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.

**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.
**Blind spots around 3 critical risks**

The survey revealed blind spots around critical risks, notably:

1. **Non-communicable health conditions**
2. **Benefit decision making and accountability**
3. **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.

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**Top 10 global risks, HR versus risk manager**

<table>
<thead>
<tr>
<th>Ranking</th>
<th>All respondents</th>
<th>HR</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cybersecurity</td>
<td>Cybersecurity</td>
<td>Cybersecurity</td>
</tr>
<tr>
<td>2</td>
<td>Talent attraction, retention and engagement</td>
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</tr>
<tr>
<td>3</td>
<td>Data Privacy</td>
<td>Succession and key person risk</td>
<td>Skills obsolescence</td>
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<tr>
<td>4</td>
<td>Workforce exhaustion</td>
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<td>Environment</td>
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<tr>
<td>9</td>
<td>Increasing health, risk protection and well-being benefit costs</td>
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<td>Conduct and culture</td>
</tr>
<tr>
<td>10</td>
<td>Conduct and culture</td>
<td>Changing nature of work</td>
<td>Pension financial risks</td>
</tr>
</tbody>
</table>

**Risk categories**

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

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

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**Top risks identified by HR and risk managers for each category**

*Poorly managed risks impact your business and bottom line.*

### Workforce exhaustion

**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.

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### Increasing health, risk protection and well-being benefit costs

**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.

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To bend the medical inflationary curve, companies need to take a strategic approach within their risk management framework to reduce the frequency, impact and duration of their medical and disability claims.
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.

Do you think current procedures and processes with HR technology expose you to undue risk?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>53%</td>
<td>41%</td>
</tr>
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</table>

Do you think current procedures and processes with providers expose you to undue risk?

<table>
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<td>43%</td>
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Increasingly sophisticated and frequent cybercrimes have pushed cybersecurity up the C-suite agenda. 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.

The more varied health and well-being resources an employer offers, the more workers feel energized and supported, and the less likely they are to leave their employer.

<table>
<thead>
<tr>
<th></th>
<th>Mostly cares or cares a great deal about my health and well-being</th>
<th>Somewhat cares about my health and well-being</th>
<th>Doesn't care at all about my health and well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>75%</td>
<td>48%</td>
<td>38%</td>
</tr>
</tbody>
</table>

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.

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Climate change is a growing health crisis

How does climate change impact people’s health?

What are the implications for healthcare, life sciences, and employers?

How can the health sector respond to risks and opportunities?


Climate change is a growing health crisis

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:

- Lack of skilled resources to understand and address the risks
- Lack of senior leadership engagement
- Budget constraints

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

These barriers 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.

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### Top risks by industry

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<thead>
<tr>
<th>Global ranking</th>
<th>Financial institutions</th>
<th>Retail and wholesale</th>
<th>Manufacturing and automotive</th>
<th>Communications, media or technology</th>
<th>Construction</th>
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<td>Misalignment of HR and business strategy</td>
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**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.**