

# THEORETICAL BASIS FOR MANAGEMENT OF PERSONNEL RISKS *PERSONĀLA RISKU PĀRVALDĪBAS TEORĒTISKIE ASPEKTI*

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**Abstract.** *Necessity of personnel risks management is based on research results. The authors' approaches to the determination of personnel risks and to their management have been explored. The author's definition of the concept of "personnel risks" is proposed. A classification of personnel risks is developed depending on the stage of origin and the tasks of the personnel policy, as well as the methods of management personnel risks in the organization. The article presents a methodical approach to personnel risk management which includes the following steps: rapid assessment of personnel risks, assessment of transaction costs, detailed assessment of personnel risks, selection of methods for management personnel risks and monitoring them.*

**Keywords:** *personnel risks, human resources management activities, HR management*

## Introduction

The study of personnel in modern organizations has shown that personnel risk accounting is directly related to the success of organizations in the market:

- studies by the Economist Intelligence Unit (Executive Search and Head Hunting, 2007), based on a survey of management members of 218 companies from Asia, Australia, North America and Western Europe, responsible for risk management, have shown that key risks for international companies are currently associated risks With the human factor: insufficient qualification of personnel, the problem of replacing old personnel with new ones and fears about the care of particularly valuable employees;

- according to the studies of KPMG International Audit Company (KPMG research, 2010), personnel risks in CIS countries are estimated by specialists as the most dangerous risks for business;

- based on the results of the survey of innovative behavior of industrial enterprises conducted by the Institute of Statistical Studies and Economics of Knowledge of the HSE in 2009 as part of the European Manufacturing Survey coordinated by the Fraunhofer Institute for System and Innovation Research (Karlsruhe, Germany), the shortage of qualified personnel At the enterprise took the fifth place on a rating of the factors interfering innovations (Kuznecova, Rud', 2011, p. 42);

- the results of the international study Ernst & Young Global Limited (Ernst & Young Global Limited, 2012) (interviewing representatives of 576 companies in different countries, studying 2750 reports prepared by analytical services and companies) showed a positive correlation between the degree of development of the risk management system and financial performance of organizations. For example, the company, which produces consumer goods on the Global 50 list (a list of 50 largest private companies compiled by Forbes magazine), having formed a risk management committee in the board of directors and having approved the position of director of risk management, was able to establish effective interaction with external stakeholders, To strengthen these relations and their reputation in the market.

Another C. Scholz noted that the increase in rationalization, massive outsourcing, changing requirements for employees and rising costs lead to problems in staffing, with which the human resources service is becoming increasingly difficult to manage. This accumulates personnel risks, however, when they are taken into account and monitored, the organization can gain more profitable competitive positions (Scholz, 2004, p. 2). Therefore, at the present stage, the need to raise the problem of risk management in the work with personnel is even more urgent. The purpose of this study is to develop theoretical approaches to managing personnel risks in a modern organization. Objectives of the study:

- clarification of the essence and specificity of personnel risks;
- development of the classification of personnel risks;
- identification of sources of personnel risks and the formation of a monitoring system

for their manifestation;

- development of methods for managing personnel risks;
- development of a methodical approach to managing personnel risks.

### **Review of existing approaches to the definition of personnel risks**

Despite the fact that the prerequisites for the formation of the concept of "personnel risks" have been laid long ago, a single definition is missing so far. The analysis of literary sources made it possible to find out that:

- there is no generally accepted approach to the concept (used in the field of organization security, banking, risk management, psychology) and the classification of personnel risks (heterogeneity of classification criteria, lack of comprehensive classification);
- part of the approaches define HR risks only as threats from the outside and to the staff of the organization, not taking into account the risks associated with inefficient activities of the HR department of the organization;
- in all approaches, sources and causes of emergence are systematically not identified, only in some approaches can be found separate sources of personnel risks in the organization, which include various functions of personnel management (formalization of labor relations, personnel selection, staff training, motivation) and the results of personnel policy;
- in the approaches of foreign authors, personnel risks are considered both as a source of losses and as a source of additional benefits. In the approaches of researchers from the CIS countries in the definition of personnel risks, only a negative load is laid down.

Within the framework of this study, we will understand human resource risks as the probability of loss and failure to achieve the organization's goals in the context of information asymmetry and opportunistic behavior of employees, due to the lack of compliance of the staff with the requirements of the external and internal environment of the organization in the formation, use, development and release of personnel. This definition allows: 1) identify the main sources and causes of human resource risks (opportunistic behavior of labor market subjects, information asymmetry, limited rationality); 2) to classify personnel risks of the organization; 3) develop a system of indicators on the basis of which it is possible to give a qualitative and quantitative assessment of personnel risks; 4) monitor personnel risks; 5) to consider the concept of "personnel risks" from the point of view of a systematic approach (on the one hand, personnel risks are an element of the organization's risk management system, on the other hand, the personnel risk system includes the risks associated with the formation, use, development and release of personnel).

### **Classification of personnel risks**

When managing risks, you need to take them into account, which in turn requires a risk classification. However, the lack of a unified approach to the definition of staff risks predetermined the heterogeneity of opinions on the composition of the elements included in human resources risks and the variety of criteria for classifying personnel risks. The author has developed a classification of personnel risks depending on the stage of origin and the tasks of the personnel policy of the organization:

- 1) personnel risks in the formation (probability of loss due to the presence of information asymmetry in the labor market and precontract opportunistic behavior of potential employees, which may lead to a discrepancy between the quantitative and qualitative characteristics of personnel to the objectives of the organization and its tasks);
- 2) personnel risks associated with the use of personnel (the probability of losses resulting from the lack of existing technologies and tools in three areas of management: personnel management (assessment and assessment, motivation and incentives for staff based on evaluation results), safety and labor protection);
- 3) personnel risks in the development of personnel (the probability of loss due to a decrease in the quality of the labor potential of the organization, due to the lack or reduction of investments in human capital, with ill-considered decisions of the management of personnel

development);

4) personnel risks in the release of personnel (an incorrect dismissal procedure may result in moral (intentional damage to reputation), material (damage to property), financial (increase in transaction costs: payment of severance pay, costs of selection, selection, adaptation and training again If the employee applies to the court) damage to the organization, loss of specific human capital, violation of information security).

### **Approaches to personnel risk management**

Risk management is considered as a special function of management, and the allocation of personnel risk management is the result of further deepening of the specialization of this management function. There are many approaches to the content of the risk management process in general and personnel risks (Flouris, 2010, Frederickson, 2010, Marshall, Alexander, 2013, Center for the Protection of National Infrastructure, 2013, European Agency for Safety and Health At Work, 2002) in Particular.

The analysis of the published sources allows us to draw the following conclusions:

– among researchers there was not formed a uniform and unequivocal approach to the essence of personnel risk management;

– part of the approaches to the study of risk management are presented in a detailed form (I. Balabanov, R. Steinberg, F. Marten, M. Everson, L. Nottingham, A. Ovcharov, G. Chernova, P. Graboviy, S. Petrova, E. Karlina, I. Potapova, D. Martynkovsky, etc.), part – in the generalized (M. Lapusta, L. Sharshukova, V. Smirnova, V. Kozubovsky, V. Granaturov and others);

– in some approaches from the risk management process, such an important stage as monitoring is excluded. It seems to us that it is impossible to build an effective risk management system without constant monitoring of risks in general and personnel risks in particular;

– the differences in approaches to the risk management process are insignificant, the general management scheme is clearly visible;

– one part of the approaches (Tr. Flouris, A. Yilmaz, M. Marshall, C. Alexander, V. Frederickson, European Agency for Occupational Safety and Health, Center for the Protection of National Infrastructure (CPNI), A. Mitrofanova, T. Kramin, N. Kochetkova) management of personnel risks examines from the point of view of risk management, another part (A. Badalova, K. Moskvitin, V. Serebryanyi, E. Bulanova, A. Vasiliev, A. Aminov) – from the point of view of personnel management (human resources, human capital).

In the author's opinion, HR management is a process that covers the whole HR management system of the organization and includes an express assessment of personnel risks, an assessment of transaction costs, a detailed evaluation of personnel risks and selection of methods for managing personnel risks, and monitoring them at all stages of management (Haliashova, Vankevich, 2015, p. 28).

Such an approach, being continuous, is implemented at all levels of government and will ensure:

- savings in transaction costs;
- balance of interests of subjects of the internal labor market;
- personnel security or threat reduction.

### **Methods of personnel risk management**

The strategic decision on management of personnel risks means: decrease; Elimination due to the refusal to carry out entrepreneurial activities, since the specificity of personnel risk is contained in its carrier – a person who is characterized by opportunistic behavior and rationality; Transfer; Acceptance, if the level of personnel risk is low and the degree of its impact on the organization's activities is insignificant. If a decision is taken to reduce and / or transfer personnel risks, the methods of influence (management) are selected for personnel risks, depending on their stage of occurrence, for effective implementation of personnel activities.

At the stage of staff development, the following can be implemented: in case of transfer of personnel risk – the transfer of search and selection of personnel for outsourcing, staff leasing, strengthening of the relationship with educational and employment institutions; In the case of a reduction in personnel risk – the marketing of personnel, the formation of the internal labor market, the development of existing job descriptions, the development of adaptation programs.

When using personnel, the most effective method of transferring personnel risk will be to insure employees against accidental incidents, the following methods will help reduce personnel risks:

- formation of personnel strategy;
- personnel diagnostics;
- teambuilding;
- formation of corporate culture;
- a differentiated approach to pay based on the segmentation of staff;
- systematic calculation and analysis of the influence of the labor factor on the emergence of the risk of unclaimed products.

In the conditions of modernization of enterprises, special attention should be paid to the development of personnel. To reduce personnel risks at this stage, it is necessary to have: formalized accounting and evaluation of the effectiveness of personnel costs, career planning, personnel assessment after training, and training planning.

At present, most Belarusian enterprises ignore the need to manage the process of releasing staff. This prevents the formation of a single personnel policy of enterprises and creates the risks of increasing costs of release. The transfer of personnel risks at this stage will be facilitated by outplacement and the creation of an organizational knowledge management system. To reduce personnel risks of staff release and reduce transaction costs, the following management methods will help: creation of an effective information security system, analysis of the reasons for dismissal, material compensation and social guarantees provided to the employee upon dismissal.

### **Conclusions and suggestions**

In order to increase the efficiency of the use of human resources and the success of the organization, the management of personnel risks must become an integral part of the personnel management system and the organization as a whole, which will help to solve the following tasks:

- saving transactional costs while reducing staff turnover and absenteeism in the organization;
- optimization of qualitative and quantitative staff;
- increase of labor productivity of workers and efficiency of use of working hours;
- preservation of the personnel core in the organization through the creation of a differentiated reward system;
- reduction in the risk of unclaimed production due to the influence of labor factor;
- increasing the level of loyalty to the organization, the degree of staff satisfaction.

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### **Summary**

In the current conditions for the development of an innovative economy characterized by a high degree of uncertainty and dynamism, in order to ensure the stability and competitiveness of the organization, it is necessary to manage personnel risks as the fundamental risk-creating factor.

For successful activity of the organization it is necessary to manage personnel risks. The management of an object implies its preliminary assessment. The methodical approach to management of personnel risks is based on the author's definition of personnel risks, their classification depending on the stage of origin, the tasks of the personnel policy; Includes express assessment, assessment of the transaction costs of the employer, the developed quantitative / qualitative assessment of each type of staff risk, the adoption of strategic decisions on the impact on human resources risks; Choice of methods for management personnel risks at each stage of development.