

# People risk is key, you have been warned!

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» *“The ability to manage people risk is a key component of success or failure. You have been warned,” said Eliane Fuchs, President of the Personnel Officers Group (POG) at a conference on People Risk organised in association with PRiM (the Association of Risk Management professionals in Luxembourg) on the 25th June.*

Michael May, President of PRiM, welcomed participants by saying, “Basel II defines operational risk as ‘the loss resulting from inadequate or failed processes or systems, human factors or external events.’” He continued that, “We tell our staff that they are our greatest assets and then forget that all management should demonstrate awareness of this fact – not just the HR department.” Indeed, 74% of those who attended the half-day seminar were members of POG (i.e. HR managers); proof that this very important message still needs to get out there.

“The aim of the conference,” said May, “is to bring the subject out into the open and show that, although people risk management may be difficult, it must be integrated into our understanding and treatment of business risk.” The subject of people risk is vast and so, in order to begin to shine the light on it, PRiM and POG selected four key aspects to focus on – health, recruitment, fraud and change. Four keynote speakers with specific expertise were followed by a panel discussion led by John Li, Managing Partner of KPMG Luxembourg and including Nicolas Buck (Qatena), Elmar Follman

(m.e.g.a.performance), Klaus Froehls (eBay International), David Hagen (CSSF) and Nigel Plumpton (Harvey Weston).

## A healthy body is a healthy risk profile

Dr Patrizia Thiry-Curziotti of ASTF (Association pour la santé au Travail du Secteur Financier Luxembourgeoise) got down to basics in her explanation of the relationship between the physical well being of employees and the risks of stress and weight problems. She discussed what she described as, “The scourges of the 21st century,” namely; excess weight, high cholesterol, blood sugar imbalance, high blood pressure and cardiovascular disorders. “The majority of these complaints,” the Doctor said, “are as a direct result of bad nutrition, lack of movement and stress.” She encouraged companies to, “Consider employee health as part of their business strategy.” Although admitting that it was up to each individual to care for him or herself, she nevertheless felt that, “Employers need to make it possible for them to do so. How is anyone going to find time to exercise, for example, if they don’t stop work until after 9pm?”



Francois Biltgen “delighted” at the conference

## Recruitment, a risky business?

Els-Katrin Renard of Hudson Luxembourg took the podium next. “Is recruitment a risky business?” she asked. “Most certainly yes. Recruitment can result in financial risk and reputation risk, as well as the fact that misfits can put the organisation under significant pressure. This is fur-

ther complicated by today’s tense recruitment market – HR facing increased operational pressure, a scarce employee market (especially in Luxembourg) and the demographic challenges of our ageing population.” Add all of this to the extremely difficult economic conditions now being faced and recruiters really can’t afford to get it wrong. The question is, how to ensure they get it right? The next part of Renard’s



presentation focused on the recruitment process and the tools (like assessment centres) recruiters can use to assist.

### Friend or foe?

Laurent Denayer and Julien Benomar of E&Y Luxembourg discussed people risk from the point of view of fraud. They discussed the fact that, "Fraud

is the result of the interplay of several components; socialisation, corporate culture, pre-employment screening and personal enrichment," and emphasised the importance engaging each and every employee, at all levels of the organisation, in order to prevent it. Next they revealed the typical profile of a fraudster...

"Referring to global survey, the fraudster profile is as following:

30 + years old (with a peak between 36 and 45 years old); Segregation: Gentlemen (85%) – Ladies (15%); Staff (40%) vs. Manager (60%); Clean criminal record (88%); Stable family situation in appearance; Highly educated; Good knowledge of internal control environment; IT skills; Wish to challenge the rules." Sound familiar?

### The wings of change

Anne Bayart of Accenture talked about change management and stressed the importance of measuring change and people risk. She began by explaining, "Most change initiatives do eventually reach completion, but they take longer than expected and cost more than budgeted." According to figures from Accenture, 16% of projects hit their targets; 18% on average run over their budgets; 23% on average run over their time and 7% do not achieves their scope or functionality. "Implementing change requires changes in the way we do business- new attitudes and behaviour need to be developed."

However," Bayart continued, "Companies often do not have the expertise for managing change." In her view this could

be a grave oversight. "We must take change management very seriously," she concluded, "It is not an art form but a process that should be actively measured at all stages."

The half-day conference was closed by Francois Biltgen, Employment Minister who said, "I am delighted that you have brought this issue forward." He congratulated the organisers for their choice of subjects and looked forward to attending more such meetings in the near future. Indeed PRIM, POG and Hudson all expressed their interest in brining people risk to the fore again...

(Please also note that Business Review will look at each of these subjects in greater depth in next month's HR feature).

[www.prim.lu](http://www.prim.lu),

[www.pog.lu](http://www.pog.lu).

[www.hudson.lu](http://www.hudson.lu)

### Forthcoming...

17th – 21st November, in cooperation with ATTF and ADA, PRIM is organising a training week, "Risk Management Excellence in Microfinance." Full details can be obtained from the PRIM secretariat at [www.prim.lu](http://www.prim.lu).

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