

# Human Resource Risk Management Increases Productivity

Human Resource (HR) risk management plays a vital role in businesses of all sizes. It affects mission critical decisions in every aspect of a business. This conclusion was meticulously developed in the article titled "[Human Resource Management and Productivity](#)" by Nicholas Bloom of the Stanford University Department of Economics and John Van Reenen at the London School of Economics.

## Successful Risk Management

There are basically two types of risks in Human Resource management. First, employees are the primary source of risk in production decreases. Examples of production loss are when employees do not come to work, leave before their job is completed or do not accept responsibility for the quality of their work. Second, management can be instrumental in reducing human resource risk when they are effective in assisting employees in meeting or exceeding their performance goals.

Successful Human Resource risk management that results in increased productivity consists of excellent Leadership, Communication, Training, Motivation, Conflict Resolution and Evaluation skills.

## Leadership

People cannot achieve their full potential without effective leadership. Successful leadership is comprised of trust, motivation, planning, delegation of authority and the development of policies and procedures to document best practices.

## Communication

Communication is essential in decreasing risk and increasing productivity. Listening, delivering clear messages and encouraging two-way communication is fundamental.

## Training

Training involves a systematic approach, patience and an honest evaluation of whether the training has been effective in producing the desired results.

## Motivation

Employee motivation helps the company accomplish its goals and at the same time assists people in attaining their career goals. It is management's responsibility to create and maintain an environment where employees feel motivated to perform at their highest level. Understanding and satisfying workers' needs, compensating fairly and treating people equitably is paramount in

providing positive motivation.

## **Conflict Resolution**

In work environments, conflict can be inevitable. Management must be adept at handling conflict. The human tendency to postpone conflict resolution only results in more severe problems later. Strategies and systems must be developed and followed consistently that build trust between management and employees.

## **Evaluation**

Employees want to hear from management about their performance. Managers must make sure their evaluations are clear, fair, consistent and timely. The evaluation period is the best time to listen to employees needs in order to enable them to be more productive.

## **Increasing Productivity**

Effective Human Resource (HR) risk management requires strategic planning that minimizes the probability of financial losses. This process is demonstrated in the Pacific Crest Group (PCG) case study "[Risk Management Saves Thousands in Litigation Fees.](#)" PCG trained its Client on how to use HR risk management strategies that resulted in saving thousands of dollars in litigation and government imposed penalties and interest charges.

Due to Pacific Crest Group's unique relationship between its Human Resource and Accounting departments, it was able to organize the Client's employee data so it could be integrated into a complete Human Resource Information System (HRIS). The new system allowed for the tracking of every payroll function. The end result was a substantial increase in productivity in all their departments.

Clear communication channels were established that built trust between the company's management and employees right away. PCG assisted in hiring and training all new personnel. It acted like a partner in the decision making process by putting the Client's needs first every step of the way.

The Pacific Crest Group provides professional services that keep your business focused on your critical objectives. We create custom made financial and Human Resource systems based on creative strategies that are always delivered with exemplary customer service. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed specifically to maximize all of your business opportunities.