

PERSONNEL FUNCTION VS. RISK MANAGEMENT

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Abstract:

The modern turbulent environment and threats to resources of an organization create uncertainty. The conditions of organizational functioning, including complexity and dynamics of change, give rise to searching for ways of counteracting the “generalized uncertainty”. The development of the trend and practice called “risk management” is undoubtedly one of the ways. The phenomenon grows in importance, which results in more entities using this man-agreement method. Taking into consideration the unquestioned and key human factor for all the processes, also the ones involving risk, the efficiency of the personnel function determines the efficiency of organization management. Cohesion of risk management and human resource management constitutes a synergistic success of an organization at a strategic, tactical and operational level and guarantees both the company and employee development.

Key words:

human resource management, personnel function, employee development, efficiency.

INTRODUCTION

Everything flows - panta rhei – is a claim by an ancient philosopher Heraclitus of Ephesus on permanent changeability of all current issues. The current trends of the 21st century civilisation resemble rivers rapids which can turn into a waterfall at any time. Changeability is becoming a source of uncertainty.

Analysing human needs Abraham Maslov created a hierarchy of human needs depicted as a pyramid, its foundations are the needs related to physiology and safety whose satisfaction is a sources of stabilisation. A contemporary man experiences a continuous feeling of insecurity resulting from natural forces (floods, fires, earth-

quakes, droughts), activity of microorganisms (bacteria and viruses) and also conscious human activity (terrorism, mugging, road accidents, pickpocketing). Hence the man experiences a strong internal conflict caused by the destructive image of reality presented in the media, simultaneously accompanied by an idyllic version of reality offered by advertisements. Trying to escape this people often fall prey to various addictions (drugs, alcohol, computer games, Internet, shopping, TV series). Moreover, their social relations are distorted, which generates pathology in various environments and organisations (mobbing, sexism, nepotism, corruption, “rat race”, informing on others). Permanent internal insecurity of an organisation and its external relations and determinants becomes a common experience.

On the other hand in the 21st century, similarly to all previous epochs and civilisations, man wants to be happy in personal, social and professional life. One of the ways of boosting happiness in the organisational dimension of life is conscious identification of insecurity leading to risk management and investment in man perceived subjectively in particular components of personal function.

The goal of this publication is analysis of dependencies between risk management and human resources management as a source of quantitative and qualitative benefits for an organisation and its personnel. A theoretical research problem is the influence of the personal aspect of risk management on its efficiency and the influence of risk on human resources management efficiency. The following research questions have been posed: What is the role of personal aspect in risk management? Does the increase in insecurity and the number of threats influence improvements in the human resources management system? Does personal risk identification influence improvements in the human resources management system? In the work a critical analysis of literature sources, especially in the field of management, and the Author’s participant observation experience in regional government, educational and social organisations have been used.

1. PERSONNEL ASPECT OF RISK MANAGEMENT

The notion of risk can hardly be explicitly defined. In practice it is frequently understood as insecurity. Differences between these terms were explained in 1901 by A.H. Willett who claimed that risk was objective and co-dependent on subjective insecurity [26]. The word risk originates from the Italian word “risicare” which means taking action although its consequences are uncertain [25].

Hence the initial notion is certainty understood as conviction about consequences of action. According to the probability theory certainty is a random event equal to the space of elementary events. It refers to the majority of environmental, chemical, physical, logical and mathematical processes. In social sciences certainty is a perspective of achieving a set goal (the perspective refers to the future) at the optimum level of efficiency and 100% probability, i.e. a lack of threats which could disrupt the process.

Uncertainty is defined as a state in which possible future alternatives and chances of their occurrence are not known. By contrast the notion of risk is used when the result to be achieved in the future is not recognized but it is possible to define future variants

and the probability of the occurrence of particular alternatives. Thus uncertainty, unlike risk, refers to changes which can hardly be assessed or there is no possibility of assessing the probability of the occurrence of a particular event [5].

One could conclude that risk is a consequence of insecurity. Hence insecurity would be one of the sources of risk. It is a necessary and at the same time sufficient condition for the occurrence of risk. This is why risk should be associated with free choice and not with inevitable destiny. On the whole uncertainty imposes a need to act and hence, it enhances a decision making process which involves risk. It results from making decisions related to the future.

A classical decision of risk was proposed by J.A.F. Stoner, E.R. Frejman and D.R. Gilbert according to whom risk should be understood as “decision making conditions in which a manager knows the probability of achieving the desired effect as a result of particular possible actions” [25].

According to J.Skalik, who defines risk in projects, it is a complex category composed of three elements: an event in the form of an undesired change, probability of the occurrence of this event and its influence on the possibility of the occurrence of threat as its result [24].

The nature of risk is characterised by:

- no homogeneity, hence it is not possible to give one universal and explicit definition;
- occurrence in at least two aspects; an objective and subjective one;
- possible research in various contexts – as a threat, hazard, uncertainty or probability;
- changeability and stadial nature, it is more of a process than a state of the environment [18].

The approach to the issue of risk should have a systematic and holistic character, this is why contemporary organisations implement the risk management process which allows to eliminate instinctive actions and quick reactions, it also minimises situations which have negative impact on the achievement of goals.

T. Michalski defines risk management as the process of “containing risk encompassing a number of actions related to analysis, elimination, restricting and managing risk in a particular case” [17].

Risk management should form an element of the strategic management of an organisation whose goal is ensuring maximum lasting benefits in all areas of organisation activity. It is a process in which an organisation methodically solves problems related to uncertainty accompanying its activity in such a way that this activity – both in particular areas and treated as a whole – can bring lasting benefits. Efficient risk management encompasses its identification and undertaking optimum actions matching the identified risk. The essence of identification is understanding potential positive and negative consequences of the impact of all factors which can influence the organisation, as well as actions undertaken to increase the probability of success (certainty)



and decrease the probability of failure and uncertainty related to the achievement of goals by the organisation [19].

Risk management establishes the following goals in the area of organisation:

- ensuring safety and stability of company finance;
- protection of assets, operating abilities good will from external and internal threats;
- improvement of organisational culture, efficiency of operation and also awareness of both managers and subordinates in the context of possible consequences of undertaken actions;
- increasing company ability to take risks in a controlled area, which influences the increase in company market competitiveness;
- increasing the efficiency of the implementation of particular organisation resources;
- decreasing insecurity in non-key areas of company activity;
- support for the development of human potential, knowledge base and the company itself;
- improvement of decision making processes, plan preparation or determination of strategic goals;
- provision of a system framework for organisation activity, which improves cohesion and increases its activity control [2].

The presented risk management goals related to the improvement of company organisational culture and support for human potential development directly refer to the personnel function. The other goals are related to it only indirectly, mainly in the decision-making dimension and ultimate goals related issues of organisation stakeholders.

Risk management according to COSO II – the Committee of Sponsoring Organizations of the Treadway Commissions encompasses:

- analysis of external environment;
- setting goals;
- identification of events;
- risk assessment;
- response to risk occurrence (decision);
- implementation of control mechanisms;
- information and communication;
- monitoring [20].

T. Kaczmarek presents a six-stage process of risk management (Fig. 1):

- risk identification/early warning system – the stage at which the type of risk, its reason and also entities or areas of activity affected by the risk are defined;

- risk analysis – the stage at which it is established to what extent a given risk negatively influences organisation activity. It is also the moment when analysis methods necessary to measure the risk are defined and management tools are selected;
- formulation of risk management variants – the stage at which possible and probable action scenarios in the context of risk management are set down, costs and forces necessary to implement a given scenario are analysed;
- risk assessment – the stage at which the real risk level is measured. It is also the area in which company ability and readiness to manage risk is defined;
- real risk/decision and action management – the stage at which management tools are selected and decisions of attitude to risk are made, e.g. avoiding risk, restricting or insuring it. The goal at this stage is optimisation of the used variants;
- control/monitoring/assessment – it is an ex post analysis which verifies the risk management process in a company. New postulates related to risk management are formed, e.g. when the process was not 100% efficient [9].

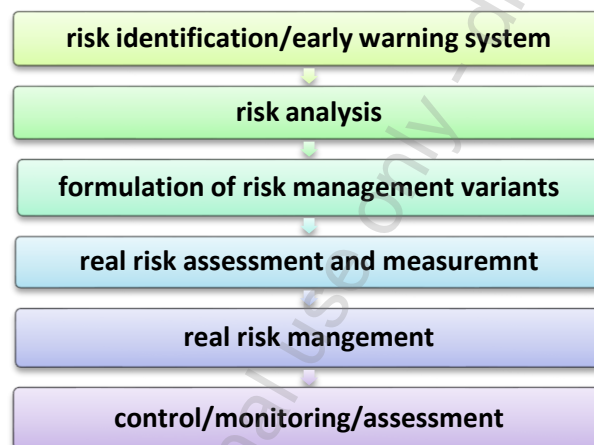


Fig. 1. Stages in risk management according to T. Kaczmarek

Source: T. Kaczmarek, op. cit., p. 131

Risk management methods encompass, e.g.:

- risk avoidance;
- undertaking measures preventing or weakening the effect of risk;
- accepting risk;
- risk sharing;
- restricting risk
- risk transfer to a third party [16].

Hence, risk management is a system of methods and actions leading to the achievement of an acceptable risk level by an entity and making optimum decisions for the

purpose of achieving this goal. The key factor here is the acceptable risk level defined by the entity (its management staff) which should be aware of the entailed risk [8].

The main benefits resulting from the implementation of an effective risk management system encompass:

- higher efficiency thanks to concentration on issues which are essential from the point of view achieving company strategic goals;
- better use of available resources and limiting events which can disturb in achieving goals;
- better recognition of opportunities and threats and supplying complex information which allows to manage a company in a more conscious and active way;
- increase in company credibility and improvement of relations with stakeholders [6].

Thus, it is possible to talk about a double meaning of the notion of risk as a notion encompassing both opportunities and threats. Skilful risk management consists in strengthening organisation resistance to newly appearing threats and at the same time undertaking preemptive actions allowing for an optimum use of available resources and development opportunities [6]. In the constantly changing market environment, lack of stability and uncertainty as well as the growing role of stakeholders, companies which can skilfully manage risk in the long term perspective have better chances for dynamic and stable development. Risk management efficiency (understood as a sum efficiency, economic approach and energetic activity) is implemented by the staff of a given organisation, especially managerial staff.

Management encompasses predicting and pointing out future, and hence not always certain, goals. A manager should have courage to make decisions and take responsibility for them in uncertainty and/or risk conditions. Only technical and technological decisions are taken in conditions close to certainty.

Each manager who makes a decision should be aware of risk and should be able to take it. This ability is nothing else but thinking about success and acting to achieve it. Risk is a fixed element in the activity of every organisation.

The way risk is experienced is an matter of individual approach depending on stress resistance. The attitude to risk is influenced mainly by emotional factors. Ultimately its analysis is the decision maker's task. This is why various decision makers can take different decisions on the basis of the same empirical and analytical data [22].

Stress is evoked by fear which according to the rule dating back to 1662 (most probably formed by Pascal) should be proportional not only to the scale of danger, but also to its probability of occurrence [22].

Taking decisions in uncertainty conditions is one of the unusual phenomena in the behaviour of man – manager in an organisation. Risk results from human uncertainty related to future states of nature, including doubts connected with the consequences of actions. A managerial decision should be a resultant of experi-

ence, routine and a psychological (irrational) factor, however, it should be also depend on a rational factor based on economic calculations. This is why one of the most significant problems related to decision preparation is defining the nature and availability of information sources.

Risk management is the basis of every decision and the decision making process is the essence of management. Thus the essence of risk management is the personnel dimension.

Sample roles, responsibilities and competences of personnel and managerial staff attributed to particular stages of the risk management process are presented in Table 1. The assumed division into stages is in accordance with the ISO 31000 standard (Fig.2).

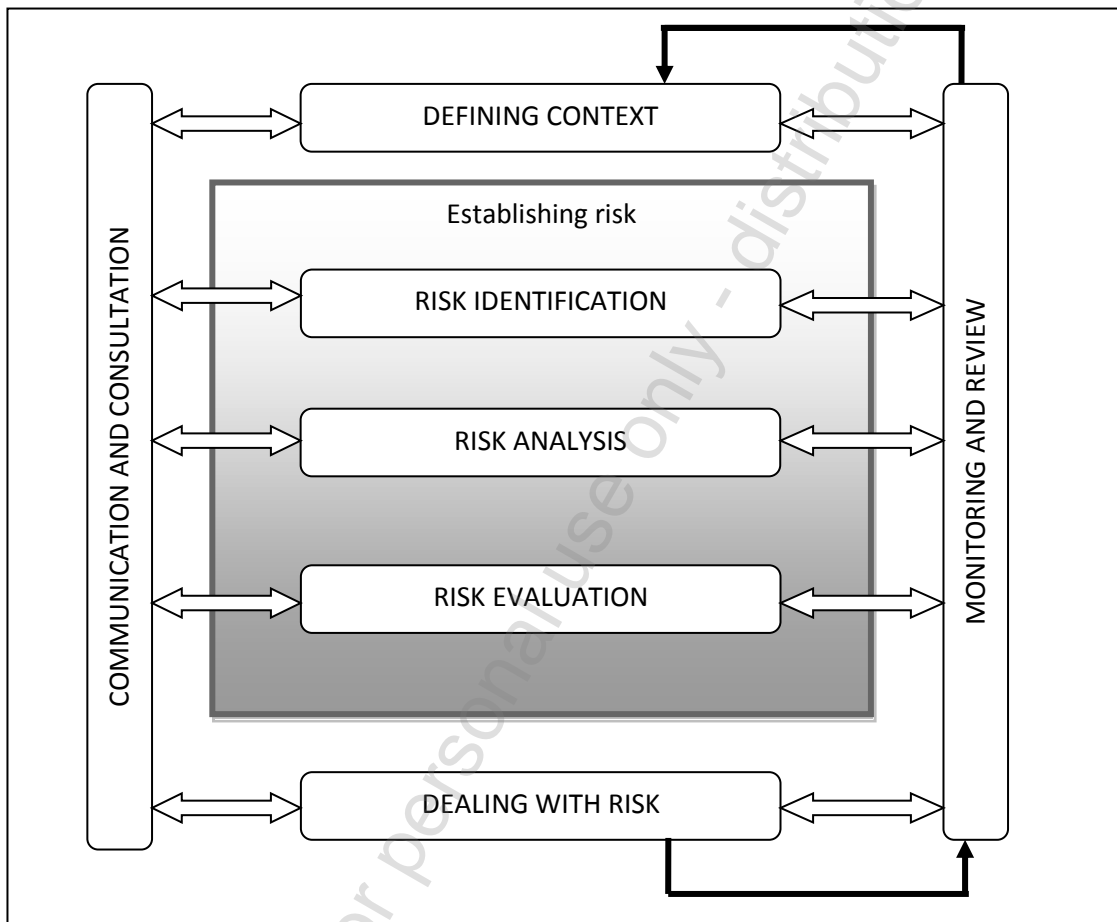


Fig. 2. Risk management process according to ISO 31000 (2009)

Source: ISO 31000. Risk Management — Principles and Guidelines (2009), ISO, Geneva

The personnel and managerial staff of a given organisation play a key role at all stages of the risk management process, regardless of risk sources and functions it refers. Efficient risk management is guaranteed by professional planning, implementation and control of the whole process which result from an optimum level of competence.

Table 1. Tasks and roles in the risk management process

Stage	Organisation personnel	Managers	Competences
Communication and consultation	<ul style="list-style-type: none"> – formulation of messages; – preparation of communication channels; – organization of consultation logistics. 	<ul style="list-style-type: none"> – conducting internal and external consultations; – decisions accepting messages. 	<ul style="list-style-type: none"> – listening skills; – communication skills.
Defining context	<ul style="list-style-type: none"> – observation of the internal and external environment; – surroundings survey. 	<ul style="list-style-type: none"> – defining assessment criteria; – information selection; – conclusions on the basis of research and observations. 	<ul style="list-style-type: none"> – knowledge about the environment; – ability to select information; – data mining abilities.
Risk identification	<ul style="list-style-type: none"> – recognizing and naming risk sources. 	<ul style="list-style-type: none"> – determination of the area and range of perception. 	<ul style="list-style-type: none"> – perception skills.
Risk analysis	<ul style="list-style-type: none"> – analysis of the influence of particular risk factors; – probability analysis; – preparation of risk ranking. 	<ul style="list-style-type: none"> – assessment criteria determination; – acceptance of risk ranking. 	<ul style="list-style-type: none"> – analysis methods; – risk measurement skills; – logical arrangement of data.
Risk evaluation	<ul style="list-style-type: none"> – analysis of risk level change; – risk assessment in the context of goals. 	<ul style="list-style-type: none"> – acceptance of changes and assessments. 	<ul style="list-style-type: none"> – inference and diagnostic skills.
Dealing with risk	<ul style="list-style-type: none"> – generation of development and alternative scenarios; – organisation of resources; – preparation of change introduction procedures. 	<ul style="list-style-type: none"> – scenario acceptance; – resource allocation; – readiness to introduce modifications. 	<ul style="list-style-type: none"> – creativity; – decision making efficiency; – openness to changes.
Monitoring and review	<ul style="list-style-type: none"> – monitoring system implementation; – periodical verification of risk factors. 	<ul style="list-style-type: none"> – decision verification; – control of the risk management process. 	<ul style="list-style-type: none"> – decision making efficiency; – inference skills.

Source: Author's own study

The involvement of personnel of personnel ensures effective consultations and good communication which combines particular stages of the risk management process. Managerial staff determines the areas in the surroundings which should be observed and which are sources of uncertainty. People with a high level of analytical competences can analyse actual risk. Evaluation is a dynamic process of risk assessment implemented by specialist staff. The selection of an optimum scenario of acceptance, avoidance, restricting or transferring risk is conducted by the highest level of manage-

rial staff. Control and monitoring are basic managerial functions and their implementation is the responsibility of staff specialising in quality control and every organisation manager.

An organisation defines the rules regarding its approach to risk, range of tolerance and tools to be used in the management process by itself. It is also important to specify the responsibilities of particular people and units in the process. The management should characterise strategic structures and conditions to be met for the risk management process to be efficient. The management is responsible for risk assessment, determining the probability of its occurrence, identification of management methods, predicting possible consequences in various risk categories, costs and benefits related to management as well as setting trends in the management of the whole process. The responsibility for the operating (current) risk management is taken by line managers who should prepare their subordinates to accept tolerated threats and show them how to react appropriately in case a particular threat occurs. In large corporations (e.g. banks, leasing firms) there are separate risk management units.

The personnel dimension can be also identified by particular rules of strategic risk management (Table 2).

Table 2. Personnel roles in particular risk management rules

Rules of strategic risk management	Role of personnel (competences)
Risk exists everywhere – the essence of good management is the ability to adapt to unexpected situations.	Vigilance and flexibility of personnel ensure adaptability to unexpected situations (change management ability).
Risk is a threat and an opportunity at the same time – good management means here maintaining balance.	The intuition and intelligence of personnel ensure appropriate reaction to threats and opportunities (opportunity management ability).
How risk is dealt with depends on people and every system is as good as people using it.	The involvement and competences of the whole environment of stakeholders guarantees the optimum level of organisation efficiency (competence management ability).
Not every risk is the same – selection of perspective and consistently maintaining this once selected approach.	The perception methodology and risk analysis used by the personnel has an individualised and situational nature (research management ability).
Risk can be measured – recognition of tools and adapting them to needs.	Analytical and diagnostic processes are implemented by specialist staff ensure realistic risk quantification and probability assessment (research management ability).
Measurements should lead to better decisions – tools should lead to decisions and not the other way around.	The decision making process conducted at various levels of management should be based on rational premises (decision optimisation ability).

Rules of strategic risk management	Role of personnel (competences)
The key to good risk management is the decision which types of risk can be avoided and which can be used in effective risk management.	The selection of the organisation development scenario of organisation is the role of senior management and it is a consequence of reaction to risk (strategic management ability).
Profit gained thanks to better risk management is increased goodwill – understanding what elements influence goodwill.	Appropriate adjusting staff competences to the needs of the organisation directly and indirectly ensures the increase in all indices defining the value of an organisation (human resource management ability).
Risk management is the duty of all staff – good business practice, everyone is responsible.	Broad and full participation of the whole personnel in pursuing the goals of the organisation and in the responsibility for related risks leads to professionalism in the risk management process (leadership skills).
Organizations undertaking risk do not achieve success by accident – success in risk management is a part of organisation structure and culture.	These are the people who are part of an organisation or are directly related to it to shape its culture (management through culture ability).

Source: Author's own study on the basis of A. Damodaran, Ryzyko strategiczne, Warszawa 2009, p.435-447

All rules related to risk management can be attributed personnel roles and managerial skills which when fully used can become a source of success for the whole organisation and particular people. All competences listed in Table 1 and 2 confirm the dependence between efficient risk management and the level of practical skills of the staff both managerial and executive. Finding and keeping employees and first and foremost the improvement of their skills in risk management, which is becoming an essential management area, directly depends on human resource management in the system (static) and process (dynamic) approach.

The implementation of risk acceptance culture seems to be the most difficult element of the risk management system. Depending on risk type and its dynamics, an organisation should make long term decisions and undertake actions increasing risk resistance, it should also facilitate continuous improvement of personnel skills.

The personnel dimension is the basic source of efficiency at all stages and phases of the risk management process (preparation, conducting and controlling). It guarantees professionalism in the implementation of risk management rules. It is commonly undervalued both in theory and in practice although it is the most important factor influencing organisation performance efficiency and its internal as well as market success.

2. THE ESSENCE OF HUMAN RESOURCE MANAGEMENT AND PERSONNEL RISK

Each organisation adopts its own approach to personnel related issues, however, generally they can be divided into two types: subjective and objective. The objective approach treats people in an organisation as one of its resources and so they are expected to show certain efficiency. The subjective approach is based on an assumption that employees are the main component in an organization and they have particular characteristics. Hence they need to be treated in an appropriate way as the principal causative and creative factor in company activity. Organisation functioning and its development requires the involvement and participation of employees, which can be achieved by referring to their needs and systems of values. In the literature the personnel function is most frequently referred to as human resource management or staff management, the former being the most popular one.

According to T. Listwan staff management “the substantive approach to staff management means a set of activities related to people. These people are oriented to achieving company goals. However, the needs of the people which are related to their development should also be satisfied. On the whole it means that an employee participates in the activity of a given organisation and is involved physically, socially and psychologically, however, on particular conditions” [14]. Particular people are both objects and causative subjects.

M. Armstrong states that “human resource management is a strategic and coherent approach to the management of the most valuable assets in the organization – the people working in it who individually and collectively contribute to the achievement of its goals” [1].

According to H. Król “human resource management is the current concept of performing the personnel function of an organisation whose task is adapting the features of human resources to organization goals harmonized with the needs of employees in particular external and internal conditions” [11].

Z. Pawlak emphasizes that human resource management is a contemporary approach to performing the personnel function in an organisation which consists in shaping and using human resources in such a way that the goals of this organization can be fully achieved, taking into account the interests of both the employer and employees [21].

The main characteristics of human resource management as a way of performing the personnel function in a company encompass:

- treating people as a component of company assets of strategic significance which is worth investments;
- holistic approach to company staff, treating it as one team and not as isolated individuals;
- emphasis on the needs of developed employees’ participation in decisions related to the financial result and equity;
- emphasis on the individual and team development of staff as a condition of company development;

- increasing the flexibility of staff qualifications as a factor which facilitates functioning on a competitive job market;
- emphasis on increasing flexibility of employment in the interest of both employers and employees;
- various forms of compensation, current and deferred, financial and non-financial as well as varied remuneration systems;
- analysing activities and personnel decisions in the cultural context of an organization composed of internal norms and values, customs and traditions, views and convictions;
- stressing the importance of social order, resolving conflicts and labour disputes (individual and collective);
- significance of ethical aspects of labour relations and social responsibility [21].

The goals of human resource management are related to the company core activity and goals as well as creating benefits and conditions which contribute to company survival and development.

A. Pocztowski stresses that man should not be considered a resource by a person with a resource. Hence human resources comprise capabilities, knowledge, experience and skills of particular employees, their attitudes, strength, health, values and motivation. Owners of the above mentioned resources are particular employees who unconditionally make decisions to what extent these resources will be involved in their work. This means that an organization does not have full control over human resources [23]. Primary sources present various more or less detailed classification of functions. An example of these classifications is the human resource management model developed by T. Listwan. His model is very clear and presents the relationship between human resource management functions, strategic human resource management and other factors in a simple way. They influence both a general company strategy and its action related to the personnel function. The author of the model took into account human resource management elements in an organisational cycle which encompasses three phases: preparation, performance and control. The preparation phase is related to human resource planning as a result of which one receives human resource plans describing all actions related to recruiting new employees, their later development as well as ending their employment. Plans allow also for later assessment of the whole personnel function. The performance phase is divided into “entry”, i.e. selecting staff, “transit” i.e. development and motivation of staff and “exit” i.e. the end of employment. The last phase is the control function of related to the assessment of performance and feedback connected with the other phases and subfunctions [14].

The strategic and system approach to human research management takes into account both the needs and potential of an organisation, it also considers the needs and potential of particular employees. Its goal is both efficient carrying out company tasks and meeting the needs of employees. Personnel strategies both in their analytical and forecasting part should take into consideration all types of uncertainties and risks and

they should also generate efficient ways methods of referring to them by the whole organisation, social groups and particular people.

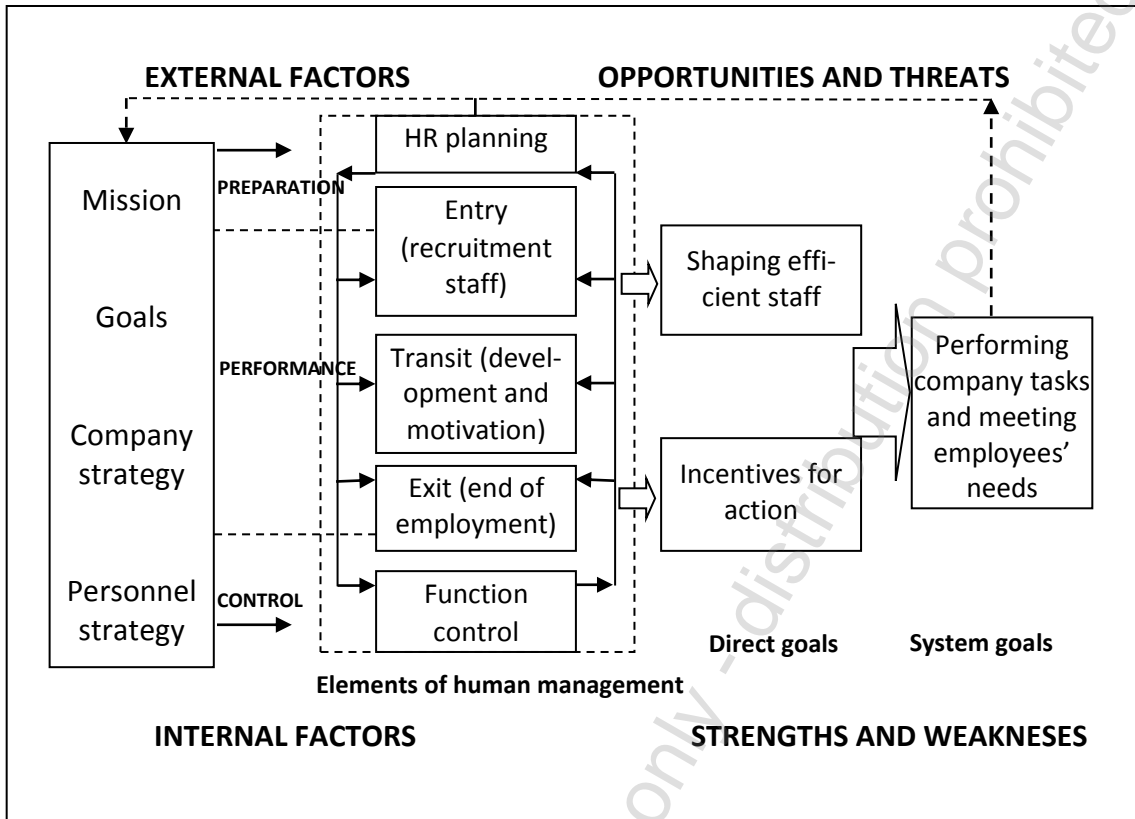


Fig. 3. T. Listwan's human resource management model

Source: T. Listwan, *op. cit.*, p. 76

In an organisation a source of risk can also be human resource management which is connected with uncertainty which is related to the connected with personnel decisions and the way personnel processes are conducted.

A. Lipka sees the reasons for the occurrence of personnel risk in mistakes made by an organisation in the process of human resource management. It is thought that it is a kind of micro-organisation and micro-social risk which results from involvement in personnel related actions in uncertainty conditions. Most often personnel risk is related to the impossibility of establishing whether particular actions oriented to appropriate shaping of human resources will bring results which are in accordance with the company personnel strategy. Entities defining the scenarios of personnel situation development should establish the level of acceptable risk [13]. The majority of organisations does not have a personnel strategy and this is why it is not possible to identify this risk, and hence it is assumed that this type of risk does not exist.

G. Kierner indicates that the source of personnel risk can be not only mistakes but also:

- deficit of human resources or their excess;
- over-competence;
- competence gaps;

- “outflow” of information;
- “human error” [10].

More generally one can state that the lack of system and process approach to human resource management is a potential source of uncertainty and risk for both large and small organisations. Very frequently large organisations reduce the personnel function to administering humane resources and introduction of procedures, while small organisations prefer an intuitional approach and deal with this area only occasionally.

Personnel risk encompasses all basic areas of human resource management:

- planning personnel demand;
- selection of employees (recruitment, selection, adaptation);
- allocation of roles and tasks as well as relocation;
- personnel evaluation;
- motivation;
- employee development;
- derecruitment;
- personnel function control.

Personnel risk is multidimensional and dynamic category (it changes with time), this is why apart from the above mentioned areas there can also be: risk of conflict between employees, communication risk, employee segmentation risk and risk related to incompatibility of the IT system used in HR and the organisation needs [10]. It is also possible to indicate risk related to psychological burden and stress of an employer and an employee. Changeable external surroundings and growing uncertainty make organisations substitute a typical form of employment with various more flexible forms which can increase personnel risk related to both employers and employees [12].

Taking into account the wide range of personnel risk, one can define personnel risk management as “the process of defining, measurement and control of personnel risk allowing to its restriction and/or prevention of its implications” [13].

Personnel risk management assumes direct and indirect influence on the time of occurrence and consequences of personnel decisions. Thanks to maintaining control of risk, a company can achieve its goals more efficiently and gain a competitive advantage. When an organisation would like to avoid risk, it can diversify or reduce it. The process of personnel risk identification and reacting to it should be a part of company control procedures [13].

Regardless of whether an organisation has a personnel strategy, or even a general development strategy, when implementing personnel risk management, it significantly increases the probability of success and maximises the efficiency of all processes. Increase in uncertainty and the number of threats in both internal and external processes, including personnel processes, determines the necessity to improve and advance the whole system of human resource management.

3. IMPLEMENTATION AND STIMULATION OF HUMAN RESOURCE MANAGEMENT DETERMINED BY RISK

Human resource management is the implementation system of human capital stimulation in an organisation for the purpose of generating benefits for the organisation and its personnel.

A dictionary of personnel management defines human capital as “a collection of properties typical of people, such as knowledge, skills, psychological features, health, behaviour which represent a certain value and can be a source of future income for both an employee and the organisation. Boosting this income is related mainly to the development of human resources and enhancing their skills, which can be considered an investment in human capital”[25]. The stimulation of human capital value is a privilege for an organisation and at the same time it is an obligation, especially in situations when it has to struggle with uncertainty and risk.

The purpose of adapting the human resource management system to the risk management system is as follows:

- development of competences directly related to the management of particular types of risk;
- staff adaptation to taking advantage of opportunities created inside the organisation and its environment;
- staff preparation to counteract threats and minimise their consequences;
- prevention of psychological disorders resulting from uncertainty and organisation related as well as professional threats;
- prevention of social pathology resulting from uncertainty and risk.

In terms of planning personnel processes, adjusting particular human resource management subfunctions to potential threats, uncertainties or risk encompasses:

- identification, analysis and forecasting personnel related risk in particular personnel plans;
- identification of particular types of uncertainties and risks so as to adapt the personnel system to predicted risk tolerance and reaction to risk;
- adjusting the size of personnel resources and the competence potential to the assumed level of uncertainty and risk.

In terms of staff selection (recruitment, selection, adaptation) adaptation to risk management encompasses:

- adjusting job descriptions in terms of competences to the forecasted risk level;
- informing potential candidates about risks related the positions they apply for;
- diagnosing and/or testing candidates competences with reference to potential risk factors related to the organisation, position, team and psychological condition;



- gradual, evaluational preparation of new employees to efficient work in the conditions of a particular risk.

Employee development and motivation as well as assessment related to adaptation to risk management encompasses:

- employee assessment in terms of implementation of the risk management process;
- assessment of competence, psychological and social adaptation to risks and uncertainties;
- training and coaching support in risk management;
- creating organisational culture taking into account adaptation and appropriate reaction to uncertainty and risk;
- introduction of risk and uncertainty load to the work assessment system;
- introduction of explicit motivating factors (financial and non-financial) depending on loads resulting from uncertainty and risk, introduction of motivators related to ideas facilitating risk management.

Derecruitment processes are also related to insufficient ability to adapt to risk management at the level of identification, analysis, decision making and, first of all, emotional and social aspects.

The control function of human resource management is determined by potential risk with regard to:

- monitoring the possible occurrence of personnel risk;
- controlling optimum adaptation of the personnel process to the risk management process (avoiding extremes).

According to the ISO 31000 [7] standard, an appropriately implemented and used risk management system should (relations with the human resource management system are marked in italics):

- create and protect value, hence it should support goal achievement and increase organisation efficiency, which can be provided by optimally selected personnel both in terms of quantitative and qualitative aspects, thanks to consistently implemented recruitment and derecruitment processes;
- make an integral part of all organisational processes and in particular management as in process integration it is necessary to implement an efficient communication system and shape the culture of synergy action and thinking based on system personnel management;
- remain in the responsibility of the management which results from an efficiently implemented motivation system connected with the staff assessment process;
- be a part of the decision making, which means that risk should be one of the criteria used in hierarchisation of goals, projects and assignments, it should also motivate the management to present alternative scenarios of events

and decisions – only competent managers are able to generate alternative scenarios, and this can be ensured by professional staff selection and an efficient improvement process;

- clearly take into account uncertainty issues in adopted goals, scenarios and the risk related to them – identification and analysis of risk as well as adaptation to it require personnel participation in the continuous improvement process oriented to the substantive and methodological side;
- be conducted in a systematic and structured way, it should also be defined in terms of time, because it is not a single action, but a repeated process and this can be guaranteed only by system approach to personnel management which will prevent professional burnout and the occurrence of destructive subcultures in an organisation;
- be based on the best available information, including historical data, experience, feedback from stakeholders, forecasts, observations, expert opinions and dissenting opinions, as then it can generate the need to create and develop a knowledge management system encompassing both general (organizational) and expert knowledge;
- adapt to the specifics of a given organisation, which means that there is not one efficient risk management system and openness and flexibility are the basis of the culture of trusts and communication with simultaneous support from the motivation system.

The requirements conditioning the efficiency of the risk management system mean that an organisation should undertake particular actions related to the personnel function performed as part of human resource management processes. Subfunctions encompassing competence management and continuous development of staff and also all stakeholders of an organisation are especially important.

CONCLUSION

F. W. Taylor, F. B. Gilbreth and K. Adamiecki stated that the decisive factor influencing the efficiency and effectiveness of the use of organisation resources is man because it is him to exploit “the system which was designed and organised to make a material, powerful and informational structure” [4]. Instrumentalisation of the risk management process is unauthorised when the personnel factor is depreciated.

Disregarding the value of human resources in management processes is the basis for questioning the sense of existence of a given organisation in a civilised and democratic society. Risk management is an inherent part of organisation management and in particular management of its value, because the risk category is strictly related to the value category.

The basic dimension of risk management is the subjective dimension at the analytical, planning, implementation and control stage. It encompasses widely understood organisation staff and in particular managerial staff making key decisions. Staff efficiency level is conditioned by the efficiency of the system and processes of human resource



management. Hence in all phases of personnel processes one should take into account competence and efficiency requirements related to risk management, including personnel risk.

Risk management determines the personnel function and simultaneously it is implied by system human resource management. The personnel aspect of risk management is the basis of organisation efficiency and in particular risk management efficiency. The coherence of both systems brings quantitative and qualitative synergy effects which are beneficial for both an organisation and its personnel.

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BIOGRAPHICAL NOTE

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