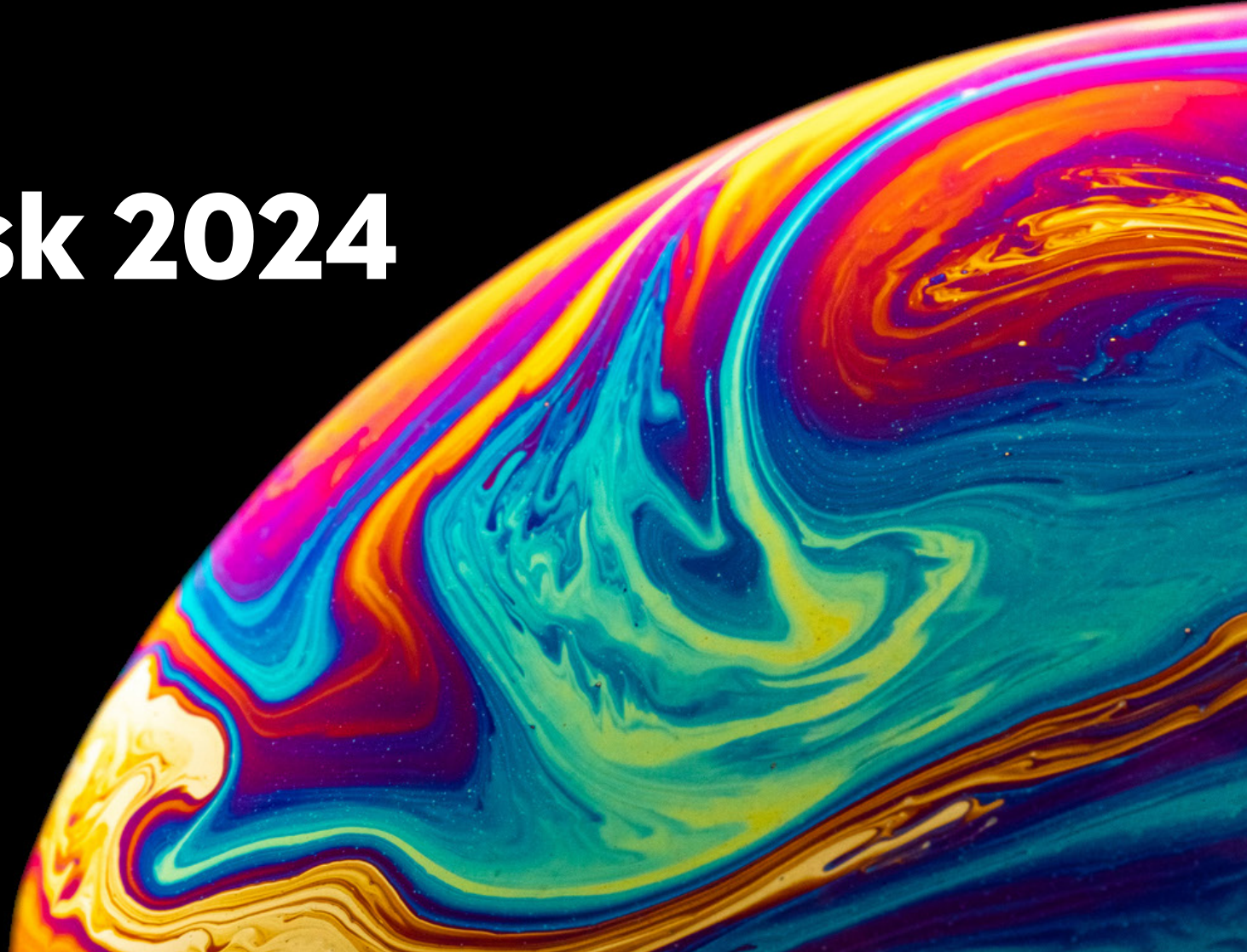


Europe People Risk 2024

Investing in your people,
protecting your business

Executive summary

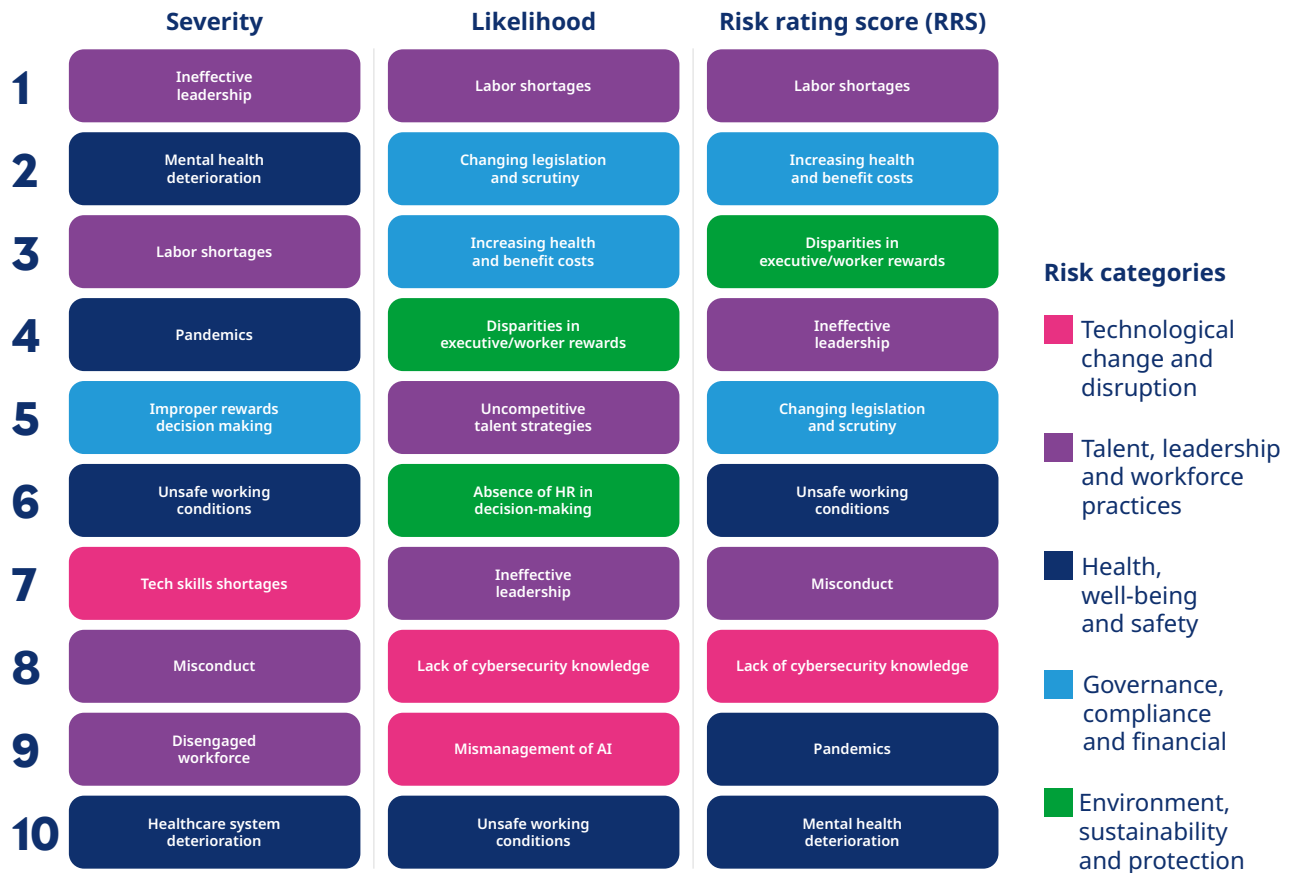
benefits that truly benefit



People Risk 2024 captures attitudes about the most significant people risks facing organizations, based on data from 2,283 HR and 2,292 Risk professionals collected between October and November 2023, from 26 markets across eight regions.

Respondents were asked to assess the impact and likelihood of 25 risks on their business they were to occur in the next one to two years. Our Risk Rating Score (RRS) captures the likelihood of the risk impacting the organization and severity of its impact.

Europe: Top 10 people risks by severity, likelihood and risk rating score





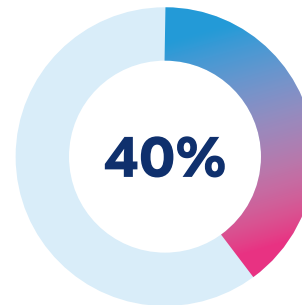
Technological change and disruption

A whole of workforce approach is needed to protect organizations from cyber threats and enable innovation despite skills shortages.

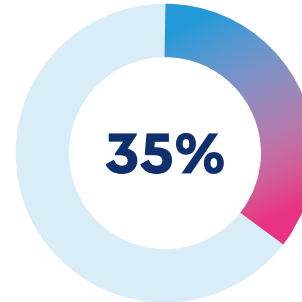
A global shortfall in technology skills mean that job vacancies are difficult to fill – from board-level executives with digital transformation expertise to cyber experts who can confidently adapt to a corporate environment. In parallel, addressing cyber threats requires a whole-workforce approach committed to protecting the organization from attacks, data breaches and intellectual property theft. Organizations can then capitalize on the opportunities offered by technological change and disruption, including AI.

In Europe, Technological change and disruption was ranked the #1 concern in the medium- to long-term, with 23% of respondents identifying this risk as the biggest threat to their organization in the next 3–5 years (Global: 21%). In particular, European employers are worried about insufficient knowledge and understanding of cybersecurity risks and best practices across all levels of the organization leading to increased risk of cyber-attacks, ransomware, and loss of operations capability.

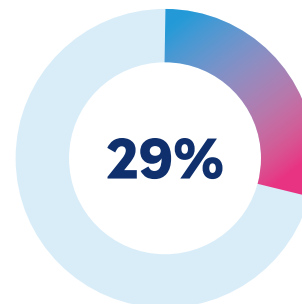
Key statistics



of respondents are concerned about an increased risk of cyber-attacks, specifically due to a lack of cybersecurity awareness, organizational design and/or culture (Global: 44%)



are concerned about pressure to provide higher pay and levels of benefits to compete for technology talent and skills (Global: 38%)



currently have in place an effective cybersecure culture, including hiring for cyber-security skills and delivering segmented cyber-security training (Global: 29%); 44% have one that needs improving (Global: 46%); and 23% plan to implement one in the next 1–2 years (Global: 20%)

Key imperatives

Develop a workforce that fights bad actors: Use the collective power of the workforce to protect against cyber threats, data breaches, misinformation and intellectual property theft.

Don't delay on addressing AI: Collaborate with leaders to understand the advantages and risks of artificial intelligence, evaluate uninsured scenarios, encourage safe adoption and build a digital-first people strategy.



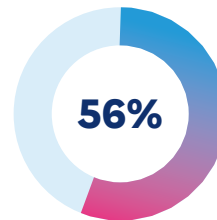
Talent, leadership and workforce practices

“Do more with less” has limits. Sustainable productivity gains start with meeting employees’ basic needs, giving employees the tools they need and building resilience.

Businesses in Europe face a blend of short-term pressures, such as labor shortages and employee burnout, combined with longer-term demographic trends like ageing populations and declining birthrates – and together these factors are pressuring talent availability. To mitigate this, organizations need to develop, competitive attraction and retention strategies, as well as a clear approach for maximizing the productivity of their current workforce.

Ineffective leadership is also a major concern for European employers. Organizations can only remain competitive and plan for the future if they can recruit and develop the right skills, talent and leadership. Ineffective leadership can undermine organizational success, with factors such as weak decision-making, communication, emotional intelligence, vision, direction, succession planning, and/or disconnect from organizational values leading to toxic cultures with lack of trust, high employee turnover, decreased productivity, and reputational issues.

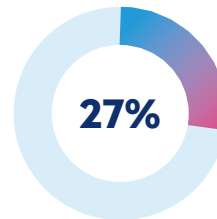
Key statistics



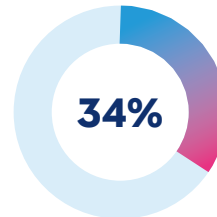
of respondents believe that labor shortages could have a catastrophic or high impact on their organization (Global: 55%)



are concerned about having the right combination of talent sources (e.g., gig/freelance workers, part-time, full-time) (Global: 36%) – and 35% are concerned about rewards packages not meeting the needs of an increasingly diverse workforce (Global: 37%)



currently have in place an effective, clearly defined employee value proposition including tailored reward and benefit practices, and positive employee experience (Global: 30%); 43% have this in place but it needs improving (Global: 44%); and 23% plan to implement this within the next 1-2 years (Global: 20%)



are concerned about negative organizational culture or work environment, tense team dynamics, and mistrust (Global: 35%)

Key imperatives

Power the productivity of your people:
Fight fatigue and improve performance by investing in employees’ basic needs, work design, skills and tools.

Take ownership for creating a resilient organization:
Build a culture that stands for risk management, trust, exceptional results and good health to prepare for future crises and motivate the workforce towards a common purpose.



Health, well-being and safety

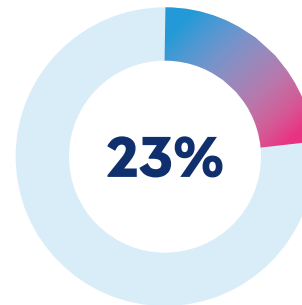
Organizations can be a catalyst for healthcare transformation, embracing digital opportunities and recognizing psychological safety, physical safety and mental health at work.

Employers in Europe recognize the importance of providing support for employees' physical and psychological health, as workplace hazards – including detrimental work pressure and working conditions – are increasingly leading to on-the-job accidents, exposures, workplace violence, security incidents and occupational diseases.

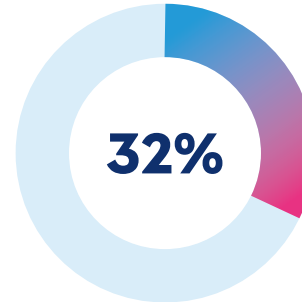
However, while HR and Risk managers in Europe rate Mental health deterioration as the #2 most severe risk facing their organizations, they rank it just the 20th (out of 25) most likely risk to occur – despite access to healthcare systems having worsened since the pandemic, resulting in missed diagnoses/treatment or lower quality care. This is a clear blind-spot and shines a light on the stigma attached to mental health in Europe.

Employers have a unique opportunity to advance health support for their employees, investing in the health and productivity of the workforce and modernizing benefits to meet the real needs of employees in an environment where traditional systems of healthcare are struggling.

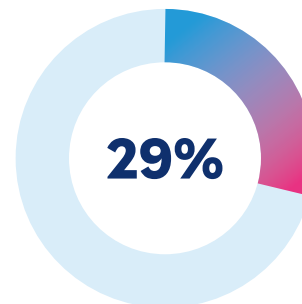
Key statistics



of respondents view Health, well-being and safety as the biggest threat to their organization in the short term (1-2 years) (Global: 22%)



are concerned about insufficiency of employer-provided emotional well-being programs to meet the growing need for support (Global: 33%) – and 27% are concerned about supervisors' inability to handle employee mental health issues at their organizations (Global: 29%)



have encountered challenges relating to organizational complexity (including siloed or unclear responsibility) when addressing health, well-being and safety risks in the last 1-2 years (Global: 32%)

Key imperatives

Design work for well-being:

Broaden the scope of how your organization defines well-being at work, prioritizing the mitigation of psychological risks alongside physical safety.

Become a catalyst for health transformation:

Seize the opportunity to advance employee health by supplementing strained health systems. Introduce innovations that create new models of care, foster benefits inclusivity and meet employees' changing expectations.



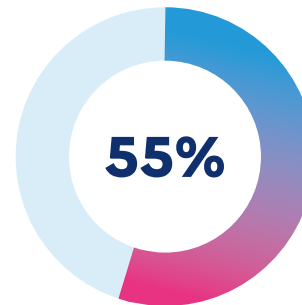
Governance, compliance and financial

Optimizing benefits costs does not mean having to sacrifice quality. Plan for change now, strengthen oversight controls and focus on decision-making structures.

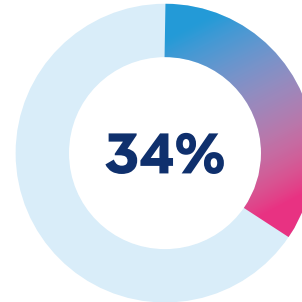
Health and benefit cost increases are a top concern for European businesses. As inflationary pressures on benefit costs persist, organizations must plan for a mix of rising costs and ongoing changes to their benefit programs. Managing underlying health risks and keeping employees well can help to manage claims, while building deeper relationships with insurers opens up new creative options for the structure of cover.

Greater stakeholder scrutiny, litigation and legislative change are also putting more pressure on governance. European employers face significant legislative changes in 2024 – most notably, the introduction of the EU Pay Transparency Directive – which presents a material risk for many companies, as it will be a complex and likely costly regulation to fulfil.

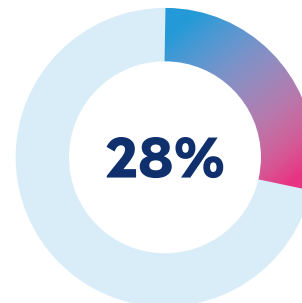
Key statistics



of respondents believe that increasing health and benefit costs could have a catastrophic or high impact on their organization (Global: 54%)



are concerned about limited available strategies to control costs beyond benefit reduction (Global: 36%)



currently have in place effective, active management including monitoring of costs, assets and obligations of health, retirement, and other benefit schemes (Global: 31%); 43% have this in place but it needs improving (Global: 44%); and 25% plan to implement this in the next 1–2 years (Global: 20%)

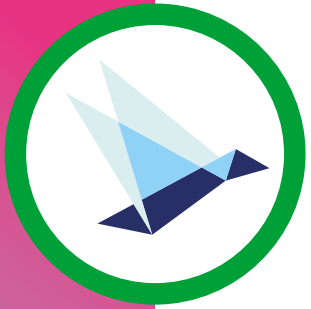
Key imperatives

Be prepared for benefits cost increases:

As inflationary pressures on benefit costs persist, make changes to benefit program management now.

Get ahead of emerging governance gaps:

Use strengthened controls and decision-making in the face of increased stakeholder scrutiny and legislative activity in areas such as benefits and rewards.

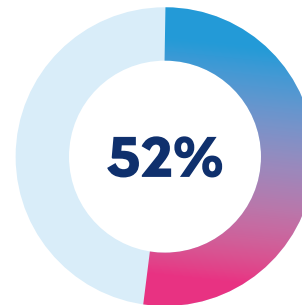


Environment, sustainability and protection

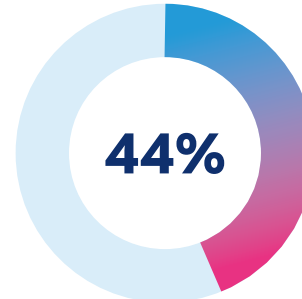
Environmental and social risks, including the impact of climate events on health and disparities between executive and worker rewards, must now form part of people risk strategies.

Across Europe, employers are becoming concerned about widening disparities between executive and worker rewards and values – exacerbated by the cost-of-living crisis, pay transparency issues and misalignment in social views – and how these are impacting workforce dynamics. Employers can help narrow gaps and build prosperity for all employees by filling health, wealth and career gaps – this includes providing access to well-being and risk protection for all.

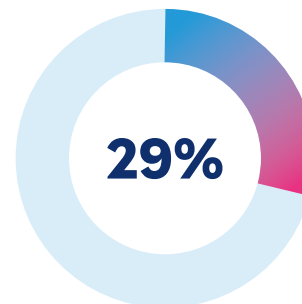
Key statistics



of respondents believe that Disparities in executive and worker rewards and values could have a catastrophic or high impact on their organization (Global: 53%)



are concerned about managing employee expectations regarding salary increases during high inflation or uncertain economic conditions (Global: 48%)



currently have in place effective adoption of standards from trusted institutions covering topics like fair pay, flexibility, employability, and access to health care (Global: 31%); 47% have them in place but they need improving (Global: 45%); and 18% plan to implement them in the next 1-2 years (Global: 19%)

Key imperatives

Minimize benefit disparities:

Help counter compounding hardships by narrowing health, wealth and career gaps to achieve improved prosperity and protection for all.

Address climate risks as health risks: Recognize environmental issues as people risks as climate events have a catastrophic impact on the health of employees, families and communities.

There are some core actions that businesses can take to address people risk, and can be effectively managed by taking a proactive, predictive and disciplined approach to people risk management.

For actions to take, read the full People Risk 2024 report.



For further information, please contact your local Mercer Marsh Benefits office.

Mercer Marsh Benefits provides a range of solutions to help you manage workforce health and well-being, including:

- Brokerage of core employee benefits as well as plan design.
- Advice and support for health and well-being, including telemedicine, mental health support, diversity and inclusion, environmental/social/governance, flexible benefits, and plan member communications.
- Digital solutions to engage plan members in their health and benefits.

About Mercer Marsh Benefits™

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