

Risk Management Edu

Human Resource Risk Management

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The Role of Human Resource Management in Risk Management

I. Introduction

- A. Human resources have a dual role in risk management
 - 1. A source of risk, e.g., lack of qualified people to implement risk management plans
 - 2. An important part of the strategy for dealing with risk, e.g., creativity of people to deal with the unexpected
- B. Human resources within the farm firm
 - 1. Management and labor
 - 2. Family and nonfamily
 - 3. Full-time and part-time
 - 4. Seasonal and year around
- C. Working with more people and more people outside the family affects strategic decisions
 - 1. Inadequate management and labor resources increase risk
 - 2. Over dependence on family management and labor negatively affects human resource effectiveness and efficiency
- D. Human resource management issues are best viewed as an integral part of risk management strategies

II. Human resource paradigms

- A. How the management team views human resources directly affects human resource management
 - 1. People - an unfortunate and inevitable obstacle?
 - 2. People - a key part of the recipe for success in risk management?
- B. The management team, not labor, determines the paradigms that shape the human resource environment
 - 1. Managers choose their paradigms
 - 2. Managers can change their paradigms
 - 3. Managers human resource planning, hiring, training, communication and discipline practices mold the work force
- C. Each firm s culture reflects its uniqueness

1. Each firm has its own culture, i.e., its values, beliefs and traditions
2. The management team can change the firm s culture

D. What do managers have to fear from increased importance of human resources?

1. I don t know what it would be like to have more employees.
2. I wouldn't be able to find and keep good employees who are willing to work for me.
3. I would become the laughing stock of the community if I fail.
4. I would lose control because of having to depend on other people.
5. I don t have the necessary people and labor management skills.
6. I wouldn t be able to conform to all the farm labor laws and regulations and other government requirements.

III. The human resource management/risk management interface

A. Human resource management is most effective when integrated with production, financial and marketing management

B. Human resource management is best viewed as a process

1. Job analysis and job descriptions
2. Hiring
3. Orientation and training
4. Employer/employee interaction
5. Performance appraisal
6. Compensation
7. Discipline

C. Managers carefully build their human resource teams

1. The family
2. Managers from outside the business
3. Hired labor
4. Consultants
5. External advisory committees

D. Keeping human resources congruent with the risk management tools adopted is a continuous management challenge, e.g., the entire management team understanding the reasoning for changing risk management tools

E. Human resource calamities

1. Human resource calamities, e.g., divorce, chronic illness, accidental death, can hamper even the most carefully made and appropriate risk management decisions.
2. Risk management should anticipate the likelihood of human resource calamities

F. Management succession

1. Every farm firm will eventually have different managers or be out of business
2. Management succession is a significant source of risk
3. Human resource considerations, as well as legal and financial considerations, directly impact success in management succession

G. Human resource performance evaluation should be tied to risk management

1. Risk management strategies are implemented through people
2. Human resource failure can cause the best planned risk management strategies to fail
3. Human resource success relative to risk management depends on explicit risk management duties specified in managers' job descriptions, delegation of power and authority to manage risk using the appropriate strategies and responsibility resting at the action level of risk management

IV. The manager's skills that make human resource management a strength

- A. Leadership
- B. Communication
- C. Teaching and training
- D. Motivation
- E. Conflict management
- F. Evaluation
- G. Interviewing

V. Conclusion

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