

HR AS RISK MANAGEMENT



SHRM Webinar

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AGENDA



Welcome and Introductions

Notes of Appreciation

Overview of Risk Management

Responsibilities of Human Resources Departments

Legal Considerations









General Summary

Discussion

WITH APPRECIATION



**I would like to express my appreciation to my
colleagues at Excelsior College:**

-  **Dean LiFang Shih**
-  **Associate Dean Scott Dolan**
-  **Cheryl McPhillips**
-  **Instructional Faculty in Human Resources and Leadership**
-  **Student Chapter President, Kerry McCormick**
-  **Student Chapter Vice President, Meghan Rosebeck**
-  **Student Chapter Immediate Past President Paul Balmforth**
-  **Barbara McCandless, Anita Burns and James Cox**

RISK MANAGEMENT



❧ “The only sure way to avoid risk...would be to lock the doors and put up a closed sign in the window. Risks are inevitable and organizations have a moral and legal obligation to attend to the safety and well-being of those they serve, those who work for them and others who come into contact with their operations. This is known as ‘Duty of Care.’”

FUNCTIONS OF HR



- ❧ **RECRUITMENT AND SELECTION**
- ❧ **TRAINING AND DEVELOPMENT**
- ❧ **MOTIVATION**
 - ❧ **PERFORMANCE APPRAISAL**
 - ❧ **REWARDS AND COMPENSATION**
- ❧ **MAINTENANCE**
 - ❧ **HEALTH AND SAFETY**
 - ❧ **LABOR RELATIONS**
 - ❧ **COMMUNICATIONS**
 - ❧ **DISCIPLINE AND CORRECTIVE ACTION**

EXAMPLES OF POTENTIAL RISKS



❧ RECRUITMENT AND SELECTION

- ❧ Discriminatory Practices
- ❧ Hiring Unsafe Candidates
- ❧ “Wrongful” Hiring

❧ COMPENSATION AND BENEFITS

- ❧ Financial Abuse

❧ HEALTH AND SAFETY

- ❧ Personal Injury

QUESTIONS FOR HR PROFESSIONALS



❧ WHAT CAN GO WRONG AT MY
ORGANIZATION?

❧ WHAT MUST WE DO TO PREVENT HARM
OCCURRING AND RESPOND TO HARM IF IT
OCCURS?

RISK MANAGEMENT IS A STRATEGIC PROCESS



- ❧ IDENTIFY THE RISKS
- ❧ ASSESS THE RISKS
- ❧ DEVELOP STRATEGIES FOR MANAGING RISKS
- ❧ IMPLEMENT THE STRATEGIES
- ❧ MONITOR THE STRATEGIES

RISK IDENTIFICATION PROCESSES



SEVERAL PROCESSES TO IDENTIFYING RISKS:

USING A SWOT ANALYSIS

ENTERPRISE RISK MANAGEMENT

EIGHT ERM COMPONENTS



1. Internal Environment (tone)
2. Objective Setting (each unit sets objectives)
3. Event Identification (internal and external)
4. Risk Assessment (likelihood, impact, and velocity)
5. Risk Response (accept, avoid, reduce, or share)
6. Control Activities (establish policies)
7. Information and Communication (up and down)
8. Monitoring (ongoing)

RISK ASSESSMENT- LIKELIHOOD AND IMPACT



For each objective and corresponding events:

Chart the likelihood – the possibility that a given event will occur, 1-5 (5 being highly likely)

Chart the impact - the extent to which the risk event might affect the college, 1-5 (5 being extreme impact)

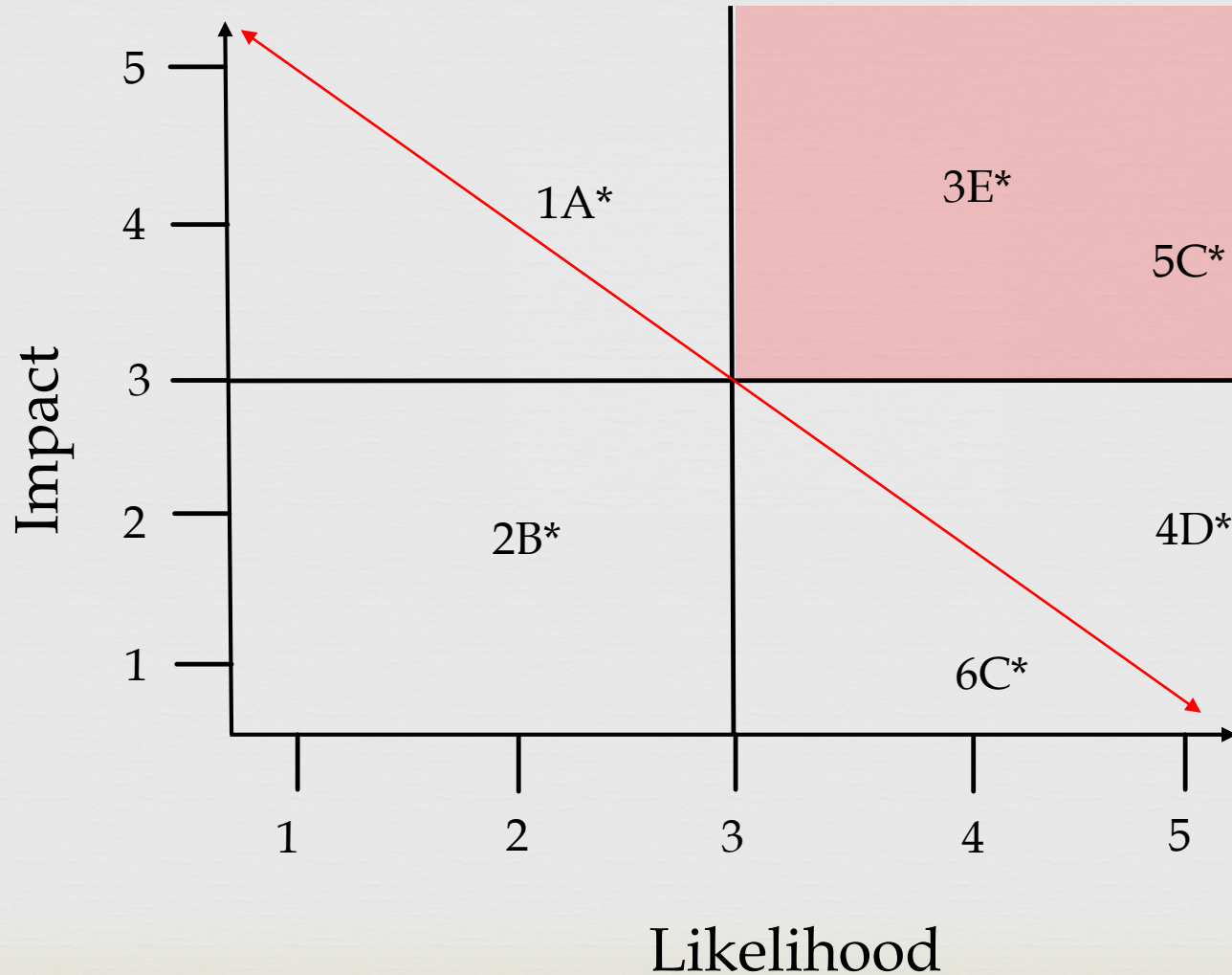
RISK ASSESSMENT- VELOCITY



Velocity - new factor to consider when assessing risk in addition to likelihood and impact

Chart the velocity - the time between the occurrence of an event and the point the college first feels its effects, 1-5 (5 being rapid onset)

Risk Assessment – Likelihood, Impact, and Velocity



*See key on previous slide

IDENTIFY THE RISKS



- ❧ CONSIDER USING A SWOT ANALYSIS
- ❧ INVOLVE ALL STAKEHOLDERS IN THE SWOT ANALYSIS
- ❧ BRAINSTORM AND DOCUMENT THE RISKS,
e.g.: PERSONAL INJURY, ENVIRONMENTAL,
FINANCIAL, REPUTATION

ASSESS THE RISKS



- ❧ WHAT IS THE LIKELIHOOD OR FREQUENCY OF EACH RISK OCCURRING IN YOUR ORGANIZATION?
- ❧ WHAT IS THE SEVERITY OF THE CONSEQUENCES IF THE RISK IS LEFT UNADDRESSED?
- ❧ PRIORITIZE RISKS TO DEAL WITH

DEVELOP STRATEGIES FOR MANAGING RISKS



- ❧ STOP ACTIVITY DUE TO RISK
- ❧ ACCEPT RISK
- ❧ CHANGE THE ACTIVITY TO REDUCE OCCURRENCE OR SEVERITY OF CONSEQUENCES
- ❧ TRANSFER RISK TO ANOTHER ORGANIZATION

IMPLEMENT STRATEGIES



- ❧ OUTLINE NEXT STEPS
- ❧ ASSIGN IMPLEMENTATION TO APPROPRIATE COLLEAGUE
- ❧ COMMUNICATE STRATEGIES TO ALL STAKEHOLDERS
- ❧ FACILITATE TRAINING FOR ALL STAKEHOLDERS

MONITOR THE STRATEGIES



- ❧ ARE THE STRATEGIES WORKING?
- ❧ ARE THERE DIFFERENT RISKS?
- ❧ DO YOU NEED TO MAKE CHANGES?
- ❧ IS ADDITIONAL TRAINING NECESSARY?
- ❧ ARE STAKEHOLDERS ENGAGED IN THE PLAN?

SAMPLE RESOURCES



Crouhy, M., Galai, D., & Mark, R. (2014). *The essentials of risk management*. New York: McGraw Hill.

Stevens, J., Jeynes, V., Cotena, E., & Edelson, M. (2005). *Managing risk: The human resources contribution*. New York: Routledge.

QUESTIONS



THANK YOU



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Sample policies, procedures, training programs available.