

December 2, 2007

## **HUMAN FACTORS AND RISK MANAGEMENT: MAKING AND IMPORTANT CONNECTION**

**By Nick Manolis**

The title of this article has hopefully caught your attention and has got you thinking about a few things you may not have thought about before. Just what are human factors, how are they “connected” to risk management and why is this connection so important?

This article hopes to answer those questions and to provide you with another weapon in your risk management arsenal. It’s very possible that as you start reading this article, the connection of human factors to risk management has not “formally” appeared on your radar screen. By that, I mean that any connection you may have made between human factors and risk management has been made in an accidental way without really knowing what’s behind the connection or how to make and enhance the connection.

Have you ever thought about why some employees seem to be more cognizant of risk management issues than others, why some seem to work in a way that mitigates risk while others seem to throw caution to the wind when they work, why some follow policy so precisely and others find policy restricting and confining?

Have you really appreciated the enormous risk management opportunity that the hiring process brings? Are you satisfied that your current hiring process puts you in a position to make as well informed a hiring decision as you can; one which maximizes the potential of the hiring process and mitigates its inherent risks?

As you evaluate the effectiveness of risk management related training offered to your employee, have you considered ways to tailor it to individuals as opposed to broad brushing it with the same approach to all employees?

Have you looked at your own personal and professional growth/development and ever considered what factors other than knowledge, skills, abilities and experience you should either leverage or modify to be a more effective leader?

The answers to these questions all have a human factor and risk management implication to them. I’m not saying that the concept of human factors is the *only or right answer* to these questions, but I am saying that human factors clearly need to be part of the answer.

Hopefully, I’ve got your attention and you’re ready to start exploring what might be uncharted territory for you. So, what’s this stuff really all about and what’s the important connection?

## **One Man's Awakening**

I have spent my entire working life in and around human resource functions. Human resource management, labor relations; recruitment and training/development have all been part of a long career. Yet up to six years ago, I had no real appreciation for the concept of human factors or their powerful potential to the employees I was working with or the organizations I was working in. Maybe like you, I understood at some level what they were, but never were human factors really on my radar screen.

Then I was fortunate enough to be challenged by a mentor who shook me from a professional sleep and opened my eyes to the potential and value of understanding and using the concept.

Just this awakening was hugely valuable as I truly understood that it never too late to learn and grow. I tell you this so you will at least entertain what to some of you may be foreign thought. By the way, how you accept or reject the content of this article says much about *your* human factors.

## **So, what are Human Factors?**

Simply put, human factors are the *values and behaviors* we bring to and exhibit in the workplace. Here are very basic but on target definitions of these factors:

- Values are *why* we do things.
- Behaviors are *how* we do things.

Think about this for a moment and see if the connection of human factors to risk management starts to be made. “Why” do employees work safely? “How” risk-averse are your employees? What are the “values” you seek in employees? “How” do they demonstrate that they bring those values to the organization? As you do your job, what is risk management “how and why” you’re showing your employees?

## **A Quick History and Definitions**

The assessment tool I’ve used is a DISC-based tool. Perhaps some of you have heard about DISC (and maybe even used it) but to get everybody on the same page, DISC is an 80 year old body of work that remains relevant today.

In the late 1920’s William Moulton Marston did a study of why employees acted as they did to favorable and unfavorable situations in the workplace. His work resulted in the identification of four predominant behaviors (remember “how” we do things). Those behaviors were:

- *D.....Drive and dominance (How we deal with problems)*
- *I.....Interest and influence (How we deal with people)*

- *S.....Steadiness (The pace with which we work)*
- *C.....Compliance (How we follow rules/regulations/policy/practice/procedure)*

Fast forward by about 35 years and John Cleaver enters the picture. Cleaver expanded Marston's work and focused it on why employees succeed or fail in certain jobs. The net result of Marston's and Cleaver's work is an enduring tool that can be extremely valuable to employees and the organization.

Although there are a wide variety of DISC-based tools to choose from, the one I have used almost exclusively is one which bears Cleaver's name....The Cleaver Synergy Tool. The main reason I particularly like this tool is that in addition to the behavioral view (the "how") it provides, it also examines the values perspective (the "why") by identifying and assessing the following values:

- *Theoretical*
- *Economic*
- *Aesthetic*
- *Social*
- *Political*
- *Regulatory*

Do you think that knowing and understanding the values and behaviors an employee brings to and exhibits in the workplace has some major risk management potential? If you do, you're making the connection!

### **Some Practical Implications**

At Primex, we have incorporated human factors assessment as a key part of our risk management training and consulting services. Using a human factor tool and providing the analysis to support the tool we have provided the following assistance to our members:

- *Recruitment/selection*

If you believe that the most important decision you'll make during the employment life of an employee with your organization is the decision to hire them or not, then adding value to your selection process by developing information to make a better informed hiring decision is crucial.

We share this belief and also understand the risk that selection brings with it and have assisted members in defining the behaviors and values it seeks in employees. This is done by having the “hiring authority” complete an exercise which identifies the behaviors it seeks and then having finalists for the position complete an exercise which identifies the behaviors candidates bring to the position and organization.

Here’s a closer look. Imaging for a moment you’re recruiting for an administrative support position and that among the essential functions of the job are accurate creation and maintenance of sensitive data. Think back to the earlier descriptions of the four DISC behaviors. Which ones do you think should be focused on to make a better informed hiring decision? It is probable that the C (compliance) behavior would be of paramount importance as compliance with applicable policy, practice and procedure is likely critical to perform the duties and responsibilities of the position well. Knowing the level of “C” candidates bring to the job clearly helps mitigate the risk in hiring and the risk the employee will take when on the job.

Here’s one more to think about. What behavior do you think would be particularly beneficial to a public safety dispatcher. This is a tough one based on the limited definitions I’ve given you, but the answer is “S”. What we know is that people with a higher “S” behavior tend to be more calming and soothing than those with a lower “S”. Think about risk management implications of knowing this in advance of hiring someone to fill the position. As the commercial says.....”Priceless.”

The results of a using a human factor assessment tool have often steered the hiring authority away from hiring an individual (risk mitigation) and toward hiring someone else (maximizing the potential of the hiring process), but there’s a cautionary word in order. We always stress to our members that the tool is not fool proof (though far more often than not it’s on the money) and should never be the sole determinant of who gets hired or not.

- *Supervisory training and development*

We’ve long had an informal mantra at Primex which goes like this, “good management is good risk management”. What we mean by this is that the better managed the organization the better its risk management performance ought to be. We appreciate the impact on risk management that supervisors from throughout the organization have on its risk management culture.

To that end we have been extremely active in providing a supervisory training and development to our members. A look at the supervisor’s human factors has become a central component of our supervisory training and development. The reason for this is simple. All the other training and development work we do with supervisors takes its cue from their understanding of what makes them tick.

We use the assessment to make supervisors not only aware of their values and behaviors, but more importantly to encourage them to leverage those factors which

work for them and modifying those which don't. We focus on issues including communication, decisiveness, ability to hold employees accountable, interpersonal relationships and appetite for risk and tie the supervisor's human factors to her/his effectiveness as a supervisor.

I think it's safe to say that our training and development of supervisors around human factors issues has been among the best received training we do. Remember, if you believe that "good management equals good risk management" the development of supervisors is essential and a human factor assessment can be an invaluable first step in that development.

### **Concluding Thoughts**

By now, hopefully the connection between human factors and risk management has been made. There are numerous tools on the market to help you make an assessment of the values and behaviors employees throughout the organization bring you and how to assess those factors. Remember to use these tools as "indicators" and not as the "end all and be all".

Above all remember the connection between human factors and risk management and use that connection to mitigate your organization's risk.

Nick Manolis is a Consultant with Primex, a public entity risk management pool which provides coverages and support services to the public sector throughout New Hampshire.