

People Risk Hong Kong

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

100 respondents
55 HR professionals
45 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.



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

Hong Kong HR vs Risk

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

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.

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.

57%

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

What you see above the surface:

- Sickness absence
- Disability claims
- Direct medical claims
- Poor morale and employee engagement
- Colleague irritability or inability to cope at work

Problems lurking below:

- Domestic violence
- Potential for suicide
- Potential for workplace violence
- Potential for misconduct
- Safety mistakes
- Potential for catastrophic errors
- Indirect medical/disability claims
- People not feeling valued
- Inability to find/afford therapy
- Alcohol/substance abuse
- Stigma/shame
- Fear of failure
- Inability to keep up with tech change
- Lack of trust in leaders
- Inability to cope with pain
- Lack of self-care
- Social isolation

Governance and Financial

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

65%

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

Implication:

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

Benefit plan objectives

Governance process/structure

Strategic vs Tactical

Design | Vendor management | Administration | Communication | Financing | Risk management

Accelerated Digitization

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

40%

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 mean of competitive differentiation.



Talent Practices

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

42%

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 employee 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

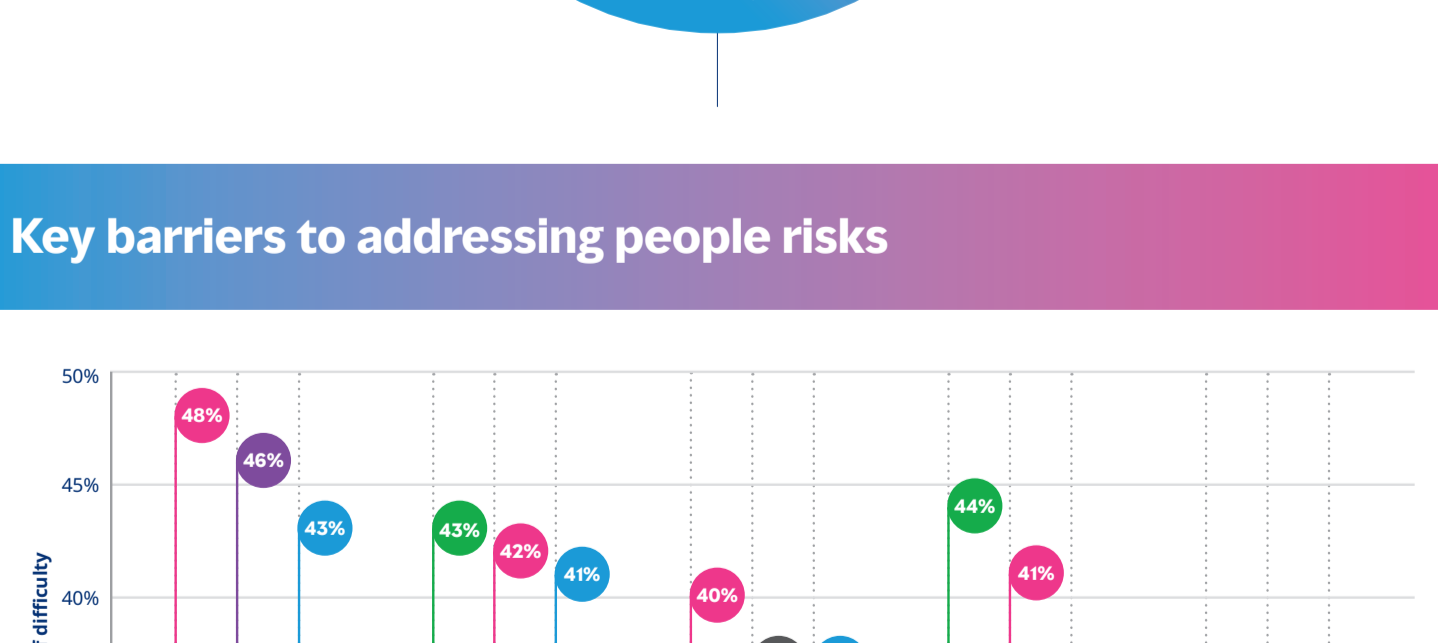
Organizations are under pressure from customers, employees and investors to address inequalities, remove disparities and combat climate change.

89%

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

Risk identification

Identify

Enterprise risk management approach

Analyze and assess

Respond and control

Monitor and review

Key risk indicators

Key control indicators

Qualitative analysis

Quantitative analysis

Treat, terminate, transfer or tolerate

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.