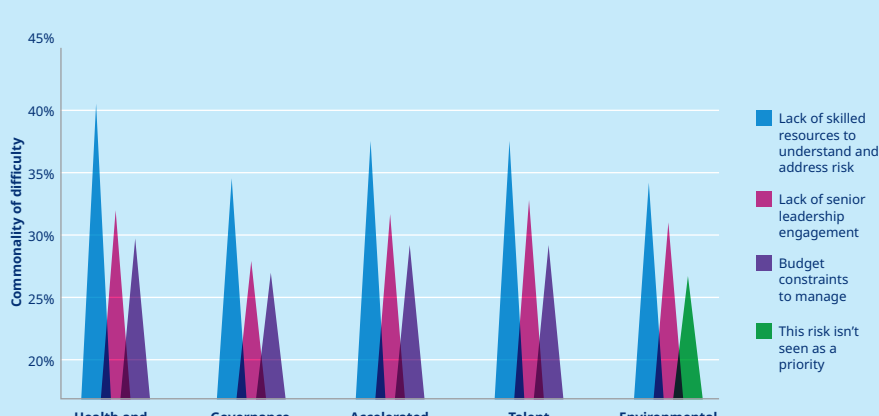
Implication

Businesses face increasing health and safety risks, productivity loss, healthcare costs – as well as reputational and regulatory risks. Employers can respond by reducing greenhouse gas emissions and improving the health and resilience of workers and communities.

Top barriers to effectively managing these risks

The top 3 barriers for each risk:

- Despite the increased focus on people-related risks;
- lack of skilled resources to understand and address the risks
 - lack of senior leadership engagement
 - budget constraints
- were the primary difficulties raised.



Implication

People are an organization's most important strength, but can bring significant risk to a business if not properly managed. It is **important** that **HR and risk management work together**, and access specialist expertise, to protect, equip, and motivate this critical asset.

Top risks by industry

Global ranking	Financial institutions	Retail and wholesale	Manufacturing and automotive	Communications, media or technology	Construction
1	Talent attraction, retention and engagement	Cybersecurity	Cybersecurity	Talent attraction, retention and engagement	Cybersecurity
2	Workforce exhaustion	Talent attraction, retention and engagement	Skills obsolescence	Cybersecurity	Talent attraction, retention and engagement
3	Cybersecurity	Environment	Talent attraction, retention and engagement	Data Privacy	Increasing health, risk protection and well-being benefit costs
4	Deteriorating mental health	Skills obsolescence	Communicable health conditions	Increasing health, risk protection and well-being benefit costs	Succession and key person risk
5	Skills obsolescence	Deteriorating mental health	Workforce exhaustion	Deteriorating mental health	Data Privacy
6	Misalignment of HR and business strategy	Data Privacy	Work-related illness or injury	Misalignment of HR and business strategy	Workforce exhaustion
7	Data Privacy	Conduct and culture	Conduct and culture	Communicable health conditions	Work-related illness or injury
8	Increasing health, risk protection and well-being benefit costs	Workforce exhaustion	Data Privacy	Diversity, equity and inclusion	Legal and compliance
9	Conduct and culture	Communicable health conditions	Environment	Skills obsolescence	Communicable health conditions
10	Succession and key person risk	Succession and key person risk	Increasing health, risk protection and well-being benefit costs	Succession and key person risk	Benefit decision making and accountability

Risk categories

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Risks are ranked by risk rating score; the product of the likelihood and the impact ratings.

Employee benefits can be used strategically to help manage a range of threats while helping protect the workforce and business resilience – **read our report to learn where to start.**