

4th Edition

UK Business Risk Report

Surveying the SME business risk
landscape through the views of
2,000+ business leaders.



Interconnected risk drives broad action to build resilience



Alistair Fraser
CEO, Commercial & Corporate
Marsh UK



Chris Bailey
UK Leader & Managing
Director
Mercer Marsh Benefits

Against the backdrop of broad instability and a general election, this year's UK Business Risk Report highlights the growing complexity of interconnected risk.

Economic and financial risk, which remains the primary concern for business leaders this year, is influenced — even driven by — people risk (#3 concern), supply chain risk (#5), regulatory risk (#4), cyber risk (#2), and environmental risk (#7).

The same could also be said for **cyber risk**, which has grown significantly over the last 12 months and finds itself in the top five risks overall for the first time. Tellingly, the risks associated with the failure of suppliers emerges as a key part of that — even before the CrowdStrike outage threw this inherently connected risk into sharp relief.

Environmental risk meanwhile, which is not among the top five key risks but has nearly doubled in the past year, is entwined with financial, regulatory, supply chain, and social/geopolitical risks.

A deeper dive into each risk reflects this interconnected story. Economic and financial risk, for example, reveals no single issue driving this concern. Similarly, people risk, which continues to be a top concern, combines various risk factors rather than a single dominant issue.

Interconnectedness is further supported by the actions leaders have taken to alleviate concerns over the last 12 months. Leaders are pulling on multiple

levers to address each risk class, rather than limiting their efforts to very specific risks. For instance, with **people risk**, talent acquisition and retention was the number one concern, but actions to address risk have not focused on pay and reward alone.

This holistic approach to risk management is a recurring theme throughout the report. Through more joined-up thinking, UK business leaders are seemingly seeking to generate a snowball effect to drive efficiencies and growth. This emphasises the need for a comprehensive approach to employee health and benefits, risk management, and insurance.

Key takeaways:

1. Review your internal and third-party cybersecurity policies and procedures — here are [12 key cyber controls](#) you can set up right now.
2. Enhance employee engagement by leveraging [benefits technology platforms](#) — previously these were limited to larger firms but are now more widely available.
3. Risk management initiatives should be equal to the sales strategy or client experience programme — [embrace the power of risk registers](#).

At Marsh McLennan, we place great importance on helping UK SMEs thrive. We hope the insights and guidance in this report contribute to the success of your business.

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01. Risks ranked

Cyber risk on the rise amidst familiar concerns

It is no surprise to see financial uncertainty again cited as the top risk for business leaders. Interest rates have restricted access to affordable debt finance.¹ And insolvency rates continue to rise: they were at 16% between May and June 2024, and stand 17% higher than during the same period in 2023.²

However, it's worth noting that at the time of the survey, inflation had fallen back to its target rate of 2%,³ energy prices were down from their peak in 2023,⁴ and the UK had made a tentative return to economic growth.⁵ So, it's

interesting to see that the proportion of leaders concerned about economic and financial risk is at its highest level for two years (37% in 2022, and 34% in 2023).

In keeping with findings detailed in last year's report, people risks remain a cause of real concern, as do compliance, legal and regulatory risks, and operational and supply chain risk respectively.

Most interestingly, though, concerns around cyber risk have clearly escalated significantly, even prior to the CrowdStrike global outage⁶ — 39% of respondents highlighted issues such as cybercrime and IT disruption as a top risk, compared with 20% in 2023 and 17% in 2021.

However, it is not evenly distributed across business sectors with, for instance, 29% of manufacturing business leaders viewing cyber as a top risk, compared with 53% in professional services (excluding finance). Equally, and perhaps not surprisingly, the level of concern around cyber risk also varied according to business size, with 32% of micro businesses and 35% of SMEs citing cyber as a top risk, compared with 50% of large businesses.

Environmental risk, meanwhile, deserves a mention. Although it does not feature in business leaders' top five key risks, concerns have nearly doubled in just 12 months (28% in 2024, and 15% in 2023).

The key risks cited by business leaders

43%

Economic and financial risk (e.g. inflation, recession, cash flow, currency risk, credit risk)

39%

Cyber risk (e.g. Cybercrime, IT network and service disruptions)

38%

People risk (e.g. mental health & wellbeing, culture, talent acquisition and retention, health & safety)

37%

Compliance, legal & regulatory risks (e.g. new rules, legislation, trade tariffs, employment law, customs)

34%

Operational & supply chain risk (e.g. equipment breakdown or theft, logistics, failure of key suppliers or customers)

33%

Strategic and reputational risk (e.g. new competitor, damage to brand and image, consumer behaviour)

28%

Socio/geo-political risk (e.g. war, terrorism, political unrest, activism)

28%

Environmental risk (e.g. net-zero, natural disasters or other extreme weather-related risks)

Please rate the following risks to your business on a scale of 1–5 (1=low risk, 5=high risk)"



02. Risk breakdown

Which economic and financial risks to your business, if any, concern you most?

27%

Inflation risk

25%

Risk of recession

25%

Economic instability in any markets you operate in

25%

Cash flow risk

21%

Cost of insurance

Economic and financial risks

While at the top level, economic and financial risk emerged as business leaders' top concern, the detail tells a more nuanced story, with no single factor emerging as a dominant risk.

For instance, even though inflation was the top economic and financial risk, almost three-quarters of business leaders (73%) said they did not see it as a significant risk at all.

Meanwhile, interest rates, which remain high compared with recent historical trends, were a concern for fewer than one fifth (19%), despite the role elevated interest rates can play in harming cash flow and access to finance.⁷

Overall, the fact that only a quarter of business leaders showed concern over any of the economic and financial risk they were questioned about tells us that the situation facing business may be more positive than the headline, key risk findings suggest.

Sector focus

Results analysed according to sector, however, do highlight some significant disparities – many driven by economic and financial challenges that have hurt certain sectors over the last 12 months.

Retail business leaders, for instance, still reeling from the effect of rising prices on sales and profit margins, are almost twice as concerned about inflation (47%) than the average (27%). Similarly, property and real estate businesses are more than twice as worried about interest rates (40%) compared with the average (19%).

Take action:

In a business environment beset by relatively high insolvency rates, you can reduce financial uncertainty by defending against non-payment from financially struggling customers. [Trade credit insurance](#) can help protect you if your customers fail to pay for goods or services provided on a credit basis (where the buyer pays at an agreed future date), usually due to insolvency or lack of funds.

What's more, this kind of cover can also address interconnected risks – for instance safeguarding cash flow, while helping to unlock access to debt finance and optimise working capital.

Meanwhile, if you're struggling with the cost of insurance, you can call on [premium finance solutions](#) to spread payment – typically over 10 to 12 months. Again, this can also have the benefit of protecting short-term cash flow, and may be deductible from corporation tax. [Analytics solutions](#) can also provide valuable insights into your risks and their effect on the cost, volatility and efficiency of your insurance programme.

Cyber risks

Concern around cyber risks has grown considerably this year, placing it among businesses' top five risks overall for the first time – and digging further makes it clear just how deep that concern is starting to run.

On average, almost half of businesses are concerned about cybercrimes such as ransomware and phishing, while a third (33%) are concerned about IT network disruption in general – both internal disruption (33%) and that driven by third-party providers (33%).

Clearly, those fears around third-party providers have since been realised in the form of the CrowdStrike outage, which affected 8.5 million computers

worldwide, so it is heartening to see so many more businesses now taking note of the risks. It should be noted that the CrowdStrike event impacted less than 1% of all Windows machines worldwide.⁸ Imagine the impact had that been 10%.

A further quarter worry about cyber risk in the form of employee error (26%) and emerging technologies such as Generative AI (25%). There are many benefits to powerful AI systems, such as increased productivity, enhanced streamlining, reduced costs and improved customer engagement. There's no denying that it brings risks, but taking action to ensure data security and privacy, and putting appropriate insurances in place, can help protect against cyberattack losses.



The CrowdStrike event impacted less than 1% of all Windows machines worldwide. Imagine the impact had that been 10%.



Which cyber risks to your business, if any, concern you most?

44%

Cybercrime
(e.g. ransomware, phishing, deepfakes)

33%

Internal IT network disruption

33%

Service disruptions
(e.g. from third-party provider)

26%

Insider threat
(e.g. employee error)

25%

Emerging technologies
(e.g. AI, ChatGPT)

Sector focus

Not-for-profit organisations were the most concerned about cybercrime (65% of respondents), while the chemical and life sciences sectors were more concerned about third-party service disruption (44%).

Businesses operating in the renewables and energy sectors, meanwhile, worry more about emerging technologies than the average (42% versus 25%), while those in the transportation, distribution and warehouse sector are most concerned about internal IT network disruption (39%).

There were no significant differences between businesses of different sizes in terms of the perceived risk of cybercrime. Micro (34%) and SME businesses (36%) were, however, more concerned about third-party provider disruption than their large counterparts (25%).

Take action:

Given that cyber risk is constantly evolving, many businesses are now turning to [cyber insurance](#), which helps you recover losses and associated costs - for instance, resulting from large-scale breaches, business interruption, ransomware, and other types of cyberattack.

If you're concerned about cyber risk, review your cybersecurity policies and procedures - including those of third-party providers. The adoption of certain risk controls has also become a minimum requirement of insurers, with your potential insurability on the line. There are 12 key controls you should focus on - learn about them [here](#).



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Which people risks to your business, if any, concern you most?

29%

Talent acquisition and retention

29%

Employee engagement and morale

27%

Mental health and wellbeing

25%

Health and safety of the employees

23%

Workplace culture and leadership

People risks

Whilst people risks remain among business's key risks, the detail shows us that those concerns have evolved over the last 12 months. In 2023, the top people risk was employee mental health and wellbeing, cited by 31% of business leaders.

This year, however, talent acquisition and retention take the top spot, having been identified by 29% of businesses, compared with 22% a year ago. Meanwhile the proportion pointing to mental health and wellbeing has fallen slightly, standing at 27% compared with 31% in 2023.

At the same time, concern around employee engagement has grown from 20% in 2023 to 29% today, while health and safety is of greater concern now (25%) than it was last year (21%).

Overall, however, the fact that no one risk stands out – all gathered 29% of responses or less – again points to the interconnectivity of risk.

Sector focus

A look at sector splits uncovers a range of differences between businesses of varying types, reflecting the people challenges facing businesses across a range of sectors.

Health and care (46%), education (40%), not-for-profit (40%), non-finance professional services (38%), and retail (35%) are far more concerned about employee mental health and wellbeing than the average (29%). Chemical and life sciences businesses (44%), meanwhile, as well as those in hospitality, leisure and entertainment (36%), were more concerned about health and safety than the average (25%).

Businesses of different sizes have different people risk priorities too. SMEs were the most concerned about talent acquisition (34%), while large businesses were more worried about employee engagement and morale (31%). Micro businesses showed the least concern about the top people risks across the board.



In 2023, the top people risk was employee mental health and wellbeing, cited by 31% of business leaders.

Take action:

Advances in technology are creating a significant opportunity for SMEs to increase engagement with employees and maximise the value of investments in their workforce.

Through mobile apps and digital platforms like Mercer Marsh Benefits' (MMB) [Darwin](#) technology platform. Rewards and benefits packages that were previously only available to the biggest companies are increasingly available to SMEs.

Even the smallest businesses can now offer their employees rewards and benefits at an affordable price. This is achieved through improved accessibility, ease of use, and economies of scale. You may be surprised with how far your budget stretches nowadays.

Compliance, legal, and regulatory risks

Health and safety came out as the top compliance, legal and regulatory risk, cited by 35% of business leaders

Interestingly, however, more businesses see health and safety as a compliance issue (35%) than a people risk issue (25%), which suggests some businesses still view it as a standalone risk, as opposed to one that is part and parcel of a holistic approach to people risk.

Given that the survey was carried out during a general election campaign, it is no great surprise to see businesses concerned about new rules and legislation, perhaps anticipating the arrival of new regulatory regime with an incoming government.

This year, 34% of business leaders were concerned about new rules and legislation, compared with 20% a year ago. The new Labour government has already commented on pensions policy, including giving the Pensions Regulator new powers to intervene where schemes fail to offer sufficient value for their members.⁹

Employment law (27%), fraud/corruption (24%), and trade tariffs/relationships (22%) complete the line up of the top five compliance, legal and regulatory risks cited by business leaders.



More businesses see health and safety as a compliance issue (35%) than a people risk issue (25%), which suggests some businesses still view it as a standalone risk.

Which compliance, legal and regulatory risks to your business, if any, concern you most?

35%

Health and safety

34%

Introduction of new rules or legislation

27%

Employment law

24%

Fraud/corruption

22%

Trade tariffs/relationships



Sector focus

Once more, divergent concerns across sectors followed broadly predictable patterns related to sector-specific concerns.

With a variety of property market reforms having featured in election campaigning, it is no surprise to see the property and real estate sector most concerned about new rules and legislation (52%). Similarly, construction, contracting, and engineering firms were the most concerned about health and safety (47%).

Meanwhile more office-based firms like those in professional services were the least concerned about health and safety (7%), but among the most concerned about new rules and legislation (49%), as well as fraud/corruption (41%).

The only significant difference in responses according to business size saw SMEs the most concerned about employment law (32%), compared with low headcount micro businesses (23%), and even large firms (27%).

Take action:

[Safety culture surveys](#) offer candid insights into how your employees actually feel about your current safety management. Mock trials provide valuable insights into the risks associated with Health & Safety Executive (HSE) prosecution and civil liability claims. [Health and safety training](#) courses meanwhile delivers practical step-by-step guidance to help avoid common accidents. Look out for those designed and quality controlled by the chartered body for health and safety professionals - the Institution of Occupational Safety and Health (IOSH).

HR and employment law support will ensure you're staying on the right side of ever-changing employment rules and regulations. Meanwhile a pension plan review will also check that you are meeting regulations, whilst benchmarking yourself against other UK employers.

On top of that [management liability insurance](#) provides cover for a wide range of actions brought against you and your company, spanning data breaches, environmental damage, health and safety claims, and regulatory investigations.



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Which operational and supply chain risks to your business, if any, concern you most?

39%

Failure of key suppliers

36%

Breakdown of key equipment

31%

Failure of key customers

27%

Logistics

24%

Theft of key equipment

Operational and supply chain risks

Concern around supply chain risks has increased significantly over the last 12 months. This year 39% of business leaders point to failure of key suppliers as a key operational risk, compared with 23% who cited supply chain disruption as a key risk 12 months ago.

It is interesting to see similar proportions of businesses pointing to failure of key suppliers (39%) and cyber risk (third-party service disruption – 33%). This again suggests that business leaders are beginning to appreciate the interconnectivity of risk at a time when businesses are becoming more reliant on digital supply chains for their IT infrastructure. The CrowdStrike event is a clear example of a disruptive third-party supply chain incident.

In addition, businesses are more concerned about key equipment than they were a year ago. More than a third now worry about equipment breakdown (36%) and a quarter (24%) about theft of key equipment, compared with 15% citing similar risks in 2023.

We should also start looking at how the deteriorating geo-political situation may cause future supply-chain disruption.

Finally, more businesses are now concerned about failure of key customers this year (31%). In 2023, just 11% pointed to similar issues (credit risk and exposure to trade debt).

Sector focus

Respondents in the agriculture sector were the most likely to be concerned about the failure of key suppliers (47%), followed by those in manufacturing (46%), and renewables/energy (44%).

Meanwhile, logistics is a big concern for businesses in the chemical/life sciences/pharmaceuticals sectors (44%), and retail (41%).

Take action:

You can defend against these risks with a combination of insurance and risk management.

For instance, a robust business continuity plan will help you prepare you for what, in the absolute worst case scenario, could affect your business. Meanwhile a [business interruption insurance review](#) will help ensure your insurance coverage is fit for purpose in the event of a major incident.

As previously mentioned, trade credit insurance can help mitigate the risks associated with failure of key customers. Whereas [machinery damage and breakdown insurance](#) can help you plan for unforeseen mechanical breakdowns and production interruptions.

Strategic and reputational risks

In a highly competitive business environment, the importance of brand has clearly not escaped business leaders — damage to brand emerges as the top strategic and reputational risk, cited by almost half (46%) of respondents.

Brand reputation is the epitome of an interconnected risk. That is, brand damage can be driven by a huge range of factors linked to everything from financial and people risks, to cyber, supply chain, environmental and governance risks. On the other hand, a strong brand can help to mitigate wider risks — from talent acquisition and retention to emerging competitive pressures, and beyond.

Meanwhile, more than a third (38%) of businesses are concerned about the emergence of new competitors, 33% worry about governance risks, and 28% are concerned about merger and acquisition (M&A) risks — perhaps reflecting market instability at a time of slow growth and high interest rates. The fact that just 10% of businesses are unconcerned about strategic and reputational risk only serves to strengthen that view.



Which strategic and reputational risks to your business, if any, concern you most?

46%

Damage to brand/image

38%

New competitor in the market

33%

Governance

28%

Mergers and acquisitions

10%

No strategic and reputational risks

Sector focus

Not-for-profit (60%), food and drink (54%), professional services, and education (both 53%) emerged as the sectors most concerned about brand damage, though not-for-profit organisations were also among the most likely to say they did not face any risks of this type (21%).

Business leaders in retail, on the other hand, were most concerned about new competitors (55%), followed by chemicals, life sciences, and pharmaceuticals (49%), while technology (52%) and aerospace firms (44%) cited M&A as their top strategic risks.

Overall, property and real estate business are the least concerned about strategic and reputational risks across the board, and the most likely to say they are not concerned about any risks in this area (22%).

Take action:

In this age of interconnected risk, there is a great deal that businesses can do to manage strategic and reputational risk at the root cause. That could involve reviewing [employer's liability and professional indemnity insurance](#) to ensure adequate cover is in place. Equally, it could mean looking into insurance focused on directors', officers' and management liability – all of which can help to minimise reputational damage if the worst should happen. Being seen as a good employer is often directly related to how an employee feels you care about them. So, investing in your [employee benefits strategy](#) and employment policies can add tremendous value.



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Which environmental risks to your business, if any, concern you most?

33%

Environmental damage/pollution

30%

Extreme temperatures and weather events

28%

Natural disasters

26%

Net zero

20%

Greenwashing

Environmental risks

This year, as the world continues to feel the effects of a warming planet, the proportion of businesses concerned about extreme temperatures and weather events has doubled compared to 2023. Today, 30% cite extreme weather as a key environmental risk, compared with 15% a year ago.

In that context, it is perhaps worrying to see that environmental damage and pollution, while the top risk, is still only a concern for one-third of businesses (33%).

On the flip side, taking the responses at face value, it is heartening to see fewer businesses seeing net zero as a risk — 26% cited it as such this year, compared with 44% in 2022. Perhaps this is driven by greater understanding and action.

Sector focus

There is a wide variation in responses at a sector level. Unfortunately, only two of the five most polluting industries¹⁰ are among the most concerned about environmental risks — only 1% of both power and utilities, and agriculture business leaders say they have no concerns around environmental risk.

Conversely, retail — another of the big five in terms of environmental impact — is among the least concerned overall, with 33% unconcerned about any environmental risks. Non-finance professional services was the sector least worried about environmental risk, with 45% unconcerned about any perils in this area.

Perhaps unsurprisingly, agriculture leaders were the most concerned about extreme weather (49%), while power and utilities firms are most concerned about environmental damage (47%)



Only 1% of both power and utilities, and agriculture business leaders say they have no concerns around environmental risk.

Take action:

Businesses may be more worried about environmental risk than 12 months ago, but that concern remains at a relatively low level, despite the real impacts that can flow from environmental incidents.

The good news is there is plenty of support available for those keen to take action. For instance, environmental liability and management liability insurances can both help to mitigate impacts in the event of an incident, while [parametric flood insurance](#) can help your firm to recover if its premises are affected by flooding.

Socio- and geo-political risks

When it comes to socio- and geo-political risk, it seems that business leaders are more concerned about risks where the impact is already well known compared with less tangible, if no less real, issues and risks.

Accordingly, though the COVID-19 pandemic is well and truly in the rear-view mirror, it remains the single risk of this type that business worry about — 31% of business leaders say they are concerned about pandemic risk.

In fact, in terms of business concerns it outranks even risks that are currently all too real. Despite political upheavals in European elections, at the time a general election on the horizon in the UK, and presidential elections in the US, only roughly a quarter (28%) of business leaders are concerned about political unrest. Similarly, while climate change and the war in Ukraine are having tangible impacts, just 26% and 25% respectively point to them as risks of concern.

Activism and terrorism complete the top socio- and geo-political risks concerning business leaders, both cited by 19% of responses.



While climate change and the war in Ukraine are having tangible impacts, just 26% and 25% respectively point to them as risks of concern.



Which socio/geo-political risks to your business, if any, concern you most?

31%

Future pandemic

28%

Political unrest

26%

Climate risk

25%

War/conflict

19%

Activism and terrorism

Sector focus

The risk of a future pandemic is the top risk for every sector, with the exception of technology firms, which point to activism (38%) as the top risk.

Not surprisingly, agriculture businesses are most concerned about climate risk (52%), as are manufacturing and engineering businesses (32%).

Finally, aerospace and defence aviation (32%), power and utilities (36%), finance-focused professional services (35%), and public sector (41%) organisations all see political unrest as the socio/geo-political risk of greatest concern.

Take action:

It is crucial to prepare for the unexpected. A business continuity plan helps prepare you for the worst and limit the potential impact to your business operations, ensuring you can continue to work and earn. Employee engagement and a flexible working strategy can help support hybrid working, if required, during periods of unrest. Any insurance claim that you need to make to your provider will be considered on the merits of the facts, the specific policy(ies) and insurers' interpretation of your policy(ies). In the event of a potential loss, notify your broker immediately, your insurer (if required by your policy), and in the event of criminal activity, the police.



A business continuity plan helps prepare you for the worst and limit the potential impact to your business operations, ensuring you can continue to work and earn.



03. On the front foot

Have you reviewed the following in the past year

62%

Insurance coverage AND employee training*

61%

Business continuity planning

60%

Health and safety management

59%

Employee health and benefits offering

57%

Pay review AND supplier and/or customer review*

*Listed as separate answer options in the survey.

Businesses have taken tangible action to build resilience

At the headline level, it is clear that businesses across the board have significantly ramped up efforts to build resilience and manage risk over the last 12 months.

Across the board, they have invested in broad action, pulling multiple levers to address each risk class, rather than limiting their efforts to very specific risks. This gives further credence to the idea that business leaders increasingly see risk as interconnected.

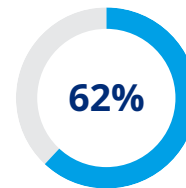
The numbers tell the story. This year, all of the top actions – from reviewing insurance coverage to pay reviews – were taken by between 62% and 57% of businesses, or 60% on average. Twelve months ago, top risk-management actions were cited by between 51% and 43% of businesses, or 46% on average.

Joined-up action on people risks

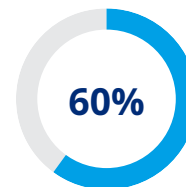
A more detailed look at responses tells an even more promising story of businesses taking multifaceted approaches to joined-up risks.

Efforts to manage and mitigate people risks stand out. Businesses are clearly recognising that no single risk stands alone, with, for instance, talent acquisition and retention affected by everything from pay and benefits to workplace culture and leadership, training and development, and health and safety.

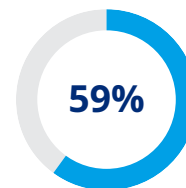
Accordingly, businesses have taken tangible action across a wide range of issues that contribute to people risk:



have reviewed employee training and personal development



have reassessed health and safety management practices



have looked at employee health and benefits offerings



57%

have carried out pay reviews and benchmarking



56%

have reviewed mental health support, HR and employment law, and staffing levels



55%

have focused on workplace pensions, and workplace culture and leadership



In a positive step, 54% of micro businesses have taken action on workplace pensions, compared with 58% of SMEs and 51% of large firms.

Risk, insurance and resilience

Similarly, the proportion of businesses taking action to build broad resilience against adverse events has increased over the last 12 months.

For instance, 62% have reviewed insurance coverage, compared with 46% in 2023, 61% have reassessed their business continuity planning (40% in 2023), and 46% have carried out property rebuild cost assessments (25% in 2023), while 51% have reviewed and updated their risk registers.

Supply chain meets cyber

Meanwhile, businesses are giving near equal attention to cyber and supply chain risks — perhaps reflecting a growing realisation that, in a world of cloud computing and IT as a service, the digital supply chain is as important as its physical counterpart.

Both rose up businesses' priority lists this year, with 57% reviewing supply chain risks, compared with 42% in 2023, and 56% seeking to manage cyber risks (45% in 2023).

Sector focus

Among the top risk management steps businesses carried out generally over the last 12 months, there is a significant variance between sectors in terms of the level of action taken.

For instance, 86% of respondents in health and care/pharmaceuticals/health and beauty sectors say they have reviewed employee training while 45% of those in food and drink have done the same (compared with 62% overall). Similarly, 85% of organisations in the not-for-profit/charity sectors have reviewed their insurance coverage, compared to 49% in agriculture (62% overall).

In terms of business size, SMEs are most likely to have taken action across all areas, with the exception of environment, social and governance (ESG). Here, large businesses marginally lead the way – 51% have taken action, versus, 50% for SME and 40% for micro businesses. Overall, action on ESG has, however, risen significantly, with 47% having taken steps to address risks this year, compared with 36% in 2023.

Finally, in a positive step, 54% of micro businesses have taken action on workplace pensions, compared with 58% of SMEs and 51% of large firms.



04. On the horizon

How businesses plan to manage risk over the next 12 months

While businesses have clearly taken many positive steps manage risk and build resilience over the last 12 months, the picture for the next 12 months is more mixed.

That is, while the focus remains on a similar array of risks, the proportion of businesses planning to build on last year's efforts is relatively small — ranging from 29% to 20% for the top actions planned, and averaging at just 21%:

- 29% plan to invest in cyber security controls.
- 27% expect to review supplier and/or customer risks.
- 24% will invest in employee health and benefits, and employee training.
- 23% will review risk registers.
- 22% will reassess insurance coverage.
- 21% will invest in mental health support.
- 20% will invest in environmental, social, governance (ESG) performance.

Ultimately, risk management must be a continuous and consistent focus if businesses are to avoid letting the benefits of previous investments erode by allowing vulnerabilities to build. Crucially, allowing risk management efforts to drift is likely to make businesses less resilient to adverse events at a time when that resilience is vital to long-term success.

Sector focus

Again, there are some wide variations between sectors here. For instance, 50% of non-finance professional services business and 42% in health and care plan to invest in employee training, compared with 24% of businesses overall.

Similarly, agriculture and chemical/ life sciences businesses are more likely than the average to invest in employee health and benefits (33% and 31% respectively, versus 24%). Health and care organisations are also the most likely to invest in mental health support (32%), which emerges as their number two priority for the next 12 months.

Finally, despite ESG investments being businesses' lowest priority overall (20% plan to invest), it is the number two priority for businesses in communications and media (29%). Sadly, despite its status as one of the top five polluting industries globally, retail is the sector least likely to invest in ESG improvements (11%).

Take action:

Help is available for firms committed to realising the benefits that can flow from improved ESG performance. For instance, our [ESG risk rating tool](#) benchmarks your business's current performance and provides recommendations for improvements. Equally, you can call on an expert consultant to help you build your ESG strategy and effectively communicate your activities to key stakeholders.

What, if anything, do you plan to invest in most to manage your key risks over the next 12 months?

29%

Cyber security controls

27%

Supplier and/or customer review

24%

Employee health and benefits AND employee training.*

23%

Risk registers

22%

Insurance coverage

21%

Mental health support

20%

ESG

*Listed as separate answer options in the survey.

About the research

The survey was completed by 449 respondents from Marsh and Mercer clients (including Marsh Commercial, Mercer Marsh Benefits, Bishop Skinner Marine, and Hamilton Bond). Over 2,000 leaders from a wider population of UK businesses also took part.

Respondents were surveyed in June 2024 and were qualified by company size, employment status, age, location, industry, business type, and Marsh/Mercer client status.

For the purposes of this report our business sample has been segmented as follows:

Micro business: 1 to 20 employees.

Small and medium sized business (SMEs): 21–250 employees.

Large business: More than 250 employees.



End notes

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About Marsh

Marsh is the world's leading insurance broker and risk advisor. With around 40,000 colleagues operating in more than 130 countries, Marsh serves commercial and individual clients with data-driven risk solutions and advisory services. Marsh is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. With annual revenue over \$17 billion, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: Marsh, Guy Carpenter, Mercer and Oliver Wyman. For more information, visit mmc.com, follow us on LinkedIn and Twitter or subscribe to BRINK.

MercerMarsh Benefits

About Mercer Marsh Benefits

Mercer Marsh Benefits provides clients with a single source for managing the costs, people risks, and complexities of employee benefits. The network is a combination of Mercer and Marsh local offices around the world, plus country correspondents who have been selected based on specific criteria. Our benefits experts, located in 73 countries and servicing clients in more than 150 countries, are deeply knowledgeable about their local markets. Through our locally established businesses, we have a unique common platform, which allows us to serve clients with global consistency and locally unique solutions. Mercer and Marsh are two businesses of Marsh McLennan (NYSE: MMC).

This marketing communication is compiled for the benefit of clients and prospective clients of Marsh & McLennan ("MMC").

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