

Impact of the Human Resources on the Risk Management and the Company Performance

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Abstract

According to the recent studies the human resource is the most important source and head the company on the right trail to achieve the aims, this paper led to study some factors which its impacting on the human resource existence in the company and their impact on the risk management and the total performance as well, these factors are education, skilled, and the expert human. By using the sample from USIM University and using the regression analysis, have found that there is a huge impact for these factors on the risk management and the company final performance. And that's reflecting the positive relationship between the study hypothesis and the results.

Keywords: Human resources; Human capital; Risk management; Company performance

Introduction

This topic has two of parties, and both of them are so important matter in any company. If we noted recently most of CEO for the huge operation they talked about the risk. How we can do with the risk around? And they tried to avoid it, especially after the last crisis which many corporations in the worldwide they closed defiantly. And they focused to know what the risk sources exactly are? How to control, be ready and in the suitable position? While the weak company they left the market to find new industry or for bankruptcy, the other part is the human resource which is the power of this entire world so it's the engine for the operations, manufacturing, managing, and improving the company performance. The human mind is always the gold worth for the company because, any business in this world based on notions and the notions source is the human mind and the human skills, also its having golden touch on the processing. Which it gives high performance and add value on the outcome by different characteristics in the different minds. The education level and the experience years also its have big turn to help in this processing. In addition the human resource flexible so we can guide and control it as we like and improve it also by training. As narrated by Lengnick-Hall, et al. [1], the impact of the human component in organizations is described to understand the importance and the critical role of the human resource in organizational success studies from the 1970s show the need to overhaul the traditional human resource management (HRM) which has led to the significant changes and the concentration on the strategic value of human resources. The risk management and human resource, how they support each other so this research will mention for issues of how we can prepare the risk management by using the human resource and if that have any relationship to reflect on the risk management, what is the technique for the protection mechanism from the risks, this is the issue what this study going to find the clear answer for it, which it is the value of the human resource for the risk management?

When this study talk about human resources and risk management in one field so we need to investigate if we have effect first or those are separated topics after that exploring at out the affection size and mechanism as well as that is aspects which the human resources effect on the risk management, actually to know all these points we have to ask, whom are familiar with our topic about:

Q1: What is the impact of educated, skilled, and experts' human resource on the risk management?

Q2: How the human resources affect on the risk management?

Q3: Why the companies need these characteristics which we must find it in the human character?

This researcher has chosen this topic to study it as an important point and aspect, it will save the business, money, and support the aims, mission, and the vision, so the human resource management can has impact on the general performance, the conditions are what do need to know about this fact so the objective is touch the importance of human resource, and the size of the effects on the risk managing.

Recently the risks rate it grows so much, it's become big facing for all corporations which if it's can defend about its business it will survive in the market, so avoiding the business risks is the choice for each corporation that need to continue. What are the elements of the risks? Which it could find safe for the corporations and focusing on these elements, and in this study chosen the human resource based on thinking it is a one of the elements which it can support the corporation and find the awareness factor inside it as planning, decisions, processing, outcome, performance, control, and readiness for any risks and circumstances around.

This paper mentions that there are many factors inside and outside the company which they influence on the company performance and the presence as well. And the human resource considered one of the factors which it helps in the corporation to push it up and keeping the balance for its business. And this study heading to identify the size of influence the educated, skilled, experts' human resources on the risk management, are they increasing the readiness for the risk management. During this research paper and for the readers, there are some concepts needed to be known which makes the understanding and the harmonizing with the research topic easier. The relation between HRM and performance is not yet fully understood even after fast growth in human resource management [2-4].

The first concept is the risk management

Risk management is an important subject especially now because of the ongoing financial crisis, surveys done on the subject shows the need for risk management and how important it is to business, to increase

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the effect of risk management we must create a set of critical success factors to have a successful risk management [5].

The human resource

The human whom they are pillar of the corporations as the worker and manager, and those people who control the production processing and all of the corporation outcomes and results which it must be checked by the human resource (human) and have influence on this progress, of course it's controlled by the human resource [6]. So always they must oversee each particular small thing even some of the authors they called it performance management which it means and show the huge turn for the human resource on the performance, it considered the engine for the transactions, decisions, controlling, organizing, operations, hiring, organizations as all, and the organizations culture [7].

The educated employee

The company workers those whom they have advance certificate and those whom they are keeping on touch with the technology and development and they are knowing about the modern manners to treat the crisis and risk may it will face the business based on science, knowledge, and education.

The skilled employee

The employee whom they are discovering and created employee they can exploit their skills to work so well, and run the company by their notions and make differentiate value for the company so we need them to find the solution when we face a trouble, they can find it during short time and by simple tools. As mentioned by Clutterbuck and Hirst [8], a sign of a competent leader or a manager is his ability to communicate, being good at communication will enable such manager to have a better understanding of the objectives, expectations and goal. Team members whom communicate will have a better understanding of what they want to be and where they at.

The experts' employee

The existence of the experience for the employee is so important for decision making and supporting the company plans based on the last years circumstances and situation, and find the optimal plans and solutions almost, because they have background about the same status before, they can defend about the company market share and growth rate as well as when they know the alternative and available resources for them company, so they can control and manage the environmental factors surround.

Underpinning Theories

According to Wright and Snell, [9] for the corporations to be a competitive advantage creator, they suppose to invest in the human capital, combine and employ their most important strength which its (skills, knowledge, and experience). Recently managers as well as have been seriously attempting to employ and manage the real competitive advantage- human capital- to more effective and efficient.

To develop the company we have to change the corporation vision and develop the knowledge which it must mix with culture to work together and change the process to reach the company for the objective and cover all the corporation needs. The human resource management by whole or its aspect as the strategies, practices, role, political and the impact it studied often in large entities. The human resource risk management service line leader in the United States of America (USA) they agree and support that huge importance for the risk management

during the human resource stage, and its effected matter for the international executives [10]. The not sure happen occur is what we called it the risk management so it's an experience taken through previous happens to be used to support the future, so it's still unhappy and probably it will have bad impact and prevent the corporation from covering the goals [11].

The human resource staff must have and gather data base about the persons whom in charge for the governance, the acquiescence matters and the risk. Even the human resource managers have to show the corporation managers with whole statements of human research acquiescence and the processing risks. In addition the bespoke works, and agrees with the duty of deducting them. The human resource can offer help for the committee in same or near field like supporting the development committee and management services, and improving the rewarding committee too [12].

According to Deloitte, mentions for the human property as a most huge capital for any corporation and its merit the significant, and their conducts almost the most significant and hugest sources for the business risk. And the people risks must be as main risk in the corporation future plan. The human resource work in many aspects, to do facing the external risks if there are strong sources in the company, while it will be one of the corporation risks and weakness some other times, in which the 42% of the corporation expenses spent it in the readiness of the human resource and process workforce concern. For ready and stronger organization in the future, and avoid any trouble lead the company to be unable to face and avoid the future risks. The management theory is supporting the research and planning it. This research is matching between the readinesses of the human resource and influenced that on the risk Management, and how that does can happen? When you have strong human resource and qualified means you can face any risk, and that's what is managing the risks to get more safety and comfortability.

Conceptual Framework

This research connecting between two different parties in the business, what it means have many elements can influenced on both of them as workers skills, if it helps the corporation to keep stand always, the size of the risk has huge impact on how and what we would face it and some of the risks can avoid it. And circumstances its behind the size of the risk but it is being defend depend on what the mechanism and the system you are following and how you did for like these surprising occurs.

The source of the risk is one of the most important variables for this research. Which based on from where the company get and suffer with this risk? is it from inside the corporation or outside as well as if it's from inside so you have weakness and problem in the corporation and if it's from outside so what you have to do, is you have to check your plan if you expect that before and did you have alternative plan for that?.

And the general education level for the all corporations is important to support its in the risk management, because the risk management need for awareness and mature people and that's mean also the knowledge consist in the organizations, what it guide the boarder to ride the right trails, Because the based on knowledge and knowledge based on scientific study and investigate, what it gives rational outcomes.

The paper has basic contains based on in the framework shows the main elements for the study, in this paper took only one aspect to focus more on, this in the independent factors and in the dependent factor it's the risk management.

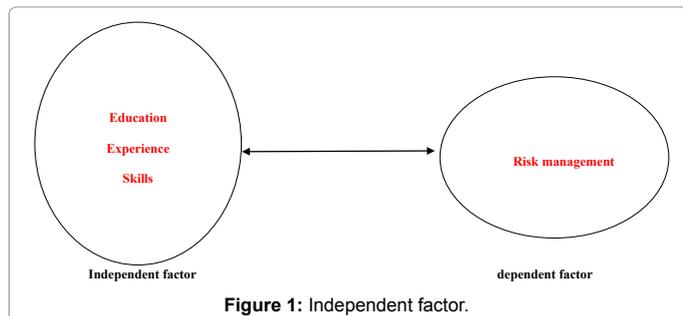


Figure 1: Independent factor.

This paper goal is testing the relationship between both of the framework aspects while the hypothesis said there is positive relationship between them as shown in Figure 1.

Finally these variables are effecting on the human resource and the function in the risk management how it is working by duality way to make harmonization between both of them (the risks, and human resources). In fact between many variables related with this study and this topic but in this study want to know exactly, how the human resource qualifications (educated), skills, and the experiences its effecting on the risk management so these variables seem as related with qualitative but actually what is targeting it is how that's effecting not the size of the qualifications. Simply studying the heading to how and what is the consequence for the workers qualifications, skills, and experiences not the size of its. So is it positive or negative relationship, and follow the steps what it is helping to make the completed cycle for these process.

Hypothesis

The hypothesis would be tested are:

H1: the skilled stuff has appositve impact with the risk management.

H2: the education qualified worker or educated employee they have positive relationship with the risk management performance.

H3: the experts members in the risk management they have the highest capability to increase the quality of risk management performance.

Now need to test that if the hypothesis its right or wrong, have to choose sample in proper environment to make the survey for these hypothesis.

Measures and instrumentation

In this descriptive research which it describe the managers education level, experience, and skills specifically and how they are effecting on the risk management and they have turn to organize, expect and control the risk and the data was collected by using the questionnaire. Which the education aspect will measure the level of the education diploma, bachelor, and master. And measure the different impact for that level on the performance for the risk management; secondly measure the experience years, type (major) which it's identify the impact of the experience factor on the risk management and managers. Thirdly measure the skills if its mind (manager), hand (IT, software) skills to know the type of the skills and the impact on the risk management performance, and measure the plan, solutions and experience for the risk managers how the independent factors can effect on.

Population and sample

The sample is the 35 educated, experts, professional managers in

university as education organization from university science Islamic Malaysia (USIM). Al-sakran mentioned that the research test 30-300 sample is valid for the scientific research and the results able to be acceptable. This study as mentioned before selected the managers and the three classifications from them which they are educated, expert, and the skilled managers in (USIM). Additionally, this study will be use SPSS 17.0 to clarify the relationship between independent and dependent variables. The scanning process as explained by Raes et al. and Roe is detecting discontinuities in the environment. This procedure is the activities practiced by top management and middle manager to change the current strategy to new situation by analyzing and filter information from the external context [13].

Hypotheses testing-regression

The study proposes three hypotheses to test the relationships between the four factors (educated, experts, skilled) human resource on the risk management. The mean values of variables within the constructs or factors were calculated and regression analysis was conducted on these values.

The coefficient of determination (R^2) measures the proportion of the total variance of the dependent variable about its mean that is explained by the independent or predictor variables. The higher the value of R^2 , the greater the explanatory power of the regression model. It is found that the regression model R^2 value for the dependent variable risk management is 0.522, meaning that 5.22% of the total variance in students' risk management are explained by the regression model. This value is considered high and thus the power of the regression model is good. This implies that the model is statistically significant ($F=11.263$, $p<0.001$). The values of the regression coefficients and their significance determine the factors included in the model.

In short, referring to the data in Table 1, the regression model supports the following hypotheses:

- H1: skills --- risk management there is a positive relationship between skills and risk management (SIG= 0.033<0.05).
- H2: education --- risk management there is a positive relationship between service quality and risk management (SIG =0.028<0.05).
- H3: experience --- risk management there is a positive relationship between culture factor and risk management (SIG= 0.005<0.05).

The three factors got results but we found the experience factor has the highest significant, and the experience years has influence to judge the impact for the labors on the risk management performance, and sometime the experience even help to measure the skills because it's effected by the years of work to acquire more skills.

Coefficients ^a					
Model 1	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.961	0.925		3.201	0.003
Education	0.27	0.117	0.384	2.313	0.028
Experience	0.124	0.16	0.127	0.773	0.005
Skills	0.006	0.179	0.006	0.035	0.033

^aDependent variable: Riskmang

Table 1: Regression coefficients.

Based on the previous study (Experience can be helpful to the project managers and project team in identifying specific risks on the corporations, expanding the thinking of the team as well. The past experience of the project team, project experience within the company, and experts in the industry can be valuable resources for identifying potential risk on a project). Once the Project Team identifies all of the possible risks that might jeopardize the success of the project, they must choose those which are the most likely to occur. They would base their judgment upon past experience regarding the likelihood of occurrence, gut feel, lessons learned, historical data, etc. [14]. Moreover, in case any gap isn't exactly identified by the managers would be filled by the experienced teammate [15].

The education makes the workers behavior more safety, rational and build all the decision on basic and principle, clear for the future plan. The employees should be educated, as well involved in exercises and training, to increase the capabilities being strengthened facing any potential risks, [16].

According to Thomas and Allen [17], the individual education for the corporation members able to find the knowledgeable and educated corporation, as well the ability to learn is builder by the learning corporations, what is figuring out that the human capital structural value could interpret as the learning corporation structure.

The past studies find the knowledge loss effects negatively on, and deducts the general corporations outcomes, the knowledge which it's unique or difficult to imitate. As well as the skills, mentioned the effective integration of risk management and human resource management requires that managers have certain skills. Most important are: leadership, communication, training, motivation, conflict management, and evaluation.

People and risk are as integral to farming as are weather, prices And technology, Human resources must have careful attention and a full understanding the sources of risks and their solutions for handling risk.

According to Bontis, one of the term three sub-constructs is human, and mentioned that the way to generate the wealth is IC (intellectual material) which it's knowledge, information, intellectual property, and experience. And they are all found in the company human capital.

The results for the three hypothesis it were positive that's give it accepted from the sample and approved, which means in brief the educated members in the company generally and in the risk management especially have impact on the risk management and that's reflect on the whole performance in the corporation and the business or service outcomes, about the skilled members so they are the mind of the company and the notions resources as well as the guideline for the company which they are using many ways to follow the best and easiest trail in the business and avoid any crisis especially during this era have many obstacles for any business, finally for the experts employee they are the language of the corporation what it can ask them help to speech with the past current and the future circumstances and express about what are the reoperation procedures to do.

In this respect, Wei and Lau [18-23] and Wei, Liu, Zhang and Chiu [24-30] show that organizational culture influences the way top managers perceive human resources in organizations.

Conclusion

This study come out with how the company can organize and utilize from the human resource inside the company, which need to

hire the experts' employee in the risk management department, to ensure existence of the skills in the workers qualifications certificate, In other words, the corporation members have to be experts in the specific major for the company to keep the company firm balanced. its necessarily of the educated stuff to comply the modern manner in the science and technology, and focusing on the human resource in the risk management more than anything else because it's the decisions sources, and offer them the continues training which it's important for them to be in touch with them newcomer to perform their tasks [31-34]. The company performance development is based on selecting employees with highly specialized skills and on developing their skill base through off-the-job trainings whenever they need it. The educated, skilled, experts committee for the risk management has the heavy weight to impact on the performance; Give the risk management strong force if it has the qualified, skilled, experts' human resources. This study starts with a description of the research problem, research questions, research objective, and its significance. The literature reviews of literatures are discussed to support the research carried out. The research model and the hypotheses were developed based on the inputs from preliminary study, previous research, and theories, during this stage the hypothesis tested already and got the results which it were position [35,36]. In brief, the experts, educated, and the skilled managers are impacting on the risk management department in the company which it's improving the company performance at all.

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