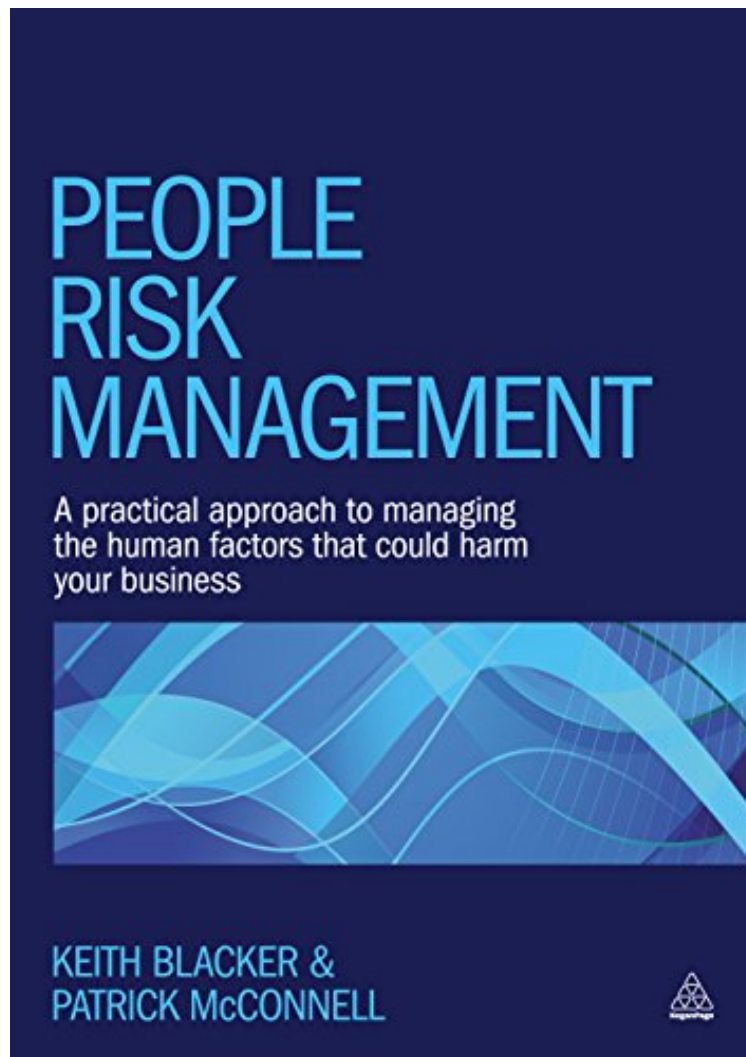


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People Risk Management: A Practical Approach to Managing the Human Factors That Could Harm Your Business

Keith Blacker, Patrick McConnell

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Keith Blacker, Patrick McConnell : People Risk Management: A Practical Approach to Managing the Human Factors That Could Harm Your Business before purchasing it in order to gauge whether or not it would be worth my time, and all praised People Risk Management: A Practical Approach to Managing the Human Factors That Could Harm Your Business:

4 of 4 people found the following review helpful. A well-written survey of ways to think about ComplianceBy Aaron C. BrownThe first point is that this book has nothing to do with risk management. The authors begin by defining their topic as "the risk of loss due to the decisions and non-decisions of people," or more simply, that "people should do the

right thing and follow the rules that are laid down for them, but sometimes they don't." Of course, this is what everyone else calls "Compliance." The authors are describing a danger and discussing how to minimize it. Risks are two-sided, and risk management is the study of how to select the optimum level, like a sports team gambling with aggressive tactics when behind, and using conservative defensive tactics when ahead. Risk is not good or bad, it's something you dial up or down to accomplish a goal. The authors are concerned almost only with one-sided uncertainties that you would never dial up (there are two brief discussions of upside in the latter chapters of the book). There is a vibrant literature on people risk management. It addresses questions like how to encourage innovation while ensuring efficient execution by the book; how to take advantage of diversity in the workplace and offer employees flexibility, while keeping enough standardization that processes work; how to build teamwork without groupthink; and so on. It is a mathematical field drawing on neuroscience, behavioral game theory, and experimentation. You will not find any of that mentioned here. Related to the issue above, the book focuses (again with two significant exceptions) on studying disasters and asking why they occurred. This is useless for risk. If you look at people who die of lung cancer, you'll find that many of them visited doctors, had lung x-rays, had chemotherapy and were smokers. That observation is not helpful. If you want to study risk, you have to go the other way, you have to look at smokers and non-smokers and see what happens to them. Assigning blame after a disaster is not risk management. What the book does provide is a survey of about a dozen ideas for combating white collar crime, making sure employees follow legal and regulatory rules and avoiding disasters caused by people issues like poor communication, infighting or bad incentives. Most of these are written in consultant-speak -- lots of big words, heat maps, pyramids, charts with arrows; not so much clear instructions or falsifiable predictions. But having seen a few of these in the original, this book will save you a lot of time and aggravation it has slimmed the presentations down and translated them halfway into English. There really is some useful insight in some of these chapters, and some empirical evidence as well. An example of the worst of the book is: "Employing the ISO vocabulary (Guide 73), People Risk Management (PRM) is here defined as 'coordinated activities to direct and control an organization with regard to risk (and in this context, People Risk)'" Here you see a circular definition, that appears to be sourced to the International Organization for Standardization. But the referenced guide is only a dictionary, the authors just took the definition of "management" and appended "People Risk" to it. The quotes are misleading as the guide says nothing about People Risk, nevertheless it is cited nine times in the book for fake authority. And the passage also illustrates the book's overfondness for initialisms. Then it gets worse. That quote is followed by: "The key word here is coordinated; implying that People Risk Management is not itself a directing activity but one that assists others, especially the board and senior executive, to direct and control the organization's approach to People Risk." So the entire definition above is upended. For some reason, the fact that the activity is coordinated means the People Risk Managers don't in fact direct or control anything as the original definition specifies, they're just advisors to the people who can pay the highest consulting rates. There's more circularity, we still have no idea what People Risk is (if you recall, that's what this passage is supposed to be telling us) but we do know the authors will not take responsibility for anything, they will merely assist in some nebulous function. Also note that the authors fail to use their own initialism even in the sentence immediately following its definition. However, it quickly becomes apparent what's going on. The next sentence tells us that People Risk Management will be big and expensive, and require outside consultants. It turns out that its remit is not just people's behavior or decisions as their definition claimed, but Health and Safety (because people might get hurt), Human Resources (because Humans is another word for People?), Fraud (not a department in any company I know, but why not?), Financial Accounting (because some accounting judgments involve assessing risk?), Procurement (because it's managed by people?), Compliance (of course) and Legal (also concerned with controls and decisions). It turns out People Risk Management means poking your nose into anything in the company that has to do with People, Risk or Management; three well-chosen words for someone who wants to opine about everything but take responsibility for nothing. On the good side, Chapter 4 has extensive and varied case studies, Chapter 8 has some interesting material that goes beyond enforcing the rules to discuss how to design organizations that avoid errors without sacrificing innovation and Chapter 10 is a solid account of traditional Compliance tools with some interesting extensions. The remaining chapters have nuggets of useful information, but few consistent veins, and a lot of dross. Overall, I think this book is a decent overview of some academic and consultant research into the Compliance function. It won't teach you to be a Chief Compliance Officer, for that you need to know what the rules are and how to design policies. But it can help a Compliance professional think about how to enforce the rules and policies in positive ways.

0 of 1 people found the following review helpful. Invaluable insights into people in the context of risk

By David Rorrison

This is a comprehensive review of that most important - and intangible - subject: people risk. It examines the factors that affect risk taking by both individuals and groups, including Boards, and considers a whole range of circumstances in which it went wrong and why. The authors then use these learnings to consider what constitutes good risk-aware decision making and how to make it happen. They go on to examine healthy risk cultures, boardroom behaviours, and roles and responsibilities for effective people risk management. An illuminating read!

People Risk Management provides unique depth to a topic that has garnered intense interest in recent years. Based on

the latest thinking in corporate governance, behavioural economics, human resources and operational risk, people risk can be defined as the risk that people do not follow the organization's procedures, practices and/or rules, thus deviating from expected behaviour in a way that could damage the business's performance and reputation. From fraud to bad business decisions, illegal activity to lax corporate governance, people risk - often called conduct risk - presents a growing challenge in today's complex, dispersed business organizations. Framed by corporate events and challenges and including case studies from the LIBOR rate scandal, the BP oil spill, Lehman Brothers, Royal Bank of Scotland and Enron, People Risk Management provides best-practice guidance to managing risks associated with the behaviour of both employees and those outside a company. It offers practical tools, real-world examples, solutions and insights into how to implement an effective people risk management framework within an organization.

"People Risk Management by McConnell and Blacker is a book that has been sorely needed for some time. For too long risk practitioners, as a whole, have underplayed the role that people risk can have in an organisation. Given that the major events of the global financial crisis of 2007-2009 were a result of people, both in senior and junior positions, making poor decisions for a variety of reasons, it is time that people risk is given much more prominence. And it's not just a matter of risk culture, as McConnell and Blacker successfully argue. More attention needs to be paid to making a more robust decision making process, especially at senior levels. For the practitioner, this book offers more than an overview of the risk and some case studies; a framework for managing people risk, and proposals for increasing the quality of people risk management from the Boardroom to the individual worker make a valuable resource. This is a book that I wish I'd written."