

# EmPower HR People Risk Management (PRM) Is It Right For Your Business?





Employees are usually a business's biggest asset and therefore can also be the source of its biggest risk. If you have employees, you have employee-centric exposures, also known as people risks. As these risks rapidly increase and evolve, effective people risk management (PRM) is more important than ever before.

Let's walk through the reason why businesses need people risk management, and explore what embodies an effective PRM strategy.

## HR Continues to Evolve

Historically, HR departments focused primarily on operations. However, in recent years HR has taken on more strategic roles, becoming involved in workforce optimization, talent management, and people and culture development. Businesses today realize the importance of a strong culture and high employee engagement, because they contribute to higher performance, as well as top talent retention.

For example, Gallup research has found:

Companies who double that number can realize a:

**40%**

of employees strongly agree that the mission of their company makes them feel their job is important

**41%**

reduction in absenteeism

**33%**

improvement in overall quality

There are countless risks related to people that can result in expensive litigation, fines and even criminal punishment. Compliance risks related to people are innumerable, including:

- Ineffective alignment between leadership behavior and articulated culture principles.
- Failure to comply with key operational guidelines for the administration of human resources, payroll and benefits policies across federal, state and local entities in which organizations do business.
- Discriminatory or biased hiring practices.
- Inconsistent or biased administration of compensation programs.
- Inadequate health and safety guidelines and inspection.
- Weak management practices for consistent supervision of employees.
- Poor quality onboarding, offboarding and trans-boarding practices.

## Why People Risk Management?

People risk is inevitable – but organizational behaviors and responses can either mitigate or accelerate the risk.

PRM fills a critical need for businesses of all sizes, in helping them build and maintain a strong culture, drive employee engagement and performance, and mitigate the numerous people-related compliance risks that exist in every organization.

## What Does Good PRM Strategy Look Like?

An effective people risk management strategy is multi-dimensional and takes the entire employee lifecycle into account – from hire to retire. A few key elements to effective and successful PRM include:

### 1. Managing risks before, during and after they're exposed

The ability to handle an incident when it occurs, such as a sexual harassment complaint or a workplace injury, is only part of a strong PRM strategy. It is critical that businesses have the tools and expertise to manage and mitigate risk before, during and after an incident.

#### This includes:

- Anticipating and preparing for potential risks, including an awareness of changing legislation.
- Knowing where to turn and how to respond when a risk becomes real.
- Having the resources to react after the fact, limit liability and mitigate further risk.
- Establishing a risk awareness culture so all employees contribute to the work of identifying and mitigating people risk.

## 2. Developing a living employee handbook

The foundation of any solid PRM strategy is a living handbook. This is much different from the traditional concept of an employee handbook; while thoughtfully prepared, they suffer from low readership and rapid obsolescence due to changing regulations.

### A Comprehensive Living Handbook:

- Includes key organizational policies and procedures, standards of behavior, plus elements of culture.
- Is continuously reviewed and updated as needed to ensure compliance with the latest legislation as guidelines change across all regions where a company conducts business.
- Holds employees accountable by requiring their signature during onboarding and when there is a change to the handbook; creating a clear link between communication and behavior through the sign-off process.

Employees need to understand how they are expected to behave, be ready to confirm that understanding, and ultimately be held accountable for their actions. A living handbook creates the 'line in the sand' businesses need to highlight both what's great about the organization and the behaviors considered unacceptable.

Most importantly, organizations that wait to build a handbook until there is a crisis cannot mitigate risk. In most cases the damage has been done.

## The Essential People Risk Management Toolkit

**The only way to ensure a comprehensive, end-to-end PRM strategy is by incorporating three critical components:**

### Content

The need for instructional and accurate content is clear, from regulatory updates to handbook policies, to interactive and engaging training courses. Organizations must have access to reliable knowledge related to all potential people risks, along with guidance on preparing for and managing those risks.

### Technology

All the content in the world is useless without the ability to get that content into the hands of the right people. This can include tools such as a learning management system to deliver powerful training content and key deployment technologies to create a great user experience.

### Live Advisors

There are times when content and technology just won't solve a difficult situation, such as an employee leave issue happening right now. That's why people are the essential third component of a strong PRM strategy, to offer the expertise and guidance that HR and business leaders need.



## Start Building Your Business' PRM Strategy

At EmPower HR, because we're obsessed with helping our partners, we keep you up to date on the latest and best practices in order to help minimize risk to your business — and when you're ready to develop and implement an effective PRM strategy, we're ready to help!

## How EmPower HR Can Help

EmPower HR offers a variety of human resource services tailored to your business needs. Let us handle the HR administrative tasks so you can focus on your business and employees.

**Learn more at [empowerhr.com](https://empowerhr.com)**

The information in this publication is presented "as is" and carries no warranties. It is solely for informational purposes and should not be considered legal, financial, accounting or tax advice. EmPower HR does not warrant or guarantee the accuracy, reliability and completeness of the content in this publication. (Our lawyers made us add this.)

Copyright © EmPower HR 2021, Inc. All rights reserved.

