

Middle East and North Africa

The five pillars of people risk

New 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.

The findings are 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.



Key findings and implications for Middle East and North Africa

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

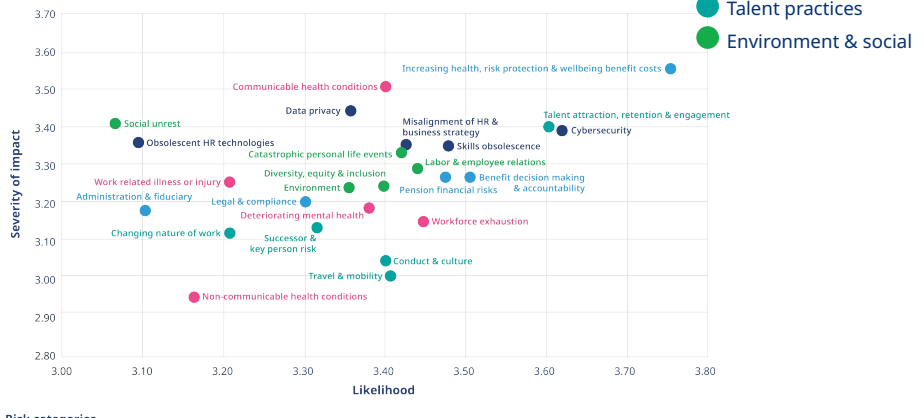
The pandemic left many companies exposed and vulnerable around their people. Understanding and evaluating these exposures is a core priority for business leaders.

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 people risks, HR versus risk manager

Ranking	All respondents	HR	Risk
1	Increasing health, risk protection and well-being benefit costs	Increasing health, risk protection and well-being benefit costs	Cybersecurity
2	Cybersecurity	Skills obsolescence	Workforce exhaustion
3	Talent attraction, retention and engagement	Communicable health conditions	Data Privacy
4	Communicable health conditions	Talent attraction, retention and engagement	Talent attraction, retention and engagement
5	Skills obsolescence	Cybersecurity	Deteriorating mental health
6	Misalignment of HR and business strategy	Catastrophic personal life events	Increasing health, risk protection and well-being benefit costs
7	Data Privacy	Diversity, equity and inclusion	Labor and employee relations
8	Benefit decision making and accountability	Misalignment of HR and business strategy	Misalignment of HR and business strategy
9	Catastrophic personal life events	Benefit decision making and accountability	Environment
10	Labor and employee relations	Data Privacy	Communicable health conditions

Risk categories

- Health & safety (Pink)
- Governance & financial (Blue)
- Accelerated digitization (Dark Blue)
- Talent practices (Green)
- Environment & social (Light Green)

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

Blind spots around 4 critical risks

The survey revealed blind spots around critical risks, notably:

- Increasing health, risk protection and well-being benefits costs
- Cybersecurity
- Misalignment of HR and business strategy
- Deteriorating mental health

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.

Category	Top Risk	Implication	Solution
Governance and Financial	Increasing health, risk protection and well-being benefit costs	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 .	Take a strategic approach within a risk management framework to reduce the frequency, impact and duration of their medical and disability claims. This can be done by partnering with a trusted advisor for consulting and implementation of a benefits strategy that includes governance, design and benefit claims analytics. As part of the benefits design, employee benefits broking, including cost containment, vendor selection/management and trend monitoring can help to address increasing costs.
Accelerated Digitization	Cybersecurity	Cyber attacks and breaches occur due to poor vendor and people management. An incident can cause severe business interruption and brand damage.	The risks associated with accelerated digitization can be addressed by Smart Benefits and MMB's Darwin, a single global platform for benefits management that provides consistency, security and ease of performing data analytics, as well as having a holistic approach to tackle cyber threats via a cyber risk management strategy and insurance.
Talent Practices	Talent attraction, retention and engagement	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.	Adopt a skills-workforce strategy to proactively develop future skills. Prioritize HR transformation and design benefits that truly benefit employees. This can be achieved by benchmarking your peers and developing and designing a benefits strategy. Adding elements of choice through flexible and voluntary benefits and ensuring you have a benefits engagement and communications strategy in place.
Critical risks that companies should be concerned about	Deteriorating mental health	The pandemic is linked to deteriorating mental health with more people than ever suffering from anxiety, stress, depression and addiction. The business impacts can be severe, including low productivity, escalating benefits spend and damage to employment value proposition and brand.	An employee assistance programme along with a strong mental health strategy allows an employer to set a framework, identify gaps, address employee preferences and cover needs across the entire spectrum of mental health conditions. Digital innovations also help make a wide range of appropriate resources readily available. When assessing your mental health strategy, use these four categories to ensure that you are offering a wide variety of mental health benefits: Prevention, Access, Treatment & Coverage, Support at Work, Support Away from Work
Environmental and Social	Labor and employee relations	Poor labor and employee relations may lead to a high volume of labor grievances, a perception of uncaring culture or a lack of desirable company purpose. This can lead to an impacted brand reputation and difficulties in attracting and retaining talent.	Implement inclusive benefits and use benefits benchmarking among industry peers as part of an overall review of employee value proposition to understand where the business rank as the preferred employer in terms of benefits offering. In addition, address key points of environmental, social and corporate governance to attract and engage a more socially conscious workforce.

Top barriers to effectively managing these risks

The top 3 barriers for each risk:

- lack of senior leadership engagement
- lack of skilled resources to understand and address the risks
- the risk isn't seen as a priority

Despite the increased focus on people-related risks, these were the primary difficulties raised.

Implication

People are an organization's most important strength, and 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.

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.