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People Risk Survey Report 2019

Key people risk concerns for HR leaders

MARSH & McLENNAN COMPANIES

Foreword

Our second annual People Risk Survey Report, again conducted in partnership with the Human Resources Institute of New Zealand (HRNZ), comes after a challenging year for New Zealand.

The attacks on the Christchurch mosques were an explosive condemnation of inclusiveness and tolerance, while the first wellness budget highlighted uncomfortable truths about inequities in our society. How firms are dealing with divisiveness, diversity, bad behaviour, and wellbeing varies across size, location, ownership structure, and industry.

This year, we see organisations grappling with the demands of an increasingly people-centred workplace. On the one hand, they understand the value of living and breathing the golden rule – treating employees with care and consideration – not only makes good business sense, it's the right thing to do. On the other hand, ensuring the workplace treats everyone fairly and safely is no mean feat in an increasingly complex landscape where there are more kinds of workers, with different needs and skills, and more technological disruption than ever before.

In 2018, we learned that over half of Kiwi organisations surveyed (57%) felt people risks were not considered a priority. Many respondents cited a lack of senior leadership buy-in as the reason. In 2019, this number has improved, with 54% reporting people risks are sufficiently managed.

Of those who said it is not, again a lack of support from the top was the reason most often cited. There was a mix of answers about where accountability lies, with line managers, HR, and the CEO each earning over 20% of their firms' votes; the COO, board, and others picked up the remainder.

This year, organisations also expressed a strong awareness of the impact of mental health problems on their workplaces, noting absenteeism and impacts on performance as their chief concerns. Reassuringly, the vast majority of respondents offer employee assistance programmes and a raft of other wellness programmes as a means of addressing mental and physical health in both proactive and reactive ways.

Companies' records are mixed when it comes to having procedures in place to address particular people risks such as workplace injury and data security (83% and 80% have a procedure, respectively) and losing employees to the competition and retirement (19% and 25%). Very few organisations offer insurance products that address important people risks, such as health, total permanent disablement, income protection, trauma, and key person.

And although 70% of our respondents review their benefits programmes regularly, many organisations (64%) fail to adapt them to their changing workforces. Perhaps of more concern is that some simply don't know what they do – 30% could not say how often their programmes are reviewed, and 12% were unaware of any tailoring to the various age groups within their workforce.

Overall, awareness of major people risks, along with the options for mitigating these, is generally high. How best to address and prioritise these varies considerably, and the result is ongoing high exposure in some areas for some firms. Like any set of risks, people risk is particular to each organisation, so there is no template for all firms to follow. As a first step, those with an unacceptably high risk profile would do well to quickly deal with unresolved matters of responsibility and a review of their programmes as befits their strategy and, above all, their people.

Alison Bamford
Mercer Marsh Benefits™ Leader, New Zealand

Introduction

Our People Risk Survey was conducted in July 2019. A variety of small, medium-sized, and large HRNZ members from a range of sectors all over the country and with different ownership structures completed the survey.

The report is split into two sections.

The first covers an overview of the current and emerging people risks that New Zealand HR leaders are seeing within their organisations. The second looks at the types of employee benefits firms offer their employees and how programme benefits are designed and communicated.

Our spotlight this year looks at wellbeing in the context of people risk.

1

People Risks

Risks organisations are facing

In 2019, organisations of all sizes demonstrated a strong appreciation of workplace safety from a number of perspectives: physical, psychological, and digital. The top five existing risks that organisations say they are contending with may also reflect an ongoing maturation in their approach to New Zealand's Health and Safety at Work Act (HSWA), which was reformed in 2016 and targets a 25% reduction in serious work-related injuries and deaths by 2020.[1]

2019 TOP FIVE EXISTING RISKS

1. **Inappropriate behaviour**
2. **Employee dishonesty / fraud**
3. **Workplace injury**
4. **Data security / privacy**
5. **Diversity and inclusion**

This holistic take on safety reflects increasing community interest in workplaces that "walk the talk" on responsible leadership, including by addressing inappropriate personal behaviours and cyber security risks.

Our survey results also point to companies' concerns for maintaining truly healthy workplaces, that is, those that:

- Enable high levels of mental wellbeing.
- Promote good mental health.
- Reduce the likelihood of poor mental health conditions.
- Protect workers from work-related psychosocial hazards.[2]

Our respondents' concerns are borne out of experience, however, with 81.5% reporting productivity was suffering as a result of mental health conditions, and 75.3% saying mental health problems were driving absenteeism. Encouragingly, many respondents who noted mental health affects their workplace cite prevention measures in place, including employee assistance programmes (EAP, 76.5% of respondents), early intervention and support by managers (65.4%), and wellbeing programmes (51.9%).

The top two risks cited in 2019, **inappropriate behaviour** and **dishonesty / fraud**, likely stem from growing concern about and media coverage of serious misconduct in the workplace, ranging from bullying and harassment to theft and fraud, as well as dangerous behaviour and drug use. The ***#MeToo*** movement, as exemplified by high-profile cases such as those in the entertainment industry and legal profession, is enhancing the expectations of both workers and the general public that employers will provide workplaces that operate on trust, free of misconduct. Of our respondents, 88.8% have a procedure in place for dealing with inappropriate behaviour, and 85% for employee dishonesty and fraud.

[1] Worksafe, 2017: "Health and Safety at Work Act 2015", 4 September 2017.
[2] Safeguard, 2017: "Health isn't just physical", WorkSafe, April 2017.

In third place, **workplace injury** rightly remains a top concern for many New Zealand firms. Since 2012, the total number of work-related injury claims nationally has risen each year, after steady decreases between 2005 and 2012.[3] Changes to the HSWA put the primary responsibility for the health and safety of workers on businesses, including on individual officers (directors and executives). Employers are also responsible for paying 80% of an employee's salary or wage for the first week they take off following an on-the-job injury.[4] In line with this potential cost, 82.7% of our respondents said they had a procedure in place for dealing with workplace injuries.

It is heartening to see 81% of respondents with procedures in place for managing **data security and privacy**, an area of corporate risk that for years has been both underestimated and under-treated worldwide. In the quarter to March 2019, the Government's computer emergency response team (CERT NZ) received the second highest number of incidents reported in a quarter to date. Although both organisations and individuals suffered direct financial losses, the volume of loss decreased, attributable perhaps to the growing awareness of cyber risk and threat prevention.[5] Organisations anticipating passage of the Privacy Bill, which calls for mandatory notifications of privacy breaches, are right to be concerned about heightened compliance in respect of the personal data they collect and use.

The fifth top risk for firms in 2019 was **diversity and inclusion**. Although echoes of the tragedy at the Christchurch mosques may be heard in this rating, wider concerns about unfair and unacceptable treatment of employees at work are more likely in play.

The gender pay gap and gender equity are on the minds of regulators and organisations. Since January of this year, listed companies must report on the gender composition of their boards, and they should have a written diversity policy that addresses gender and other aspects of diversity, as well as targets against which to report their progress.[6] A stinging report in 2016 noted that no women led the top 50 NZX-listed firms.[7] In late 2018, it was reported that there were four women among the 15 highest-paid CEOs.[8]

Female workers at less lofty levels are enjoying the second lowest pay gap of 9.2% – since data collection began 20 years ago.[9] But the majority (80%) of the pay gap is attributable to "unexplained factors" like bias and behavioural differences between men and women.[10] This points to a long road ahead for firms that want to tackle the pay gap and other matters of diversity and inclusion in the workplace.

As a workplace concern, diversity and inclusion also go hand in hand with wellbeing and wellness. In its last four annual surveys, DiversityWorks NZ reported wellbeing / wellness was consistently the top concern of companies. In the context of diversity and inclusion, wellbeing and wellness encompass the mental health of employees, their work-life balance, stress, physical health, health and safety, disability, ageing, illness and absenteeism, and workplace flexibility.

52% of our respondents said they have a procedure in place for dealing with diversity and inclusion, with another 26.7% considering taking action. Acknowledging the country's ageing workforce is also a matter of diversity, although fewer respondents said their benefits programme catered to different age groups (only 24.4%) or they had a procedure in place to deal with retiring employees (25.3%) or succession planning (31.3%).

[3] Stats NZ, 2018: "Injury statistics: work-related claims 2017", 2 August 2018.
[4] ACC, 2019: "What to do when an employee is injured", 26 June 2019.
[5] CERT NZ, 2019: "Quarterly Report: Data Landscape Q1 2019", April 2019.
[6] New Zealand Exchange, 2019: NZX Corporate Governance Code, 1 January 2019, p. 13.
[7] NZ Herald, 2016: "Interactive: What CEOs of top NZ firms earn", 20 September 2019.
[8] Stock, R., and Fyers, A., 2018: "All eyes are on the 15 men and women in $2 million club of executives", Stuff, 7 December 2018.
[9] Stats NZ, 2018: "Gender pay gap is second-smallest", 15 August 2018.
[10] Ministry for Women, 2018: "Gender pay gap", 15 August 2018.
[11] Parna, R., Terruhn, J., and Spoonley, P., 2019: New Zealand workplace diversity survey 2019, April 2019, p. 6.

Management of people risks

As the adage goes, you can't fix what you don't measure. Our survey examined how to manage people risk from several perspectives.

In general, employees in New Zealand have a high rate of job satisfaction, with 88% reporting they are satisfied or very satisfied.[12] Over 70% of our respondents said they do measure job satisfaction, with the majority conducting annual surveys. Of those who do not, most cited a lack of resources and/or senior buy-in. Recognising the link between flexible hours and both job satisfaction and work-life balance,[13] 79% of our respondents said they offered flexible working, and 64.2% said they respected their employees' vacation time (by not emailing or otherwise contacting them).

In an effort to maintain job satisfaction and address other risks, organisations are focussing on wellbeing. Wellbeing benefits take several forms, from fruit baskets to education and health programmes. The most popular among our respondents are employee assistance programmes (EAPs), offered by over 90%, and free health services, offered by 89%. (Find out more in our ***Spotlight on Wellbeing***.)

Another element of people risk concerns retaining employees who are critical to the organisation's operations. We asked firms about their approaches to key-person risk, retiring employees, and succession planning.

Only 27% of firms have a procedure in place to deal with the risk of relying heavily on one or more employees, and only four firms offered some level of key-person insurance. Of those firms with 20 or fewer employees, which would be hit harder by the departure by a key person, only one had a procedure in place, and two were considering a procedure. None offered key-person insurance.

New Zealand's workforce is ageing. To some extent this means workers will be retiring. Of our respondents, 25% of firms have a procedure in place for dealing with the risk of retiring employees, and another 30% are contemplating one. Of firms with 20 or fewer employees, only one has a procedure in place for dealing with retiring workforce.

Older workers are also working longer, however, with the number of workers over 65 projected to grow from 6% in 2017 to 9% in the late 2020s.[14] Over 64% of our respondents said their benefits programmes did not specifically cater to workers of different generations, and 11% did not know.

The rates for succession planning were similar, with 31% of respondents reporting they had a procedure in place for succession planning, and another 39% considering one. Of firms with 20 or fewer employees, only one has a procedure in place, and two are thinking about it.

The needs of various age groups, along with an assessment of their value to the businesses they work in, may warrant further scrutiny in the near future.

Another factor in job satisfaction relates to stress. The World Health Organization (WHO) in May added burn-out, or chronic and unmanaged workplace stress, to its list of occupational phenomena. Although not part of WHO's disease classification, burn-out is increasingly known to employers for the costs it imposes through absenteeism, reduced professional efficacy, and the negative feelings and behaviour it can cause. In our survey, over half (53.7%) of respondents said they took measures to minimise the rate of burnout. Of the remainder, 40.2% were aware of burnout but didn't have measures in place, and 6.1% were not aware of it.

Absenteeism itself costs the New Zealand economy about $1.5 billion a year,[15] and its links to both employee satisfaction and mental health are strong. Over 75% of our respondents said mental health conditions were driving absenteeism in their organisations. Reassuringly, 40% of organisations already have procedures in place to deal with absenteeism, with another 25% considering measures.

[11] Stats NZ, 2018: "Survey of working life: 2018", 21 June 2019.

[13] Idem.

[14] Stats NZ, 2017: "Labour force will grow and age", 15 December 2017.

[15] Business NZ, 2017: Wellness in the Workplace 2017 Survey Report, July 2017, p. 13.

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Prioritising people risks

Awareness of people risks is much more common than in previous years, but the extent to which they are assessed and mitigated varies considerably.

As with all risk assessments, people risks and the efficacy of their treatment must be reviewed regularly. Perhaps most significantly, 39% of respondents did not know how often their organisation reviewed its people risks. Of those who did, an annual review was the most common, at 35%. 11% reviewed their people risks quarterly, with the remainder reviewing them monthly (9%) and half-yearly (6%).

Two thirds of firms said they review their benefits programmes annually; another 30.5%, however, were unaware of the frequency of review. Of companies with over 100 staff, 65.7% reported their benefits programmes are reviewed annually, and the remaining 34.3% didn't know how often they are reviewed. Of firms with 20 or fewer employees, the majority review their people risks annually.

Views of who holds overall responsibility for people risk also varied. 30% of respondents said the CEO was responsible, followed by HR (26%) and line managers (24.4%). Perhaps reassuringly, of the three CEOs who responded to our survey, two said the CEO was responsible, and the other said the board of directors was responsible.

Whether people risk is sufficiently managed was split unevenly: 54% of respondents said it was, with the balance (36%) saying it is not. This is an improvement on last year, when over half reported people risks were not considered a priority. In 2019, the variety in both groups by the role of survey respondent (CEO, HR manager, HR leader, and so on) and person thought to hold responsibility for people risk was fairly even.

The reasons the "no" group cited for insufficient risk management were also reasonably evenly mixed:

- 33% said there was a lack of buy-in from senior leadership (recalling that 92.6% of respondents did not identify as CEO or company owner).
- 28% cited resourcing.
- 16% cited budget (or 44% cited resources and budget combined).
- 24.4% cited a lack of data and analytics to support the ROI.

Overall there appears to be a disconnect between senior leaders and those beneath them with responsibilities for human resource management.

Importance of people risk

In addition to the real and perceived responsibility for people risk, along with views of successful mitigation, we can look at whether procedures are in place to mitigate specific people risks.

DOES YOUR ORGANISATION HAVE PROCEDURES IN PLACE TO MANAGE THESE RISKS?

A high incidence of procedures in place, however, does not necessarily relate to the real or perceived risk. For example, the number of firms that report having a procedure in place for managing inappropriate behaviour is extremely high, at 88.8%. This may point more to the ease of implementing a written policy, rather than a comprehensive approach toward managing positive and negative behaviours that lead to positive outcomes for both the firm and its employees.

Similarly, the number of firms that reported having a procedure in place for attracting and retaining talent (47.5%) is reasonably high, but it doesn't reflect the overwhelming concerns they reported in 2018 about the risks associated with talent.

This could mean companies are putting less emphasis on attraction and retention in an environment of low business confidence.

Using short-term resources in uncertain times

In the quarter to March 2019, unemployment in New Zealand fell to 4.2%, its lowest seasonally adjusted rate since September 2008. Underutilisation, which measures spare capacity in the labour market and includes jobseekers who are both available and not yet available, also fell to 11.3%, the lowest since December 2008.

Business confidence, however, also fell, continuing a negative trend in place since September 2017. In its monthly Business Outlook for March 2019, ANZ reported 38% of firms said they expected general business conditions to worsen over the coming year, with measures such as employment intentions, construction intentions, profit expectations, and ability to secure credit all in the negative. This worsened in the quarter to June 2019, with confidence dropping to its lowest level in nine years. Westpac's forecast that the Reserve Bank would cut rates twice in 2019-20 confirms the view that the New Zealand economy may be running out of steam.

This gloomy outlook may explain the overwhelming use by our respondents (84%) of short-term resources. Using resources such as temporary workers or contractors can help organisations maintain a degree of flexibility in operating conditions inconducive to making long-term investment decisions, but it can also undermine workers' job security.

[16] Stats NZ, 2019: "Labour market statistics: March 2019 quarter," 1 May.
[17] Idem.
[18] ANZ, 2019: ANZ New Zealand Business Outlook, 28 March.
[19] Greenfield, C., 2019: "RBNZ to cut rates twice this year: Westpac", Australian Financial Review, 25 July.
[20] Idem.

Emerging risks

In asking about emerging risks, we were prompting respondents to tune into trends they may be noticing but haven't actively grappled with yet. This exercise is less about crystal ball-gazing than it is about looking up from daily operations and out a bit further onto the horizon.

Responses were generally mixed across all respondents who thought all, some, or none of the emerging risks would affect them. In other words, we could not discern any real trends among respondents by role, business size, industry, or ownership structure about the type of emerging risk they thought would affect their organisation.

Respondents' top concern about increasing corporate governance requirements aligns with enhanced scrutiny of management and boards at an industry level, the most prominent being the financial services and insurance sectors, as evidenced by the FMA/Reserve Bank's reviews of them, along with the Hayne Royal Commission in Australia.[21] The updated NZX Corporate Governance Code also introduces new mandatory and recommended reporting for publicly traded firms.[22]

That flexible ways of working was cited by nearly three quarters of respondents as an emerging risk may point to one or more challenges: changing culture from a 9-5 workday, tracking multiple flexible arrangements, and assessing technology options for smarter offices.

The next three emerging risks all relate to technology. Technology and wellbeing are linked, in both positive and negative ways. Disruptive technology features in workers' views of their own job security, with many fearing their jobs will change or be eliminated as a result of developments in artificial intelligence, robotics, and automation. Indeed, uncertainty about employment tenure ranked second among stressors employees cited in Mercer's recent global report, *Healthy, Wealthy, and Work-Wise*.[23]

But technology need not be viewed solely as a threat. Once technological advancements are understood and in use, their benefits are many, particularly in diverting employees' time and attention away from simple, manual tasks to more complex ones, in which judgment and decision-making are important, and to items that have been left on the back burner. Managing the disruption is the key to successful adoption, and to the conversion of risks to benefits.

Whether an identified risk is being adequately managed also varied:

2019 Emerging risk	Will it have an impact on our organisation?	Is it adequately managed?
Increasing corporate governance requirements	79.1%	60.5%
Ways of working	72.8%	55.6%
Impact of disruptive technology	53.1%	33.0%
Artificial intelligence	37.0%	16.0%
Identity theft and fraud	33.3%	58.0%

That none of the emerging risks scored higher than about 60% in adequate management is probably the greatest concern. The very low scores on adequate management of the technology-related emerging risks may indicate more knowledge is needed about how these will affect organisations and when, and how these risks can be converted to opportunities.

[21] Chapman Tripp, 2019: New Zealand Corporate Governance Trends and Insights, April 2019, p. 1.
[22] New Zealand Exchange, 2019: NZX Corporate Governance Code, 1 January 2019
[23] Mercer, 2018: Healthy, Wealthy, and Work-Wise, p. 8.

Spotlight: Wellbeing

In 2019, New Zealand became the first western nation to release a budget designed entirely around wellbeing. In line with long-standing OECD recommendations,[24] the Coalition Government is focussing on measurements other than gross domestic product to assess the nation's prosperity.

New Zealand's economy is predicted to enjoy 2.5% growth in 2019 and 2.9% in 2020 (real GDP), ahead of advanced economies (1.7% in 2019) and G7 nations (1.5%), but behind the global average (3.3% in 2019).[25] In its Wellbeing Budget, however, the Ardern government has acknowledged that not all citizens will benefit equitably from the nation's economic development.

Any new spending must advance one of the government's five priorities, which seek to address sources of inequity and barriers to modernising the economy:

1. Improving mental health.
2. Reducing child poverty.
3. Addressing the inequalities faced by indigenous Māori and Pacific island people.
4. Thriving in a digital age.
5. Transitioning to a low-emission, sustainable economy.

Kiwis who are satisfied at work are more satisfied with life overall; on a 10-point scale of overall life satisfaction, 70% of satisfied workers gave a rating of 8 or higher, versus only 38% of dissatisfied workers.[26]

Fortunately, New Zealanders also report high levels of job satisfaction – 88% either satisfied or very satisfied.[27] Factors associated with higher job satisfaction include job security, high autonomy levels, low stress levels, and good relationships at work.[28] In addition, there is an inverse correlation between job satisfaction and poor mental wellbeing.

In an effort to address a number of people risks, organisations are thus rightly electing to focus more on wellbeing.[29]

Among the wellbeing programmes our respondents offer their employees are simple benefits like fruit baskets and more substantial ones like financial education, employee assistance programmes, and free or discounted health services.

Perhaps of more interest are the reasons respondents gave for making such benefits available. Of the firms we surveyed, 76.8% noted it was the right thing to do, and 66% viewed them as proactive wellness measures, more than the proportion (58.4%) citing attraction and retention as a driver.

These figures speak less to a perspective targeting quantifiable, bottom-line metrics than to the notions that healthy and happy employees are valued and that the organisation has a role in keeping them that way. In support of this, 89% of our respondents said they offer health services, and over 90% (including those with between six and 20 employees) have an employee assistance programme (EAP) in place.

[24] Organisation for Economic Co-operation and Development, 2019: "Measuring Well-being and Progress: Well-being Research".
[25] International Monetary Fund, 2019: World Economic Outlook (April 2019), Gross Domestic Product, Real GDP Growth.
[26] Stats NZ, 2019: "Job satisfaction and wellbeing", 29 July.
[27] Idem.
[28] Idem.
[29] Idem.

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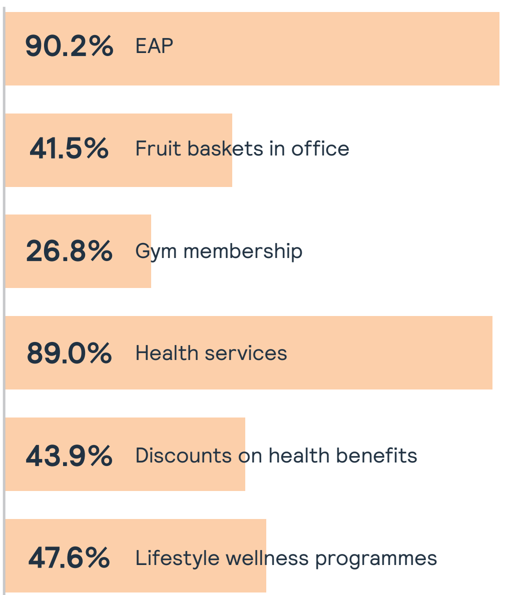
Employee Benefits

Benefits offered

The three most common causes of absenteeism in the workplace, which costs the economy between $600 and $1000 per employee per year, are non-work-related illness, caring for an unwell family member, and non-work-related injury.[30] That they are not work-related does not relieve organisations of the risk; addressing such causes may even be more difficult than those directly related to work because there are fewer opportunities to address them directly.

Health-related benefit programmes can help mitigate these risks. As highlighted in our spotlight on wellbeing, most of our respondents offer at least one health and wellbeing programme, with the majority offering two or more:

WHAT OTHER HEALTH AND WELLBEING BENEFITS DO YOU OFFER EMPLOYEES?



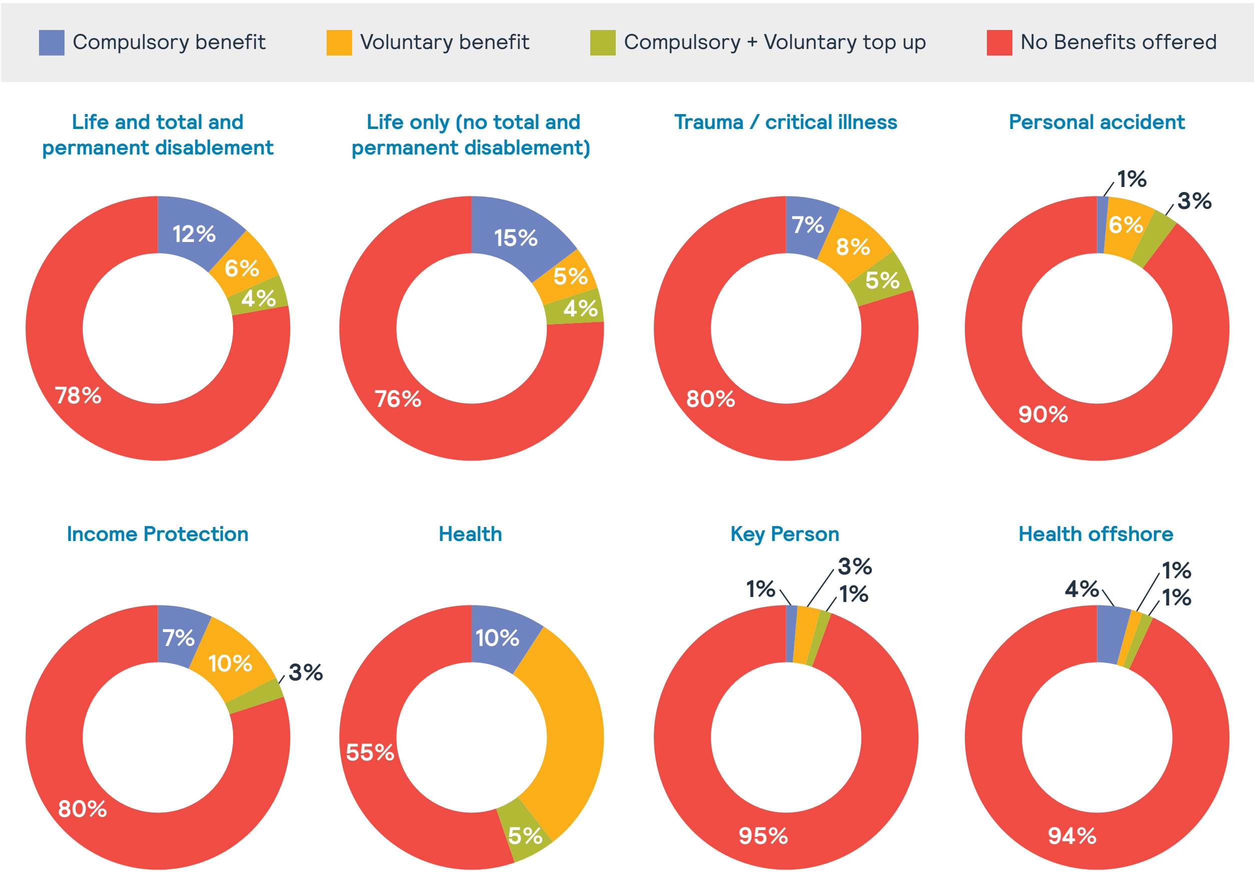
Another means of shoring up people risk is insurance. Various products exist to help individuals and organisations hedge against unforeseeable accidents and illness, and these can form part of an employee benefits package that provides value to the individual and business alike.

Few of our respondents, however, said they offered insurance products, such as life and income protection, as a benefit to employees. The product offered most widely was health insurance, with 47% of organisations offering health either as compulsory, voluntary, or compulsory with a voluntary top-up. Although 83% of respondents have a procedure in place for dealing with workplace injuries, only about 10% offer some combination of compulsory and voluntary personal accident insurance. About 20% offer some degree of trauma / critical illness insurance, and fewer than 25% offer life with total and permanent disablement.

The low rate of uptake may be linked to the role the Accident Compensation Corporation plays in providing accident cover to New Zealanders. Further research may be warranted, however, to determine whether the risks to employers of their employees' inability to work because of non-accidental illness, injury, or other insurable event are adequately covered by the insurance products that employees take out themselves.

[30] Business NZ, 2017: Wellness in the Workplace 2017 Survey Report, July 2017, p. 13.

WHICH OF THE FOLLOWING INSURANCES DOES YOUR ORGANISATION MAKE AVAILABLE TO ALL EMPLOYEES?

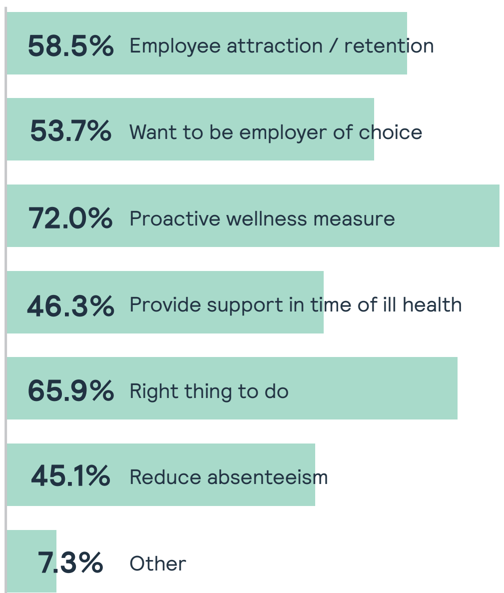


Why benefits are offered

Of the firms we surveyed, 65.9% said they offered wellness benefits because it was the right thing to do, and 72% viewed them as proactive wellness measures, more than the proportion (58.5%) citing attraction and retention as a driver.

Valuing the health and happiness of employees is strongly reflected more in these figures, perhaps more so than traditional bottom-line logic.

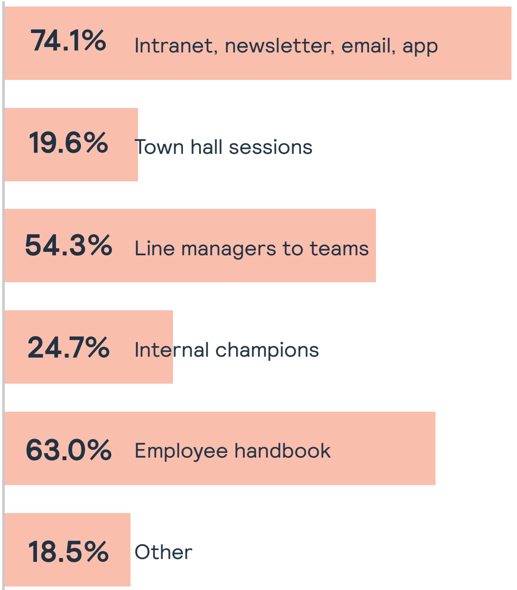
WHAT ARE THE KEY REASONS FOR PROVIDING SUCH EMPLOYEE BENEFITS?



Communicating benefits

A low uptake of employee benefits may be linked in part to the means by which they are communicated. Internal communications including email, intranets, and newsletters were the most common form of disseminating information about benefits offered by our respondents, followed by the employee handbook.

HOW DO YOU COMMUNICATE EMPLOYEE BENEFITS TO YOUR EMPLOYEES?



Firms seeking more engagement with employees and higher uptake of benefits may wish to consider alternative methods of communication or, if they don't have one in place, a comprehensive communications plan for the benefits programme. An employee handbook, for example, is likely to be read only once or twice at the start of employment, whereas more frequent internal and personal communications may have more impact, as well as digital and interactive communications.

Benefits – aligning interest with investment

Employers should also aim to find out whether employees are not engaging with the benefits programmes for reasons other than communication or lack of visibility. For example:

- Are the benefits not suitable for their age or other demographic characteristic?
- Do they believe their workplace doesn't offer them enough time to get involved?
- Are the costs prohibitive?
- Is there a gap between the organisation's stated commitment to supporting employees' health and its actual culture?
- Do the benefits not align with the organisation's overall strategy?

In addition to being of little benefit to employees, low uptake of benefits programmes will yield a poor return on investment for the organisation. It should be acknowledged, however, that measuring the payoff of benefits programmes is notoriously difficult. Assessing whether employees are happier and healthier can be made easier through data and digital tools, which are available through some benefits programmes. After privacy and security concerns are properly addressed, data from health and wellness programmes can provide guidance about the value of the programmes to both employer and employee.

Above all, employees should be consulted – what do they like and not like, and why? Reviewing programmes with their feedback in mind will serve to align the benefits better than in isolation.

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Looking ahead

We used insights from our 2018 survey, which highlighted HRNZ members' concern about attracting and retaining talent, in our approach to our benefit appraisals and new business.

We know that:

- Benefits packages can be used to attract talent, and industry benchmarking can therefore help firms looking to implement schemes ensure they are attracting talent on a level playing field.
- Benefits plans can help reduce attrition if benefits are geared towards tenure.
- Organisations can mitigate the risk of at-risk individuals through key-person coverage, and by holding conversations about succession planning and developing knowledge-sharing principles.

This year, it's important to understand the top emerging people risks, but's it even more pivotal to understand how to respond to them as an organisation:

- HR leaders and managers need to implement tangible controls and measure outcomes. (Pre-employment checks may need to be considered.)
- Accountability and responsibility need to be visible within organisations. If fraudulent behaviour is occurring, how can employees report this in a discreet and anonymous manner?
- Employee engagement must be more than a box-ticking exercise, and it should be measured qualitatively as well as quantitatively. How have benefits altered an organisation's landscape for absenteeism and employee attrition? Has a firm's response to an employee's health event created a better culture built on trust within the work environment? Has it created a sense of family?
- Creating bespoke solutions for some employees demonstrates a concern for diversity and inclusion, but are others shut out in the process? For example, does a generous parental leave programme put employees without children at a disadvantage? How is this managed and communicated within the organisation? Is the firm acting truly inclusively?

Matters important to HRNZ members in the next few years are likely to stem from tensions between flexible workplaces and measuring productivity. Are companies measuring productivity, and if so, how? How technology is changing traditional employment roles will also remain a risk for many. And rather than falling prey to change fatigue, organisations would do well to build resilience into their people risk strategies, including embracing the concept of psychological safety.

We thank HRNZ's members for their ongoing participation and insights into people risk, and we look forward to continuing this work in the years to come.

FOR FURTHER INFORMATION

For more information about this survey or to discuss your people risks, please contact Mercer Marsh Benefits™:

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