

A Risk Perspective on Human Resource Management: A Review and Directions for Future Research

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Abstract

Arguing the value of effective HRM practice has long been a focus in the HRM literature. However, there is also a case for identifying the risks presented by inappropriate or absent HRM practices. Although risk management has been established in the broader management literature for over two decades, human resource related risks have not featured as prominently as other types of risks. HRM as a discipline has a role to play in addressing this situation and raising awareness of human resource issues as risks for the organization. A review of papers published since the year 2000 in a broad range of high quality management journals, identifies that limited research has thus far taken a risk management perspective on human resources. Although the HRM and risk management disciplines stand to benefit from drawing the two areas together, this review concludes that further research and development of the phenomenon of human resource risk management is needed.

Keywords: Human resource perspective ,broader management ,HRM practices

Introduction

In the Human Resource Management (HRM) field, review articles typically consider only some of the “trees”, but lack the scope to provide a synthetic overview of the “forest” of HRM scholarship. In particular, HRM review articles typically focus on examining the contents of a small number of articles on a specific topic or research question. As such, scholars are likely to have a fragmented and incomplete view of the field overall, which may result in research silos, redundant research efforts, and lost opportunities for meaningful conversations *between* topic areas. Moreover, narrow, disconnected, and incomplete views of the HRM field can limit scholars' ability to detect research opportunities.

In recent years, new alternatives to the traditional narrow review have emerged. In particular, what can be called *structural reviews* 1) examine the relations *between* topic areas, and 2) use some form of quantification to succinctly summarize a large literature (Porter, Kongthon, & Lu, 2002). As Porter et al. (2002), a broad scan of a literature “can extend the span of science by better linking efforts across research domains. Topical relationships, research trends, and complementary capabilities can be discovered,

thereby facilitating research projects” (p. 351). In addition, because structural reviews employ some form of quantification and objective analysis, such reviews “improve the review process by synthesizing research in a systematic, transparent, and reproducible manner” (Tranfield, Denyer, & Smart, 2003, p. 207). In doing so, structural reviews help overcome a key limitation of traditional review articles: their lack of rigor (i.e. biased, subjective, impressionistic description).

Risk and risk management

There has been much debate around the definition and meaning of the term “risk”, and indeed there is not a single, widely-accepted definition for this term in the academic literature (Hagigi, M. and Sivakumar, K., 2009, Lehtiranta, L., 2014). Definitions of risk typically range from those that focus on the potential negative outcomes of lack of predictability in the business environment (e.g. Jablonowski, 2006), to those that argue that risk represents the variability of outcomes

Scope of review

To identify and analyze literature that consider risk as it relates to human resources, we undertook a comprehensive review of a wide range of articles, but used a number of steps to place limits on this review. We restricted our review to articles published since January 2000 (search conducted on 28 July 2015). The period since 2000 has seen the emergence of risk management as a discipline

Perspectives on HRM and risk management

A detailed analysis of the 81 articles revealed three distinct clusters of approaches and foci (referred to as groups) as represented in Fig. 1. A large proportion of articles commenced with a focus on analyzing specific human resource risks in an organization. Many then went on to offer ways to mitigate these risks — usually referring to HRM practice/s.

A synthesis and future research directions

The articles in this systematic review represent a broad range of themes that combine to present potential risk areas relating to human resources. They also identify some potential ways forward in forging the two areas of risk management and HRM. Some of the articles identified particular risks that have “human factors” associated with them, and then investigated the contributors to these risks. Others approached this issue from a HRM practice standpoint,

Conclusion

A focus on HRM and risk management has received limited focus across the management journals included in this review. Those who have engaged in this conversation have argued for and demonstrated the benefits that such focus can deliver. Given the limited uptake of a risk management perspective on HRM, it might be suggested that it has not proven to be a useful lens through which to view this phenomenon or perhaps is being implicitly applied without the use of risk management nomenclature.

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