



THE EVOLVING ROLE OF HR IN RISK MITIGATION

Risk Roundtable January 2020: Coronavirus

Risk Roundtable recently hosted the latest instalment of our roundtable luncheons with the topic of "The Evolving role of HR in Mitigating Risk". We were joined by a mix of Risk and HR professionals from diverse sectors such as Automotive, Banking, Funds Management, Health, Industrial, Logistics, and a diverse Mutual.

Given two of our attendees have current involvement in Pandemic committees, we opened the discussion by looking at how the outbreak of the Coronavirus is affecting business operations from both the Risk & HR point of view. All present agreed that the issues people and employers faced were wide-ranging from the health and wellbeing of staff through to the financial risk of the impact of the disruption to the supply chain.

Immediate issues for HR:

- What is the appropriate response from HR?
- How much do you tell staff? (will too much information elevate levels of anxiety)
- What is the employers' duty of care when creating a safe workplace?
- Through what channels and how often to update staff?

Immediate impact for Employers/Business Managers:

- Company or self-imposed quarantine for staff who are overseas and/or travelling for either business or personal reasons
- Company wide business travel embargos, some "must have" meetings moved to Europe/USA
- Are frontline staff putting customers and/or clients at risk?

What is the outlook for those importing goods and services from China?

- The risk to the supply chain through lack of production in China
- When will production return to normal levels and how high a priority will Australia be?
- What happens to staff if there is nothing to manufacture or sell?



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HR & RISK: CORONAVIRUS

Employers will need to balance their legal obligations to take precautions to protect the health and wellbeing of workers (where there is a real risk of contraction of Coronavirus) together with meeting their obligations under anti-discrimination legislation.

Everyone agreed there was genuine risk of "casual racism" occurring within the workforce targeted at anyone of Asian descent. Here, HR needs to play an invaluable role in educating employees with facts whilst supporting those who are in this situation. Remembering that employers must also ensure that employees with a disability (which includes a disease, such as Coronavirus), or of a particular national extraction, are not discriminated against or vilified.

Some simple steps firms are taking include:

Move meetings to video conference or teleconference where possible.

Encourage staff who believe they are at risk to take additional leave / work from home.

Provide support and reassurance - ensuring the mental health and wellbeing of employees who may be concerned about Coronavirus.

Direct staff towards government and WHA information and websites to provide reassurance that any risk to their welfare and the business is being managed and taken seriously.

Provide practical hygiene support, provide antibacterial stations and emphasise and provide education on the importance of handwashing.

Update policies on fitness for work, leave and possible "quarantining" of employees. Formalise processes for enforcing employees to remain off site if they have travelled to virus affected areas.



ADDITIONAL INFORMATION

Economic Outlook from McKinsey



If the trend continues, economic impact drives a 0.3- to 0.7-percentage-point reduction in global GDP growth for 2020.

China, meanwhile, continues on its path to recovery, achieving a near-complete economic restart by mid-Q2 (in spite of the current challenges of slow permissions and lack of migrant-worker capacity).

As other geographies experience continued case growth, it is likely that movement restrictions will be imposed to attempt to stop or slow the progression of the disease. This will almost certainly drive a sharp reduction in demand, which in turn lowers economic growth through Q2 and early Q3.

Demand recovery will depend on a slowing of case growth, the most likely cause of which would be “seasonality”—a reduction in transmissions similar to that seen with influenza in the northern hemisphere as the weather warms. Demand may also return if the disease’s fatality ratio proves to be much lower than we are currently seeing.

Suggested Actions from McKinsey

Set up a cross-functional COVID-19 response team. Companies should nominate a direct report of the CEO to lead the effort and should appoint members from every function and discipline to assist.

Further, in most cases, team members will need to step out of their day-to-day roles and dedicate most of their time to virus response. A few workstreams will be common for most companies: a) employees’ health, welfare, and ability to perform their roles; b) financial stress-testing and development of a contingency plan; c) supply-chain monitoring, rapid response, and long-term resiliency (see below for more); d) marketing and sales responses to demand shocks; and e) coordination and communication with relevant constituencies. These subteams should define specific goals for the next 48 hours, adjusted continually, as well as weekly goals, all based on the company’s agreed-on planning scenario.

The response team should install a simple operating cadence and discipline that focuses on output and decisions, and does not tolerate meetings that achieve neither.

[Click here for McKinsey reference](#)

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RISK ROUNDTABLE

Risk Roundtable is dedicated to the pursuit of enabling Risk professionals in their career.

We work with organisations and individuals to transform and elevate the role of Risk leadership, and provide a forum for Risk professionals to share, learn and develop.

We are committed to delivering innovative and actionable commercial solutions to help you stay ahead.



Roundtables, Events & Forums

CROs and future Risk leaders from a broad variety of organisations meet regularly to share industry insights and raise the bar on Risk management.

Chaired by some of Australia's most experienced Risk professionals, these forums have included topics such as New & Emerging Risks, Risk Sustainability and Effective Board Discussions.

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