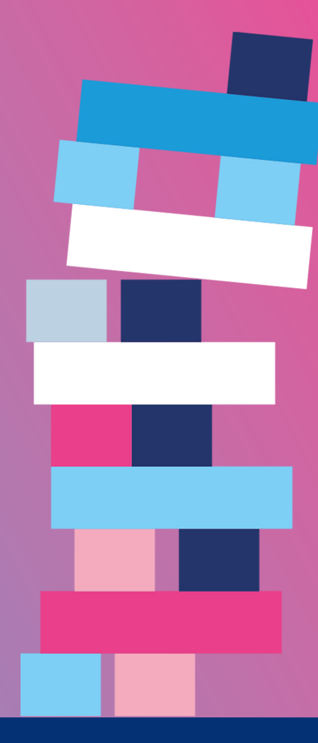
MercerMarsh Benefits

benefits that truly benefit

People Risk UK

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.

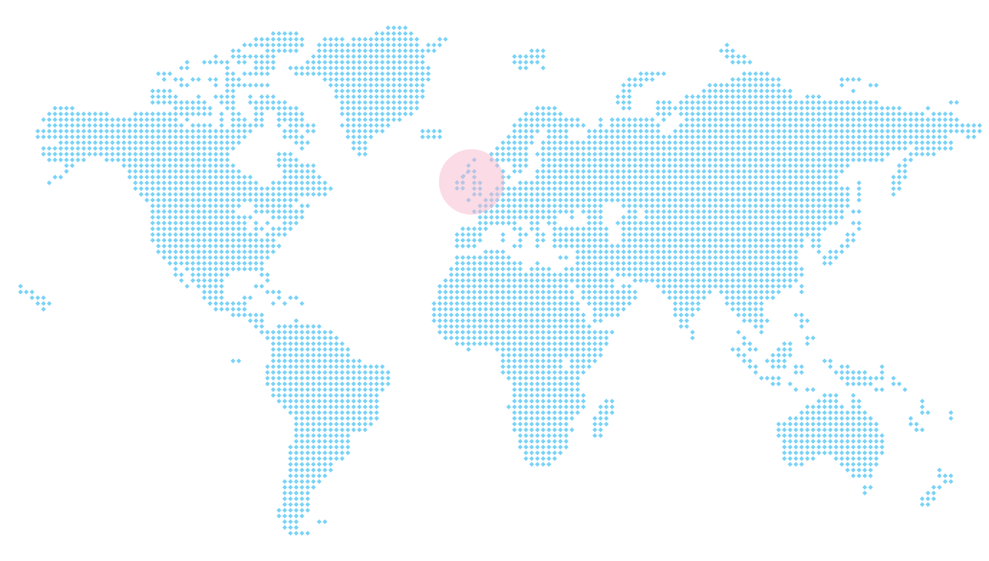
Who

108 respondents

54 HR professionals

54 risk professionals

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

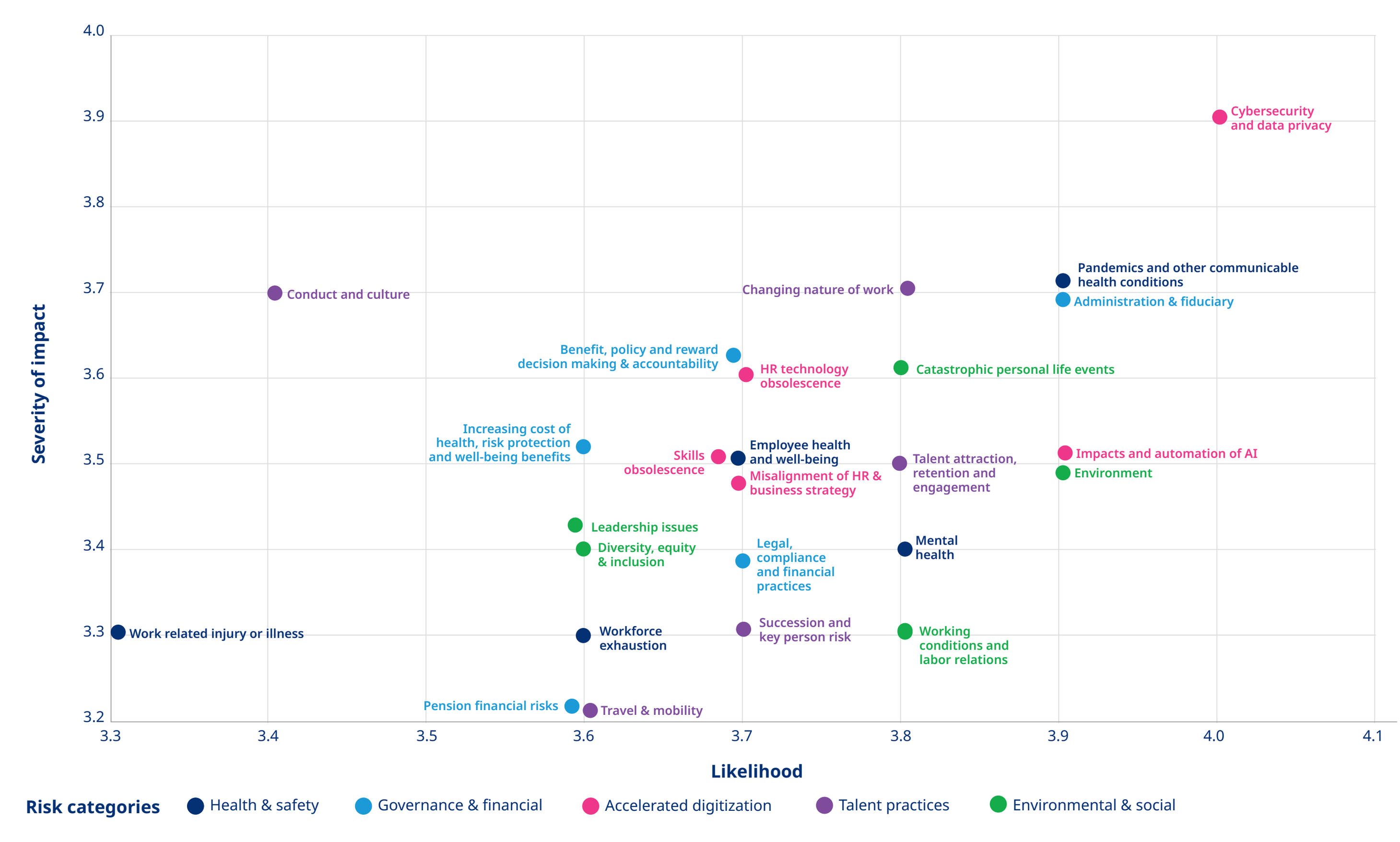


When

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.



Risk categories Health & safety · Governance & financial · Accelerated digitization · Talent practices · Environmental & social

Methodology

Survey respondents were asked to assess the likelihood of the risk occurring in their organization in the next 3 years on a scale of 1 to 5, 1 representing a risk that is not very likely and 5 a risk that is very likely to occur.

They also assessed severity of its impact on the business if it were to occur on a scale of 1 to 5, 1 representing no impact and 5 a catastrophic impact.

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) Global vs Region

	Global	UK
1	Cybersecurity and data privacy	Cybersecurity and data privacy
2	Administration and fiduciary	Administration and fiduciary
3	Catastrophic personal life events	Pandemics and other communicable health conditions
4	Pandemics and other communicable health conditions	Changing nature of work
5	Changing nature of work	Catastrophic personal life events
6	Increasing cost of health, risk protection and well-being benefits	Environment
7	Benefit, policy and reward decision making and accountability	Impacts of automation and AI
8	Environment	Employee health and well-being
9	Impacts of automation and AI	Benefit, policy and reward decision making and accountability
10	Talent attraction, retention and engagement	HR technology obsolescence

UK HR vs Risk

	HR	Risk
1	Cybersecurity and data privacy	Cybersecurity and data privacy
2	Pandemics and other communicable health conditions	Administration and fiduciary
3	Changing nature of work	Environment
4	Administration and fiduciary	Changing nature of work
5	Benefit, policy and reward decision making and accountability	Catastrophic personal life events
6	Employee health and well-being	Pandemics and other communicable health conditions
7	Catastrophic personal life events	Impacts of automation and AI
8	Impacts of automation and AI	Mental health
9	Increasing cost of health, risk protection and well-being benefits	Talent attraction, retention and engagement
10	Misalignment or HR and business strategy	HR technology obsolescence

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

Five pillars shaping people risks

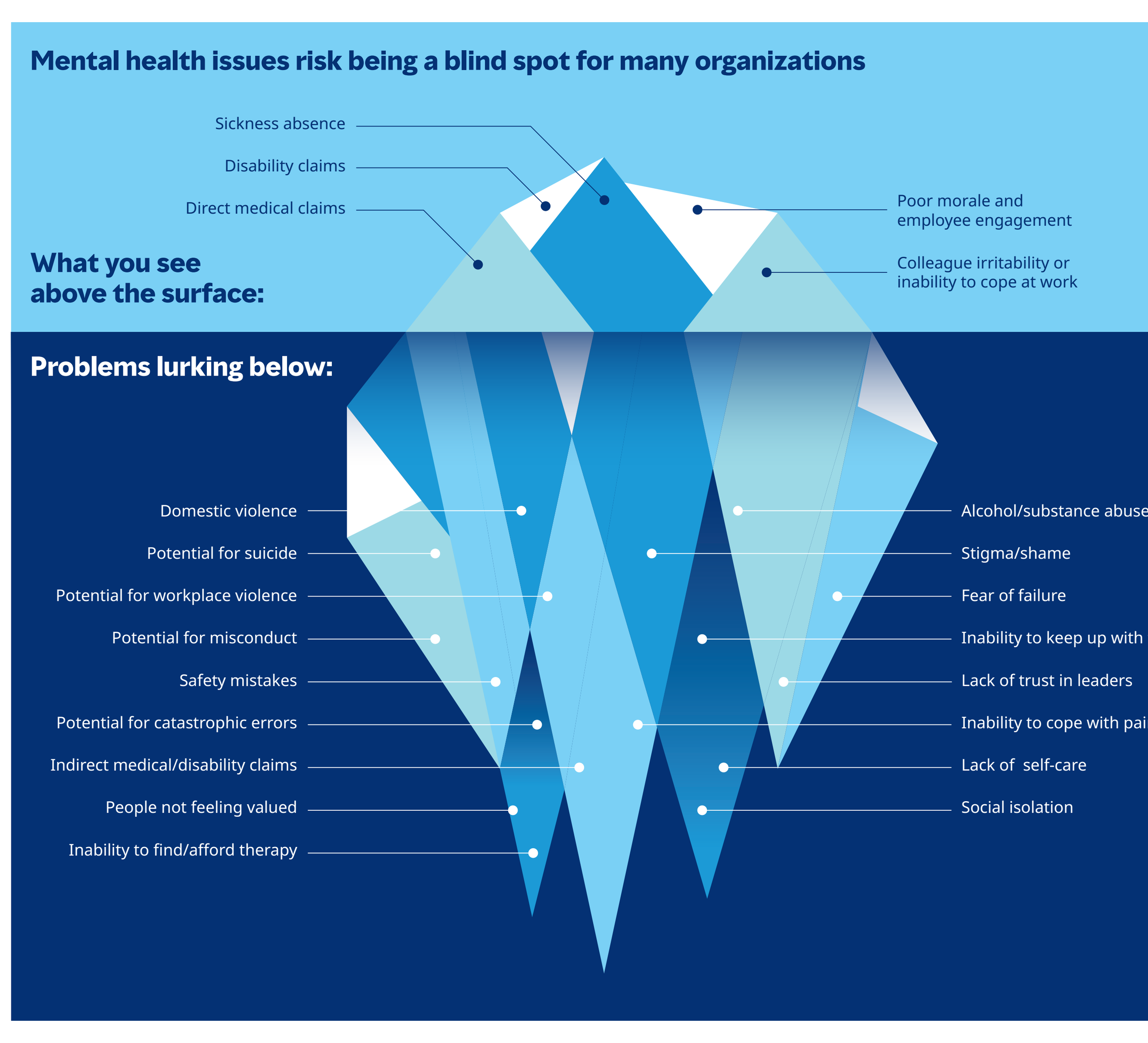
Health and Safety

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

64% are currently addressing workforce exhaustion.

Implication:
Invest in benefits and other programs that manage health risks and meet high-priority employee needs. This will increase people and business resilience.

Mental health issues risk being a blind spot for many organizations

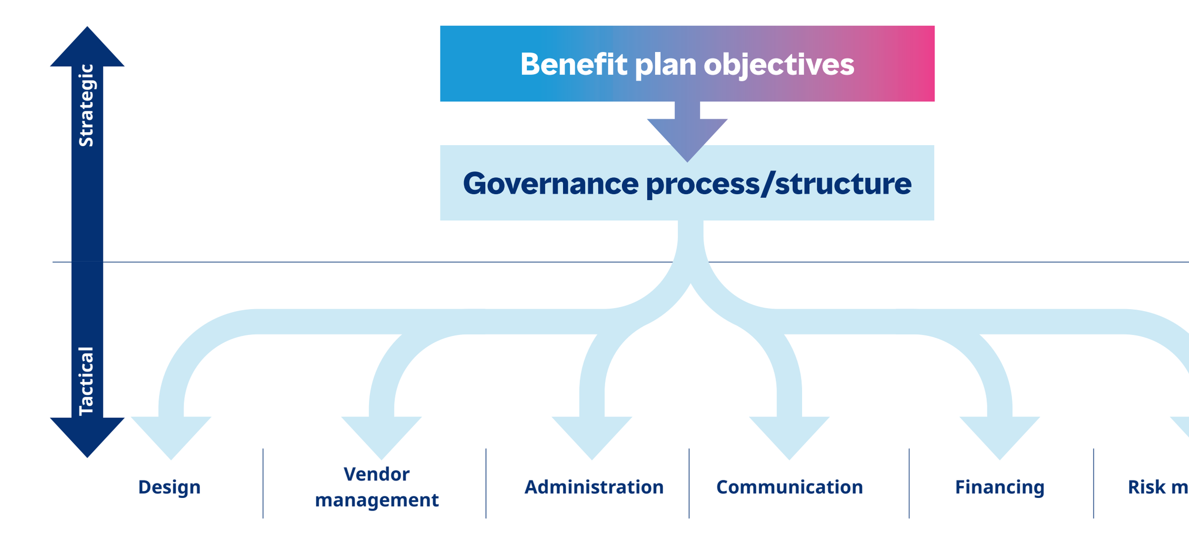


Governance and Financial

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

72% have clear roles and responsibilities for benefit, policy and reward decision making and accountability.

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



Accelerated Digitization

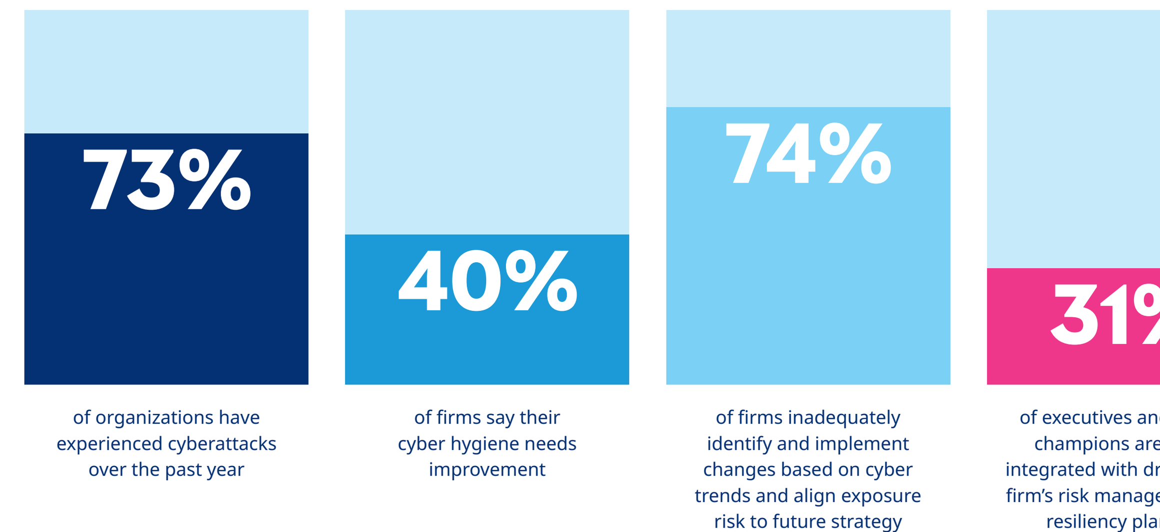
Skills obsolescence, where businesses struggle to develop, acquire or retain the skills for digital transformation, is now a top people risk.

37% view lack of skilled resources to understand and address risk a challenge in managing accelerated digitization.

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

People risks are behind most cybersecurity incidents globally

Fostering a cyber-vigilant culture across the workforce and promoting an aggressive cyber posture not just internally but also with customers and partners can means of competitive differentiation.



73% of organizations have experienced cyberattacks over the past year

40% of firms say their cyber hygiene needs improvement

74% of firms inadequately identify and implement changes based on cyber trends and align exposure risk to future strategy

31% of executives and boards champions are highly integrated with driving their firm's risk management and resiliency planning

Talent Practices

The changing nature of work is now the fifth biggest people risk.

33% are satisfied with their organization's policies and support systems to enable remote, hybrid or other flexible ways of working.

Implication:
Understand what current and future employees value most. Put in place policies to support new ways of working — or risk losing valuable skills.

People need some empathetic care in a changing world

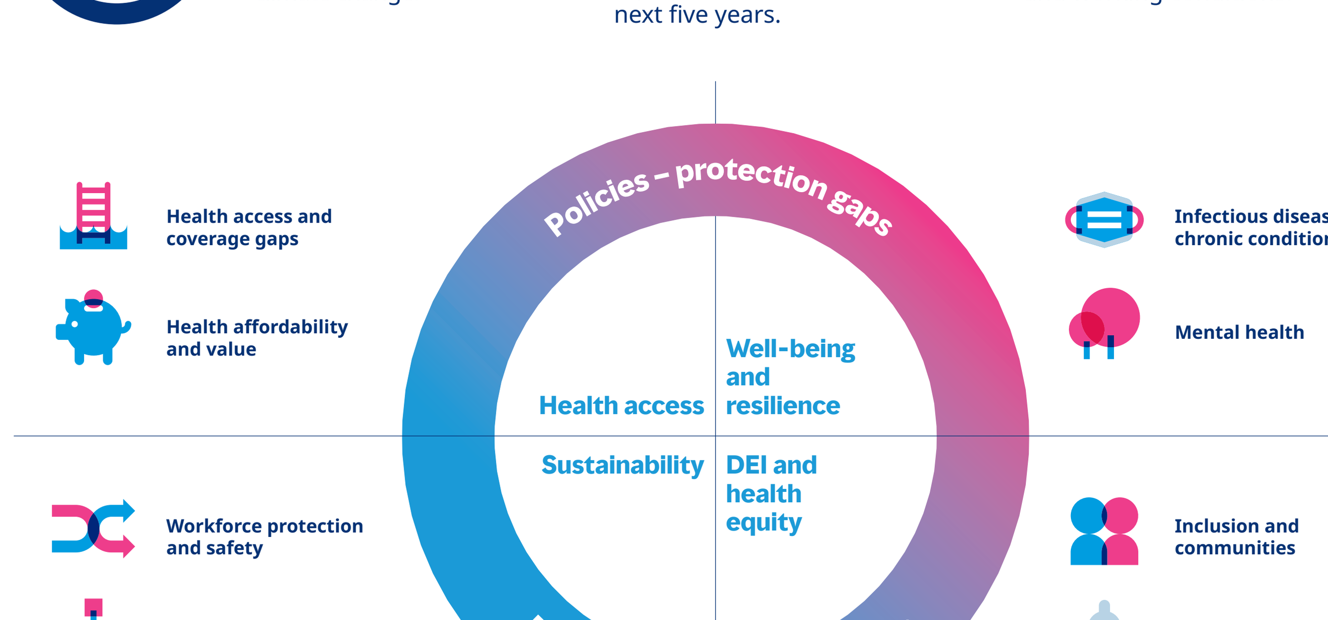
Value-driven well-being goes beyond programmatic elements to help cope with the changing nature of work and life.

Environmental and Social

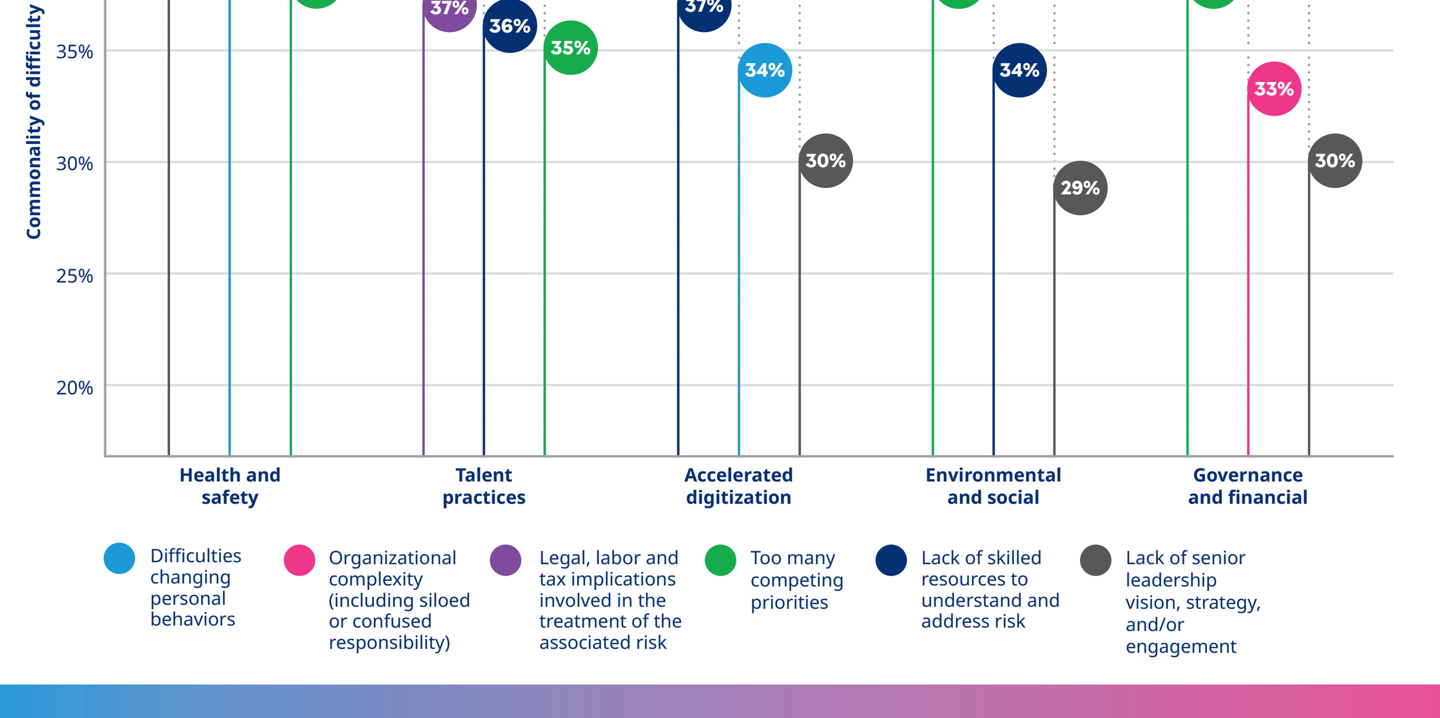
Organizations are under pressure from customers, employees and investors to address inequalities, remove disparities and combat climate change.

78% plan to invest in diversity, equity and inclusion over the next five years.

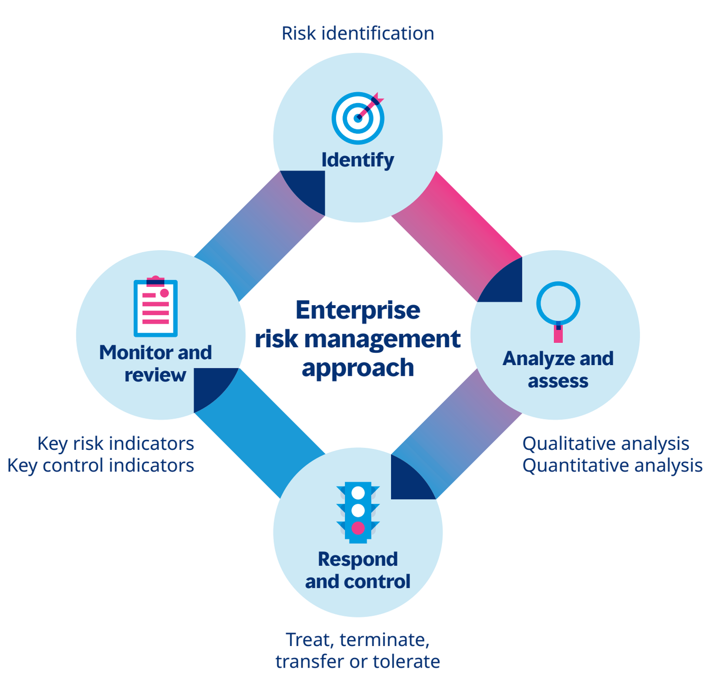
Implication:
Define company values and targets around ESG issues, and use them as a lens to assess current benefits, investments and working conditions.



Key barriers to addressing people 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 employee benefit, support programs and/or how they are designed and delivered – read our report to learn where to start.

Businesses of Marsh McLennan

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