

Health and Safety Incidents Now The Biggest Loss Driver for Organisations

Health and safety incidents have become the leading financial loss drivers for businesses around the globe, with cumulative losses now outstripping the costs of more high-profile disruptions such as cyber-attacks or IT outages, according to the latest research.

The British Standards Institution (BSI) 2019 Horizon Scan analysed the risks and threats recognised by 569 organisations worldwide, and compared these against the impact of actual disruptions over the past year. The findings highlight a significant gap between perceived business risks and actual issues.

The researchers say that despite the frequency and cumulative cost of health and safety incidents, organisations continue to incorrectly perceive their impact as relatively low – ranking them twelfth on the list of top risks for 2019.

In reality, surveyed organisations which suffered losses of more than 7 percent of annual turnover had cumulative health and safety incident costs of \$1.186 billion in 2018.

BSI Chief Executive, Howard Kerr, said true organisational resilience meant not overlooking the underrated, and easily missed, issues that can seem like “business as usual.”

“It is easy for leaders to be kept awake at night by high-profile risks such as cyber-attacks, technology disruptions and IT outages. But they must not ignore the smaller, more frequent risks that steadily erode the bottom line.”

“Organisations that do not take all threats they face seriously, or develop plans to manage them, are exposing themselves to not only reputational loss but what can become quite severe financial costs.”

For 2019, organisations are most concerned about high-impact events, including cyber-attacks, IT outages and extreme weather events, despite the fact that other incidents recurred more often and have a cumulatively higher impact.

Other key findings: Political change is predicted to be one of the top ten disruptions in the next 12 months but the financial aspect of political change seems to be neglected, as threats related to exchange rate volatility and higher cost of borrowing do not appear in the top ten. Organisations with business continuity plans in place for more than a year suffer fewer disruptions than their peers; they report lower losses (6%) than the average (7%) from disruptions in the last twelve months. Organisations direct a lot of time and attention towards risks that were previously considered ‘black swans’ – events that struck as a surprise, with a high impact on those affected. These events then become a key focus of attention. Risks such as critical infrastructure failure and natural disasters are among the most anticipated disruptions with high risk scores (5.47 and 5.43 respectively).

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Contacts

Sarah O’Leary

mailto: sarah.oleary@myosh.com