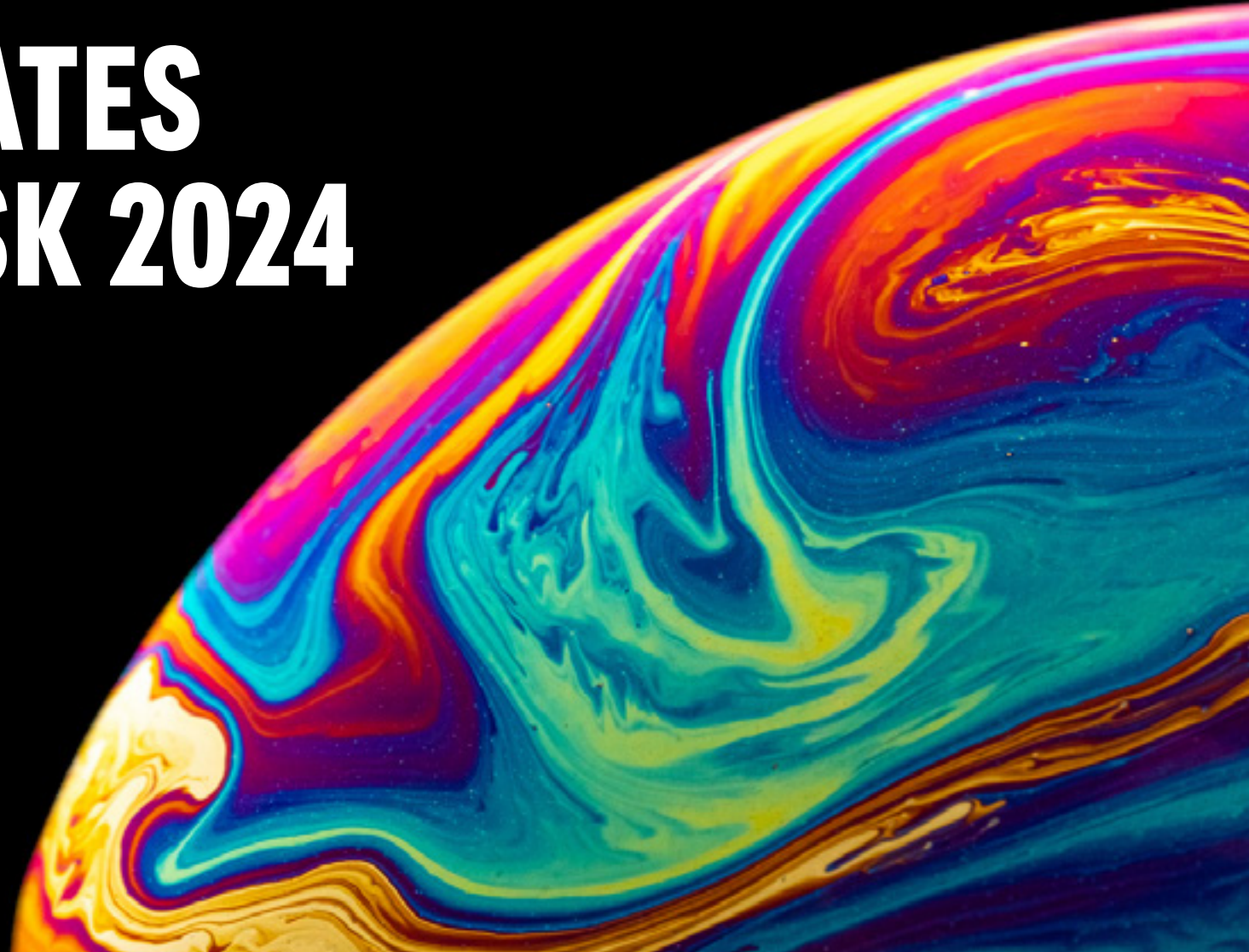


UNITED STATES PEOPLE RISK 2024

Investing in your people,
protecting your business

Executive summary





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1. FOREWORD

People risk practitioners, both HR and Risk professionals, sit at the apex of a delicate balancing act. Disruptive technologies, changing talent requirements and emerging benefit needs all require careful mitigation with effective risk frameworks and people management strategies. However, many of those same factors are at the core of future business innovation: new skills and knowledge opportunities, the potential of AI, better stewardship of businesses, and evolving employee healthcare for a new generation of workers.

Risk professionals must also address emerging concerns that might not even have been seen as people risks in the past. The World Economic Forum, in partnership with Marsh McLennan and others, identified misinformation and disinformation as its top global risks for the next two years. Traditionally, climate events such as heatwaves, floods, and storms have been seen as property risks, but their impact on employees' health, well-being, and safety is becoming more evident.

In this changing landscape, how do HR and Risk leaders create safe workplaces, support productive teams and build resilient enterprises that stay healthy and engaged in the face of ongoing disruption? The 2024 People Risk Report provides perspectives and data-based

insights from the US People Risk Survey, which is part of our Global People Risk study conducted in twenty-six markets across eight regions.

The good news is that 97% of respondents to our People Risk 2024 survey say HR and Risk functions are collaborating to mitigate people risks. That is a major step in creating a culture where risks are identified, understood and addressed effectively. At the same time, there is an opportunity to do more to enhance those collaborations in the future. The report focuses on five key areas of risk of relevance to all businesses, providing actionable insights for risk practitioners that will help to build future resilience in an ongoing era of uncertainty.



2. ABOUT THIS STUDY

WHO

509 US-based HR and **515 Risk professionals** with job titles that include HR Director, Chief HR Officer, HR Manager, HR Coordinator and VP of Risk Management, Chief Financial Officer, Director of Finance, Director of Insurance and Risk Manager, Chief Information Security Officer, and VP of Health and Safety. We surveyed a range of titles and levels to gain a broad perspective from across organizations.

WHAT

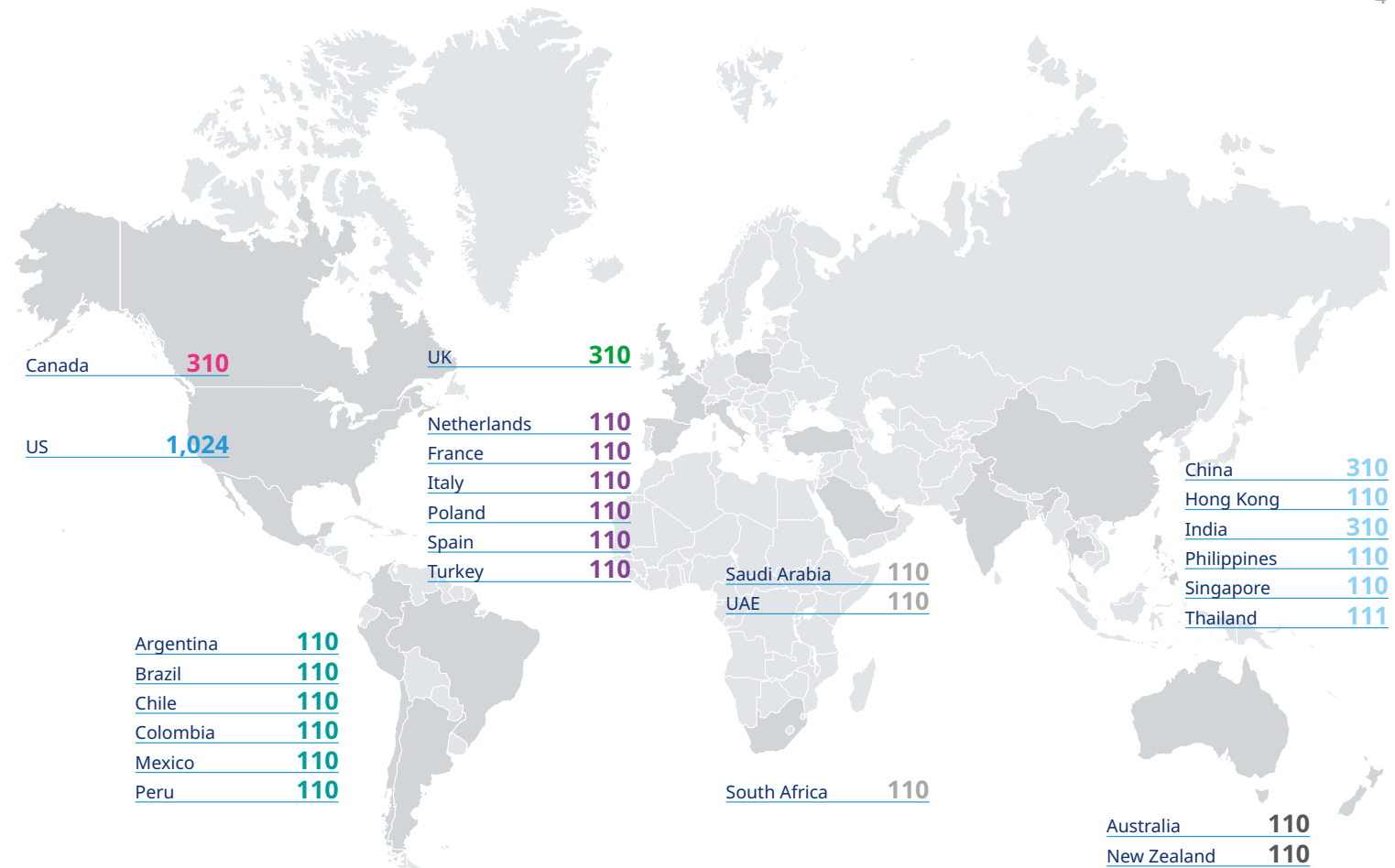
Captures attitudes about the most significant people risks facing organizations, including the challenges businesses face managing these risks.

WHEN

Data collected between October and November 2023.

WHERE

United States.



RISK-RANKING METHODOLOGY

To establish the priority order of the 25 risks in this study, survey respondents were asked to assess the impact and likelihood of each risk on their business if it were to occur in the next one to two years. This was done on a scale of one to five, where one represents no impact or not very likely, and five is a catastrophic impact or very likely.

Throughout the report, we refer to the ranking of risks by Risk Rating Score (RRS). RRS is a numeric score that captures the likelihood of the risk impacting the organization in the next one to two years and severity of its impact on the business if the risk were to occur. It is calculated as the likelihood score multiplied by the severity score. Respondents who selected “Not sure or prefer not to say” were excluded from the calculation for each risk.

When risk pillars are ranked in the report, the sum of the pillars’ risks likelihood scores and the sum of the pillars’ risks’ severity scores were used to calculate each pillar’s RRS.

Figure 1: Risk pillars and risks assessed

These risks can be categorized into five main pillars:

25 PEOPLE RISKS IN 2024



TECHNOLOGICAL CHANGE AND DISRUPTION



TALENT, LEADERSHIP AND WORKFORCE PRACTICES



HEALTH, WELL-BEING AND SAFETY



GOVERNANCE, COMPLIANCE AND FINANCIAL



ENVIRONMENT, SUSTAINABILITY AND PROTECTION

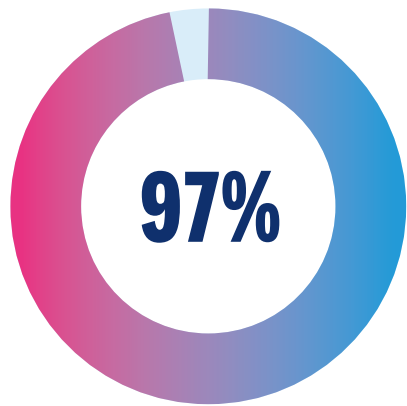
What follows is a summary of key highlights and calls to action within each pillar.

	SEVERITY	LIKELIHOOD	RISK RATING SCORE	RISK CATEGORIES
1	Ineffective leadership	Increasing health and benefit costs	Ineffective leadership	Technological change and disruption
2	Improper rewards decision-making	Improper rewards decision-making	Improper rewards decision-making	Technological change and disruption
3	Misconduct	Lack of cybersecurity knowledge	Increasing health and benefit costs	Technological change and disruption
4	Increasing health and benefit costs	Unsafe working conditions	Lack of cybersecurity knowledge	Technological change and disruption
5	Lack of cybersecurity knowledge	Tech skills shortages	Misconduct	Technological change and disruption
6	Pandemics	Labor shortages	Tech skills shortages	Technological change and disruption
7	Mishandling of data/IP	Disparities in executive/worker rewards	Disparities in executive/worker rewards	Talent, leadership and workforce practices
8	Poor management of benefit exposure	Mental health deterioration	Poor management of benefit exposure	Talent, leadership and workforce practices
9	Lack of DE&I	Absence of HR in decision-making	Unsafe working conditions	Health, well-being and safety
10	Suboptimal HR technology	Ineffective leadership	Mishandling of data/IP	Technological change and disruption
11	Natural disasters and extreme weather	Poor management of benefit exposure	Labor shortages	Technological change and disruption
12	Healthcare system deterioration	Misconduct	Changing legislation and scrutiny	Health, well-being and safety
13	Disparities in executive/worker rewards	Inadequate personal catastrophe coverage	Mismanagement of AI	Health, well-being and safety
14	Tech skills shortages	Changing legislation and scrutiny	Pandemics	Health, well-being and safety
15	Uncompetitive talent strategies	Mismanagement of AI	Uncompetitive talent strategies	Talent, leadership and workforce practices
16	Mismanagement of AI	Mishandling of data/IP	Inadequate personal catastrophe coverage	Health, well-being and safety
17	Changing legislation and scrutiny	Weak benefits administration	Weak benefits administration	Governance, compliance and financial
18	Disengaged workforce	Uncompetitive talent strategies	Natural disasters and extreme weather	Health, well-being and safety
19	Unsafe working conditions	Disengaged workforce	Absence of HR in decision-making	Health, well-being and safety
20	Weak benefits administration	Natural disasters and extreme weather	Disengaged workforce	Health, well-being and safety
21	Chronic illness	Pandemics	Suboptimal HR technology	Technological change and disruption
22	Inadequate personal catastrophe coverage	Suboptimal HR technology	Mental health deterioration	Health, well-being and safety
23	Labor shortages	Chronic illness	Healthcare system deterioration	Health, well-being and safety
24	Absence of HR in decision-making	Healthcare system deterioration	Lack of DE&I	Health, well-being and safety
25	Mental health deterioration	Lack of DE&I	Chronic illness	Health, well-being and safety

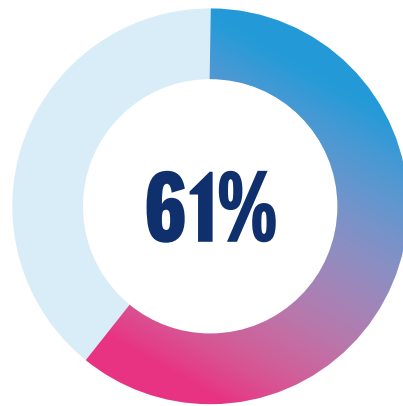
3. HR AND RISK INTEGRATION

INTEGRATE HR AND RISK FUNCTIONS TO EFFECTIVELY PRIORITIZE AND MITIGATE PEOPLE RISKS.

A “bright spot” of the findings is the degree to which HR and Risk professionals are collaborating:



of respondents say that there is some or a great deal of collaboration across functions, with 50% reporting a great deal of collaboration



of respondents at organizations with more than 5,000 employees indicated that there was a great deal of collaboration, however



of respondents at companies with less than 500 employees agreed that there was significant collaboration

In the US, HR and Risk professionals’ perspectives differ, which is similar to global findings. HR professionals are more focused on governance challenges and talent strategies, whereas Risk colleagues are more focused on technology risks, including cybersecurity and management of AI. Both functions highlight technology as the biggest short-term (one to two years) threat to their organization. Technology persists as the biggest long-term threat for Risk colleagues, but HR views environmental challenges as being the most impactful when looking three to five years out.



4. TECHNOLOGICAL CHANGE AND DISRUPTION

EVOLVE YOUR ORGANIZATION TO WIN WITH NEW TECHNOLOGIES AND MITIGATE CYBER THREATS.

Exponential advances in technology and AI have permeated all our lives. We now can choose to thrive and survive by intentionally building an enterprise infrastructure that ensures the sustainability and resilience of our organizations.

It will take the collective power of an organization to acquire talent and create a culture that benefits from new technologies and AI while protecting businesses from cyber threats, data breaches, and intellectual property theft.

Insufficient knowledge and understanding of cybersecurity risks and lack of best practices across all levels of the organization leads to increased risk of cyberattacks, ransomware, and loss of operations capability.

Mishandling of data and intellectual property is the failure to properly handle, store, and protect sensitive information, resulting in data breaches, litigation, and potential damages to competitive advantage, reputation, and trust. Outdated or poorly implemented systems including a lack of automation hinders the ability to deliver higher-value support to the business.

Creating a strategy for AI means involving and engaging the workforce. Addressing concerns, such as erosion of human interaction in customer service and employee relations, requires long-term strategy instead of just adoption of AI; growth rather than just efficiency.

The C-Suite considers the failure to adopt AI and automation as the number one near-term risk (Global Talent Trends 2024), but the conversation about AI must involve the whole workforce. Upskilling employees on the proper use of AI builds more trust in how it is managed and gives people agency to innovate and share ideas.

THE HR AND RISK PERSPECTIVE

HR and Risk professionals understand the severity of **technology skills shortages, including AI, and lack of cybersecurity knowledge** is of great concern to both.

Risk professionals are concerned about **lack of cybersecurity knowledge** as their top issue, followed by **mismanagement of AI**.

Just **27%** have effective employee upskilling on the appropriate uses of AI and automation.

KEY ACTIONS



ASSESS YOUR CYBER FUNCTION – consider the size, scope, and design of the function, the skills required, and any skill gaps you have.

REVIEW YOUR VALUE PROPOSITION FOR CYBER TALENT – ensure you can attract and retain skills in a competitive talent market.

BE CREATIVE WITH HIRING – explore non-traditional sources of talent to supplement traditional practices.

INVEST IN UPSKILLING TALENT – keep seasoned cyber talent up to date; invest in training for new and non-traditional talent.

BUILD YOUR BRAND IN THE CYBER COMMUNITY – it takes a lot more than competitive pay to get talent in the door.

ENGAGE WITH THE POTENTIAL OPPORTUNITIES AND THREATS OF GENERATIVE AI – involve the whole organization in developing policies.

BE TRANSPARENT IN CHANGE MANAGEMENT – recognize and address employees' fears and share your vision.

ENGAGE EMPLOYEES IN REDESIGNING WORK – ensure employees have a voice in how AI is introduced into their work.

REIMAGINE WAYS OF WORKING – explore ways technology can make work more efficient, interesting, fulfilling, and flexible.

BEND THE DEMAND CURVE OF WORK TO FILL CRITICAL ROLES – redesign work to make the most of scarce talent.



5. TALENT, LEADERSHIP AND WORKFORCE PRACTICES

OPTIMIZE WORK DESIGN

As companies re-assess the skill profile of their workforce, they are facing challenges in **finding and retaining the right talent** to grow their organizations.

The workforce is reaching the limit of being able to “do more with less,” so **employers looking for productivity gains must start by redesigning work**. It is time for more creativity and flexibility in strategies that offer growth opportunities, career development, and upskilling.

The inability to identify qualified candidates to fill roles leads to **positions remaining vacant longer and constrains growth** while creating greater competition for talent and higher wages. Vacant roles put additional burdens and risk of accidents on current employees due to higher workloads, or additional fatigue.

A new generation of leaders needs to be nurtured with strategies that build trust for long-term career growth, believe in a unifying purpose, and provide tools to create resilient enterprises. Cultures that foster behaviors that are misaligned to corporate values or are illegal or unethical undermine a unified workforce and common purpose.

Employees’ expectations of the workplace are also evolving. Leadership needs to be able to **recognize changing needs, inspire engagement and loyalty**, and take action to support their people through critical moments in their lives.

Senior leadership must also be **equipped to lead through a crisis** – acting decisively, communicating effectively, and benefiting from hard to earn trust.

THE HR AND RISK PERSPECTIVE

Ineffective leadership is the top concern among HR and Risk professionals in the US, ranking first as having the biggest impact and considered most likely to occur (RRS #1).

Both HR and Risk respondents understand the severity of **labor shortages** for highly sought after skills, and expertise (RRS #11).

HR is also concerned about **uncompetitive talent strategies** (RRS #15) and Risk in relation to **misconduct** (RRS #5).

KEY ACTIONS



GET AHEAD BY MAPPING FUTURE SKILLS NEEDS – identify how future skills support organizational plans and purpose.

FOSTER A CULTURE OF CONTINUOUS SKILLS DEVELOPMENT – keep employees’ talents relevant and identify opportunities for upskilling.

COLLABORATE THROUGH ENTERPRISE-WIDE INITIATIVES – promote risk awareness throughout your organization.

DEVELOP REWARD AND BENEFITS STRATEGIES THAT ALIGN WITH EMPLOYEES’ NEEDS – identify needs and ensure adequate healthcare and savings as well as matching business ambitions and risk mitigation strategies.

PRIORITIZE RESILIENCE AT A PERSONAL AND ORGANIZATIONAL LEVEL – create effective leadership and risk controls.

EMPOWER EMPLOYEES TO TAKE AN ACTIVE ROLE IN RISK MANAGEMENT – ensure employees are comfortable speaking up about concerns.

SUPPORT EMPLOYEES THROUGH ORGANIZATIONAL CHANGES – be transparent about adoption of new technology, to minimize employee stress and burnout.



6. HEALTH, WELL-BEING, AND SAFETY

FOSTER HUMAN RESILIENCE

Organizations must **broaden the scope of how they define well-being at work** and prioritize psychological health alongside physical safety.

Employers need to look at **innovative ways to support health systems** that have suffered after the pandemic and create new ways to offer individualized physical and mental health benefits to support people and their families.

There are **unique opportunities to advance health**, as digital healthcare innovations emerge and traditional systems grapple with intensified demand, complexity and resource constraints.

Leaders must **create a psychologically safe environment** that understands the connection between safety and mental health, enables employees to speak their minds without fear of reprisal and where employees feel that management and coworkers have their back.

Eco-anxiety is becoming a real issue.

For example, extreme climate events have made some workplaces that previously may not have needed to be climate controlled, no longer safe. Mercer's 2023-2024 Inside Employees' Minds Study shows substantial concern among workers about the possible impacts of extreme climate events on their own health.

After the trauma of the pandemics, new infectious diseases, and the growing incidence of extreme climate events, **employees need to trust and rely on their employers to support their mental and physical health** for optimal productivity and happiness.

The **rising cost of healthcare** is distracting and stressful and the spread of infectious diseases can impact business continuity, operational costs, individual and organizational performance.

In the economic, social, and political volatility of the past few years in the US, workforce **mental health issues such as stress, depression, anxiety, and burnout, have led to sub-optimal productivity.**

Policies and benefits need a rethink, such as those for people with chronic diseases who may be further challenged by increasing costs. Non-communicable illnesses including cancer, heart disease, and diabetes impact employees' ability to thrive and contribute to organizational performance.

Leadership must **eliminate unsafe physical and psychological working conditions** and mitigate risk for each employee. Industry leading organizations fully integrate safety management into their business and develop policies proactively, rather than being compliance-driven or reactive to incidents that have occurred.

THE HR AND RISK PERSPECTIVE

Both HR and Risk professionals rank **unsafe working conditions** as the top Health, Well-being and Safety risk in the short-term, along with **unsafe**

physical and psychological working conditions (RRS #9) and **mental health deterioration** (RRS #22).

KEY ACTIONS



EMBED SAFETY MANAGEMENT ACROSS THE ORGANIZATION – integrate your policies, programs and practices across all business areas and actively consulting with employees to correct safety issues.

CREATE PROACTIVE POLICIES – ensure that people are psychologically safe and free from harassment.

ASSESS SAFETY CULTURE WITHIN THE ORGANIZATION – include employees' ability to raise safety concerns and discuss behavioral health needs.

REEVALUATE OR BUILD DIGITAL HEALTH PROGRAMS TO IMPROVE EMPLOYEE WELL-BEING – focus on steerage to quality healthcare, digital care delivery, evolving care models, personalized benefits, and diverse programs. Ensure that programs are communicated broadly and that there are clear metrics for review and recalibration.

BUILD COLLABORATION BETWEEN HR AND RISK PROFESSIONALS – create a culture of continuous improvement.



7. GOVERNANCE, COMPLIANCE AND FINANCIAL

FIND SAFETY IN NUMBERS

As inflationary pressures persist, **organizations must reassess their benefit programs** for long-term cost containment without passing expense onto employees. Prioritize benefits that are meaningful to workers, well understood, and adopted broadly throughout the organization.

After a decade of annual cost growth averaging 3%, **total health benefit cost per employee is now rising by more than 5%** (National Survey of Employer Sponsored Health Plans). Advances with new gene and cellular therapies and other specialty drugs, such as

GLP-1s like Ozempic and Wegovy used to treat diabetes and obesity, make life changing differences to people, but are also extremely expensive. Our actuaries estimate that GLP-1s alone added from half a point to a point to the overall health benefit cost trend.

Employers' **concerns over employee finances are growing** and so is planned support. Amidst inflation and rising interest rates, Americans' credit debt hit a record \$1 trillion in August 2023 and personal debt is the number two concern of low-income employees (Inside Employees' Minds).

As **stakeholder scrutiny and legislative activity continue to increase** in areas such as benefits and rewards, organizations can set themselves up for success by strengthening oversight controls and decision-making structures.

Health plan transparency requirements, high profile lawsuits, and an increase in Department of Labor (DOL) health plan audit activity, may **heighten fiduciary risk for ERISA plan sponsors**. Now is the time to reassess fiduciary roles, responsibilities, and how to manage risk. Processes and strategies need to adapt to issues including improper benefit, policy, and rewards decision making (RRS #2) and changing legislation and heightened scrutiny (RRS #12).

THE HR AND RISK PERSPECTIVE

Health and benefit cost increases are a top concern for businesses (RSS #3). But this is a manageable risk provided that organizations focus on active plan management. HR professionals are more confident than Risk colleagues that there are ways to manage cost beyond benefit reduction, but both are concerned about the time burden on the HR function.

Addressing rising healthcare costs: Four key actions

- Use predictive modelling: understand your population and the potential impact of future spend.
- Monitor, manage and accurately predict costs: prioritize ongoing financial monitoring and management.
- Optimize well-being programs: explore best practice when contracting with providers and ensure that point solutions are relevant to your organization's health and risk profile.
- Look at the whole population: develop combined Risk and HR metrics that give a holistic view of the workforce and track health issues that impact both safety and benefit program costs.



KEY ACTIONS



GAIN INSIGHTS INTO YOUR TOTAL REWARDS

STRATEGY – prioritize offerings to reflect what is meaningful for your workforce.

DEVELOP A HOLISTIC FINANCIAL WELL-BEING

STRATEGY – leverage predictive modeling to uncover employees' unmet short and long-term financial needs, support those needs and drive engagement through programs that motivate action.

TAKE ADVANTAGE OF SECURE 2.0 PROVISIONS –

drive both short and long-term financial security and programs such as matching contributions for paying down student loan debt or contributions to HSAs.

DRIVE HEALTH EQUITY BY STARTING WITH

AFFORDABILITY – consider creative strategies to provide outsized support to lower income employees and remove the financial barriers to obtaining healthcare. Consider strategies that don't shift cost to employees.

BUILD A ROBUST GOVERNANCE FRAMEWORK FOR

BENEFITS – support decision-making, compliance, efficiency, and flexibility. Adopt active plan management.

MONITOR RECENT LITIGATION AND AGENCY ENFORCEMENT EFFORTS

– assess whether changes to plan operations are appropriate to reduce risk.

FOCUS ON SERVICE PROVIDERS, SUCH AS MEDICAL ADMINISTRATORS AND DRUG PROVIDERS

– select and monitor service providers based on their qualifications, quality of services, and understand compensation structures including fees and commission.

CONSIDER OUTSOURCING SOME NON-CORE ASPECTS OF BENEFITS SUCH AS LEAVE ADMINISTRATION –

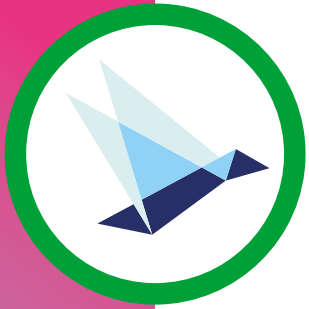
recognize where there is a lack of expertise within the organization, or where internal resources could be used more effectively through outsourcing.

ENSURE TIMELY COMPLIANCE WITH ERISA'S REPORTING AND DISCLOSURE REQUIREMENTS

– review all other applicable fiduciary matters (e.g., ERISA plan asset and bonding issues) for compliance.

DOCUMENT STEPS TAKEN TO MEET FIDUCIARY DUTIES

– include updating plan documents and communications as needed.



8. ENVIRONMENT, SUSTAINABILITY AND PROTECTION

GIVE SHELTER FROM THE STORM

The **effects of climate change are now affecting the daily lives of employees.**

Companies need to adapt to protect people and property with strategies, policies, and benefits in place that increase the quality of life for each employee and the value of the company. Natural disasters and extreme heat can have catastrophic impact on the health, well-being, and safety of employees and their families, as well as key supply chains.

Climate change risks can decrease productivity suddenly and without warning. Organizations need to have policies and plans in place for climate emergencies.

As **employees face compounding hardships through this decade**, employers can help build prosperity by filling benefit gaps in order to realize health, well-being, and risk protection for all. But progress is slow.

By **embracing the challenge of health disparities**, employers can pave the way for a more equitable, healthy, and successful future for their organizations and their employees. When all employers join in, the benefits will be profound: healthier employees, stronger communities, and a more just society.

THE HR AND RISK PERSPECTIVE

Disparities in executive and worker rewards and values are considered both severe and likely to occur (RRS #7), with ongoing cost of living crises amplifying this risk.

HR and Risk professionals are also becoming concerned about the impact of **natural disasters and extreme weather** as a people risk (RRS #18),

with **36%** worried about difficulties in providing accommodations and creating adaptations for jobs exposed to extreme heat.

KEY ACTIONS



MANAGE SHORT, MEDIUM, AND LONG-TERM ENVIRONMENTAL RISKS – evaluate factors such as extreme heat from a health perspective.

ALIGN EMPLOYEE POLICIES AND BENEFITS – address relevant physical, mental and financial protections related to conditions such as extreme heat or natural disasters.

PREPARE YOUR HEALTH PROGRAMS – design for the impact of climate change.

ASSESS RESPONSE PLANS FOR VARIOUS SCENARIOS – align benefits and resources, and proactively communicate to employees with health and safety recommendations.

INTEGRATE ENVIRONMENTAL RISKS ACROSS ALL RESPONSE PLANS (E.G. BUSINESS CONTINUITY, CRISIS) – ensure business and colleague readiness.

ADDRESS GAPS IN CARE – critically evaluate existing healthcare policies to identify systemic biases contributing to health inequities.

EVALUATE AND UNDERSTAND YOUR CURRENT STATE – do you have the data and benchmarking techniques to uncover disparities in your population?

CUSTOMIZE FOR IMPACT – create effective, targeted communication for different employee segments, particularly the vulnerable or historically marginalized.

COMMIT TO CULTURALLY COMPETENT CARE – Hold your health plan accountable for ensuring plan members have access to diverse and culturally competent providers that they are comfortable with.

ADOPT A MORE HOLISTIC APPROACH TO HEALTH BENEFITS – integrate social determinants of health, such as access to healthy food, safe housing, and clean environments into the design and delivery of benefits.



THERE ARE PRACTICAL STEPS THAT LEADERS, HR AND RISK PROFESSIONALS CAN TAKE TO ADDRESS PEOPLE RISK FROM CORPORATE AND EMPLOYEE-FOCUSED PERSPECTIVE.

TO FIND OUT HOW MMC CAN SUPPORT YOU IN YOUR PEOPLE RISK STRATEGY, VISIT OUR [WEBSITE](#)