

People Risk

Resetting priorities to manage risks for workforce and business resilience.

About the survey

People risks are the business risks related to your workforce and generated by how you attract, manage, equip, motivate and retain this most critical asset.

What

Captures attitudes towards the greatest people risks facing organizations, including challenges mitigating these risks.

Who

2,594 respondents
1,314 risk professionals
1,280 HR professionals

Respondents represented both a wide range of industries and cross-section of employer sizes.

Where

25 countries across Asia, Europe, Latin America, the Middle East and Africa, North America, the Pacific, and the United Kingdom.

When

Fielded March 2022.

Key findings

We grouped 25 key threats into five pillars of people risks. HR and risk managers assessed the three year likelihood and severity of these risks for their organization.



Turning risk into a competitive advantage

Organizations can achieve a competitive advantage through resilience and agility during turbulent times by actively mitigating these risks.

The time is now

In the face of emerging risk, now is the time to strengthen risk management foundations by being more deliberate, comprehensive and innovative in anticipating emerging and longstanding risks.

Working together

Critical to this is building on the trust established between risk and human resource functions so they work together to manage people risks.

Top 10 Risks by Risk Rating Score (RRS) | HR vs Risk

	All respondents	HR	Risk
1	Cybersecurity and data privacy	Cybersecurity and data privacy	Cybersecurity and data privacy
2	Administration and fiduciary	Catastrophic personal life events	Administration and fiduciary
3	Catastrophic personal life events	Administration and fiduciary	Catastrophic personal life events
4	Pandemics and other communicable health conditions	Changing nature of work	Pandemics and other communicable health conditions
5	Changing nature of work	Pandemics and other communicable health conditions	Changing nature of work
6	Increasing cost of health, risk protection and wellbeing benefits	Benefits, policy and reward decision making and accountability	Environment
7	Benefits, policy and reward decision making and accountability	Increasing cost of health, risk protection and wellbeing benefits	Increasing cost of health, risk protection and wellbeing benefits
8	Environment	Impacts and automation of AI	Benefits, policy and reward decision making and accountability
9	Impacts and automation of AI	Environment/governance	Talent attraction, retention and engagement
10	Talent attraction, retention and engagement	HR technology obsolescence	Legal, compliance and financial practices

Risk categories

- Health & safety
- Governance & financial
- Accelerated digitization
- Talent practices
- Environmental & social

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



Critical blind spot risks

Based on recent findings, potential blind spots include:

- Mental Health
- Diversity, Equity and Inclusion
- Travel and Mobility
- Leadership Issues
- Workforce Exhaustion

Implication

Failure to manage these exposures can have severe implications for organizations including unwanted talent attrition, reputational damage, weakened customer experience and/or reduced profitability.

Five pillars shaping people risks

Health and Safety



Health and safety risks are a threat to organizations and have a high potential to disrupt businesses.

87%

Say health and safety is a serious threat to business.

Implication:

Invest in benefits and other programs that manage health risks to increase people and business resilience.

Governance and Financial



The management of compensation, employee benefit and retirement plans is becoming increasingly complex and difficult.

59%

Don't have effective governance for insurance and benefits.

Implication:

Advance best practice governance for all types of rewards. This will avoid costly errors and reputational damage.

Accelerated Digitization



Skills obsolescence, where businesses struggle to develop, acquire or retain the skills for digital transformation or cyber management is now a top people risk.

1 in 2

Believe the c-suite views accelerated digitization as very important.

Implication:

Design and deliver benefits for people with future-ready skills, perhaps in roles that do not exist yet.

Talent Practices



Work, from the rise of hybrid working and gig economy to globalization, is now the fifth biggest people risk.

43%

Think their employee value proposition needs improving (or do not know how effective it is).

Implication:

Understand what current and future employees value most, and put in place policies to support new ways of working - or risk losing valuable skills.

Environmental and Social



Organizations are under pressure from customers, employees and investors to address inequalities, remove disparities and combat climate change.

1 in 5

Do not have clear plans in place to advance equity, diversity and inclusion.

Implication:

Apply an ESG lens to benefits, investments and working conditions to reduce ESG risk exposure.

Key barriers to addressing people risks

Key challenges:

Difficulty changing personal behavior

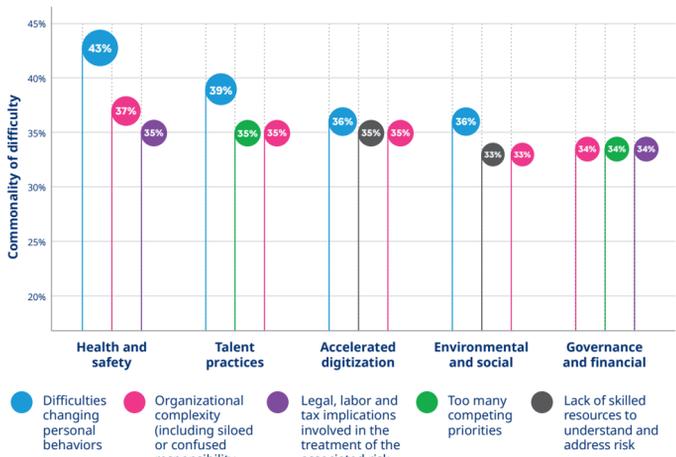
One of the top three barriers for 4 out of 5 pillars of people risk.

Organizational complexity

A top barrier for every pillar of people risk.

Lack of skilled resources to address risk

One in three businesses see lack of skilled resources as a barrier to addressing both accelerated digitization and environmental and social risks.



Applying an enterprise risk management approach to people risks enhances agility and resilience



Having a highly effective Enterprise Risk Management (ERM) approach in place provides assurance and confidence of outcomes to boards and leadership teams.

Ten out of the ten top risks identified by HR/risk managers globally are mitigated by employees and/or benefit, support programs and/or how they are designed and delivered – read our report to learn where to start.