

Analysis of Preventive Measures for Human Resource Management Risks

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Abstract: With the rapid development of China's social economy, major enterprises are also developing rapidly. The development of the market economy presents a problem, whereby the market environment is becoming fiercely competitive. In order not to be eliminated in market competitions, it is necessary to secure the management of human resources. This is directly related to the key issue of whether enterprises are able to develop smoothly. However, there are still many problems in the current human resource management situation. One of the most important issues is the risk of human resource management, which has a huge impact on the development of enterprises. This paper begins by analyzing the source of risk in human resource management, and subsequently proposes some preventive measures based on the reasons. It is hoped that the proposal of these solutions can contribute to the socialist construction of the country.

Keywords: Human resource; Risks in human resource management; Risk of human resource acquisition; Risk of human resource investment

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1. Introduction

At present, the main competition in the market economy is the competition among talents. Taking in consideration of Huawei's recruitment, Zhengfei Ren pointed out that talents are the key to an enterprise's survival and development. This stipulates that talents are the most important resource for enterprises at present, and the competition among enterprises is equivalent to the competition among talents. In the process of enterprise development, human resource management is becoming increasingly important. However, the heightening of global economic integration has brought a lot of risks to human resource management. Enterprises have certain limitations in preventing and avoiding these hidden risks. Enterprise leaders tend to pay more attention to financial and operational risks but neglect the risks of human resources. This leads to the continuous loss of talents from enterprises, which has a great impact on the later management and development of these enterprises ^[1].

2. Source of risks in human resource management

2.1. Risk of human resource acquisition

In the first place, when an enterprise recruits employees, there are risks in human resource management due to staff mistakes or loopholes in corresponding systems. In human resource management, this is the main factor that gives rise to the risk of human resource acquisition. In the recruitment process, employers might recruit those who are incompetent for certain positions, and the newly recruited employees might not agree with the enterprise's culture and values ^[2]. This leads to a shorter period of employment for new

employees in an enterprise, which greatly increases the enterprise's recruitment costs. Other than that, there is a huge gap between the number of employees recruited and the number of employees the enterprise actually needs, resulting in many idle employees within the enterprise. This phenomenon leads to the waste of human resources within an enterprise. In addition, there is the issue of labor shortage in the process of human resource management. This can be seen when enterprises are unable to find suitable employees for certain positions, thereby forcing these enterprises to stop production. The emergence of this issue may be caused by natural disasters. For example, the emergence of Ebola virus in Africa has had a very huge impact on the recruitment of enterprises in the African region. The emergence of this issue can also be due to the differences between enterprises and the local people in terms of concepts, policies, and laws. These will cause certain risks to the human resource management, thereby affecting the normal development of the enterprise's business activities.

2.2. Risk of human resource investment

Enterprises generally train their employees on a regular basis to improve their knowledge and skills. They also provide their employees with corresponding social security. For example, the current state regulations require enterprises to provide five insurances for their employees. Many enterprises now provide their employees with five insurances and one housing fund to ensure their employees' quality of life. However, enterprises will also have certain risks in the process of human resource investment, mainly for the following two reasons: (1) the risk of selecting worth-investing employees; (2) the risk of employee turnover. When the selected employees are not suitable for the job, or they do not have the corresponding value-added merit in the process of human resource investment, the possibility of posing risks to the enterprise's human resource investment is higher. By analyzing the current situation of the use of human resources in many enterprises, we can come to a conclusion that the employee turnover rate is relatively large^[3]. Although appropriate employee mobility can allocate social resources more rationally, there will be some repercussions to the enterprise. If the former employees were the backbone of the enterprise, it is impossible to recover the human resources, material resources, and financial resources spent by the enterprise to cultivate these employees, thus causing the enterprise to face huge losses. In view of the brain drain, the enterprise will now need to hire new employees and retrain them to adapt to the enterprise, which further increases the cost. Therefore, in the process of human resource management, the human resource investment link is more likely to generate risks.

2.3. Risk of human resource utilization

When an enterprise allocates internal personnel or conducts leadership authorization, the risk of human resource utilization easily occurs. First, leadership decisions or uncoordinated organizational work can lead to such risks. Employees with low moral level or are lacking in terms of work ability will give rise to the risk of human resource utilization. The purpose of human resource management is to improve the utilization of employees and ensure that each employee can exert his or her greatest ability in a certain post. However, it is crucial to recognize that different positions have very different requirements for employees. In order to ensure that the skills and advantages of the employees can be truly reflected, enterprises need to choose suitable employees based on the post requirements. Enterprises should reasonably allocate each employee to a suitable position to ensure that they have the corresponding skills and qualities. Only in this way can we maximize the potential of employees, protect the interests of the enterprise, and promote a sustainable and healthy development^[4]. Second, the morality of employees is also very likely to bring risks to the enterprise. In the process of human resource management, when there is corruption in the management, or the misuse of enterprise's property without authorization by subordinates, these behaviors can easily bring about the risk of human resources. Finally, if the enterprise does not develop an ideal incentive mechanism

and management mechanism, the enthusiasm of employees cannot be fully mobilized, thereby bringing risks to the enterprise's human resource management.

2.4. Risk of human resource protection

Human resource protection may also lead to management risks in the enterprise. Enterprises do not only need to allocate employees reasonably, but also ensure that the human resources are protected accordingly. Enterprises need to protect the legitimate rights and interests of all employees. For example, enterprises need to provide corresponding living guarantees in accordance with national regulations when employees lose their labor force due to work-related injuries. In the process of production and development of enterprises, there may be risks to the human resources of enterprises due to unsafe or unsanitary factors. In addition, if there is no clear division of the rights, responsibilities, and obligations of employees in labor management, it may cause labor disputes, which will greatly impact the development and reputation of these enterprises.

3. Risks in human resource management

When modern enterprises carry out reforms, they must pay more attention to risk management. The risk of human resource management is very different from financial and operational risk. This risk is not a mistake in decision-making, but a problem caused by different emphases of enterprises' human resource management. At present, most enterprises focus on the salary and assessment of employees, but they tend to neglect the emotions of employees and the construction of corporate culture.

3.1. Job achievement

In an enterprise, employees are the most important part of benefit manufacturing. There are two main aspects of employees' job achievement risk. The first is the lack of motivation when working, in which employees do not have interest in their work. The second is that the promotion system for employees is unreasonable, resulting in slow promotion. Employees want to be fully valued by the enterprise. If an enterprise pays sufficient attention to its employees, the value of employees will be fully realized, especially for greenhorns who have just joined the enterprise. Facts have shown that the sense of achievement at work can effectively stimulate the enthusiasm of employees, encouraging them to work harder and giving them a better sense of identity within the enterprise. This ensures a sustainable and healthy development of the enterprise.

3.2. Corporate cultural identity

Corporate culture belongs to the scope of internal public relations. The internal environment of an enterprise directly affects the cultural identity of its employees. At this stage, most enterprises are not paying enough attention to cultural construction, and only superficial effort is seen. There is a lack of communication channels between employees and enterprises, and intimacy is also scarce. Employees do not form dependence on the enterprise, making it impossible for them to share weal and woe with the enterprise. The ultimate purpose of developing corporate culture is to establish a common sense of value among employees and improve their sense of identity with corporate culture. If this issue remains untouched, it will bring risks to the talent training work of enterprises and eventually lead to low loyalty among employees toward their enterprises.

3.3. Job training

Many enterprises regularly train their employees, in which these trainings require a lot of human and material resources. However, the actual training effect is not particularly ideal. The main reasons are that

the preparatory work was not done well in the early stage, the actual situation of the enterprise itself was not considered, and the ideas of the employees were disregarded. The training contents formulated by enterprises are meaningless for certain positions, and the knowledge and skills in the training are not detailed enough. Many enterprises tend to hire trainers from outside the company. These trainers are not familiar with the internal problems of the enterprise; thus, they are unable to carry out the training work appropriately, resulting in unsatisfactory training results.

4. Preventive measures for human resource management risks

4.1. Ways to avoid risks

- (1) Abandon risky projects and activities. If the risk is caused by external reasons, the enterprise will not be able to control it effectively, thus requiring a way to give up in order to avoid the risk. For example, some enterprises plan to invest in underdeveloped areas. However, in view of the poor economic environment and lack of skilled talents in these regions, which will lead to the inability to recruit employees or a higher risk of employee turnover, they will need to abandon their investments in these areas as they recognize that they cannot afford the potential loss. In addition, in certain areas, the social environment is poor, and the comprehensive quality of employees is uneven, which can easily lead to moral dilemmas. This situation also requires giving up investments in these regions to avoid risk.
- (2) Dismissal of at-risk individuals or units. If the human environment in the investment area is relatively poor and its relevant laws are defective, it will often lead to employee casualties or moral anomie. These events will have huge impact on the development of enterprises. This requires enterprises to avoid risks by renting or selling.

4.2. Ways to transfer risk

- (1) Reduce risk with insurance. In order to avoid the loss of employees due to accidental injury or health problems, enterprises should purchase appropriate insurance from insurance companies. If it is a dangerous industry, or if there are frequent field operations, insurance should be provided. Professional liability insurance is a very effective way of risk transfer.
- (2) Reduce risk with insurance guarantee. Guarantee refers to a way in which the guarantor is indirectly responsible for the breach of contract and infidelity of the guaranteed person. For example, the promises made by headhunting enterprises and employment agencies to enterprises. If the referred person defaults during the process, they will take part of the responsibility.

4.3. Ways to prevent risks

- (1) Improve the human resource management information system. The basis of human resource management is information. Without symmetrical information, it will lead to contract risk and moral dilemmas. In order to eliminate the risk as much as possible, it is necessary to improve the information system of the enterprise and continuously strengthen information management. In order to do so, enterprises need to build a human resource management information system as quickly as possible, organize and analyze the internal and external information of the enterprise, as well as strengthen the supervision of information management.
- (2) Strengthen the system management. If modern enterprises wish to carry out business activities normally, they must have a set of perfect systems as guarantee. For example, if the labor wage system is formulated unreasonably, a large number of personnel will be lost; if there are defects in the financial management system, then the consumption of public funds and corruption will be more common. Therefore, it is necessary to establish a power check and balance mechanism, continuously optimize and improve

various rules and regulations, strengthen the supervision of daily work, as well as ensure the smooth implementation of various regulations.

4.4. Ways to restrain risk

In some enterprises, the risks in human resource management can be prevented by means of avoidance. However, for most risks, enterprises need to predict the situation after the risk occurs before it actually happens and take effective response measures in advance in order to reduce losses as much as possible.

- (1) Prevent the disclosure of trade secrets. Every business has its own trade secrets. These trade secrets are ways for enterprises to stay invincible in the fierce market competition. However, trade secrets may be leaked after the brain drain, which will lead to losses. This requires enterprises to strengthen the protection of trade secrets and only disclose these trade secrets to relevant employees. This will minimize the leakage of trade secrets. There are also other effective means to prevent them from revealing business secrets; for example, through contracts, such as signing non-disclosure agreements or competition restriction agreements ^[5].
- (2) Prevent the loss of customers. For enterprises, customers are the most important resource. Losing customers will be a huge loss for enterprises. In order to reduce this loss, enterprises should strengthen their relationships with their own customers. It is necessary to maintain contact in many ways to ensure that the enterprise can still work with the customer even after the attending employee leaves ^[6]. When sales employees resign, enterprises should set a rule whereby previous employees are not encouraged to work in the same type of enterprise for the time being or in the next few years. In view of those customers handled by employees who had already left, enterprises should reinforce their connections and actively master their dynamics to avoid customer attrition.
- (3) Prevent the loss of corporate reputation. Upon dismissal, dismissed employees may slander their previous enterprises, which will affect the enterprises' reputation. This requires enterprises to actively contact their employees and strengthen the emotional communication with them.

5. Conclusion

All in all, in the process of human resource management, enterprises must formulate risk response measures in advance. This has very important practical significance for the later development of an enterprise. The effective ways to prevent risks in human resource management are as follows: continuously improve and optimize the human resource management information system, completely eliminate information asymmetry in the management process, continuously strengthen the management system of the enterprise, create a harmonious and democratic environment, as well as reduce the work pressure of employees as much as possible. Other than that, enterprises should encourage innovative work among their employees, and upon their completion of work, enterprises should support their employees in innovative research and development. Moreover, enterprises should regularly hold internal opinion exchange meetings and reward employees who put forward constructive opinions, so as to ensure the sustainable and healthy development of enterprises.

Disclosure statement

The authors declare no conflict of interest.

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