Risk Management Glossary Of Terms



ABSOLUTE RATINGS

A rating method where the rater assigns a specific value on a fixed scale to the behavior or performance of an individual instead of assigning ratings based on comparisons between other individuals.

ADMINISTRATIVE SERVICES OUTSOURCING (ASO)

ASOs offer businesses transaction-based human resources services such as support with payroll, benefits, and employee data management. ASO operates as an extension of your human resources department by providing you with a complete range of HR administrative services through the efficiency of an integrated human resource information system.

AFFIRMATIVE ACTION(AA)

A practice in which employers evaluate workforce imbalances and take proactive measures to correct the lack of protected worker classes.

AMERICANS WITH DISABILITIES ACT (ADA)

An Act that prohibits discrimination based on physical or mental disability; mandates that companies make reasonable accommodations for individuals who are physically or mentally challenged unless there is undue hardship.

AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA)

An Act that determined that older employees may not be discriminated against under performance-based pay systems.

ALTERNATE DISPUTE RESOLUTION (ADR)

Term describing a number of conflict, grievance and dispute resolution processes. In general, any means of resolving disputes that does not involve going to court.

AMERICAN FEDERATION OF LABOR (AFL)

A group started to insure equality and freedom of voice to workers within a union.

ADMINISTRATIVE LAW JUDGE (ALJ)

A judge who oversees formal procedures for OSHA offenders.

ATTRITION

A term used to describe voluntary and involuntary terminations, deaths, and employee retirements that result in a reduction to the employer's physical workforce.

BEHAVIORALLY ANCHORED RATING SCALE (BARS)

An appraisal that requires raters to list important dimensions of a particular job and collect information regarding the critical behaviors that distinguish between successful and unsuccessful performance. These critical behaviors are then categorized and appointed a numerical value which is used as the basis for rating performance.

BENCHMARKING

A technique which uses quantitative or qualitative data to make comparisons between different organizations or different sections of an organization.

BEREAVEMENT LEAVE

Paid days off following the death of an employee's spouse, parent, child grandparent or inlaw so that the employee may attend funeral proceedings, etc.

BRANDING

The process of identifying and differentiating an organization's products, processes or services from another organization by giving it a name, phrase or other mark.

BUSINESS PROCESS OUTSOURCING (BPO)

Business Process Outsourcing is the outsourcing of technology or specialist processes in order to gain knowledge-based efficiencies. There is usually a certain degree of risk that is transferred to the BPO in order to perform these functions, and the BPO will usually include software access, process management, and people to operate the service.

COBRA

The Consolidated Omnibus Budget Reconciliation Act, or COBRA, is a law that which mandates employees and their immediate families must have an option to continue health insurance coverage if a "qualifying event" causes them to lose coverage after employment ends.

COLLECTIVE BARGAINING

The process by which [an] employer[s] will negotiate employment contracts with [a] union[s].

COMPLIANCE

Compliance is the process of adhering to government laws and regulations in order to avoid significant fines and penalties and foster ethical behavior.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

An Act that provides for continuation of group health care benefits for former employees and their families.

CONTINGENT WORKERS

Employees who may be: casual labor, part-timers, freelancers, subcontractors, independent professionals and consultants.

CORPORATE MISSION

The aims and objectives of an organization.

COST-OF-LIVING ADJUSTMENT (COLA)

Pay adjustment awarded to employees regardless of their performance or company performance; usually associated with a rise in the cost of living; another term for this is a standard percent raise.

CONSUMER PRICE INDEX (CPI)

A means of measuring the change for costs of goods and services.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer Relationship Management, or CRM, is used by businesses to manage their relationships with clients. Information about potential and existing clients is stored and analyzed to delineate trends and preferences. This allows the business to more effectively target and respond to their consumers.

DIRECT DEPOSIT (DDP)

The direct input of earned wages from an employer to an employee’s desired bank account.

DISCRIMINATION

The favoring of one group of people to the detriment of others.

DUE DILIGENCE

A critical component of mergers and acquisitions, it is the process by which an investigation and evaluation is conducted to examine the details of a particular investment or purchase by obtaining sufficient and accurate information or documents which may influence the outcome of the transaction.

ECONOMIC GROWTH AND RECONCILIATION ACT (EGTRRA)

An Act that adjusts certain minimum vesting schedules, increases retirement plan compensation and contribution limits, allows catch-up contributions by participants older than 50 in select retirement plans, and modifies distribution and rollover guidelines.

EMPLOYEE ASSISTANCE PROGRAMS (EAP)

Company-sponsored programs, delivered by licensed professionals, that offer a variety of counseling services to employees who are experiencing emotional, physical or personal issues.

EMPLOYEE AT WORKSITE (EE)

An employee who works on the premises of a client company.

EMPLOYEE RELATIONS

A broad term used to refer to the general management and planning of activities related to developing, maintaining, and improving employee relationships by communicating with employees, processing grievances/disputes, etc.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)

A federal agency that was created to insure equality and fair treatment within the workplace.

EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA)

Act that established the basic uniform standards that must be met by employer-sponsored pension, health and welfare benefit programs.

EMPLOYEE STOCK OWNERSHIP PLANS (ESOP)

Enables employees to earn bonuses of stock, allowing them to gain a degree of ownership in the company for which they work.

EMPLOYEE INVOLVEMENT (EI)

A way of linking the shared interests of the individual worker and the company for the organization’s benefit.

EMPLOYMENT PRACTICES LIABILITY INSURANCE (EPLI)

EPLI is an offering through an insurance company to provide assistance and services in the event that an employer is sued by employees alleging harassment, wrongful termination or unfair practices in the workplace.

EXIT INTERVIEW

An interview held with an employee who is leaving an organization in order to learn the employee’s opinion of his or her time spent at the organization, reasons for departure, etc. This interview should not be carried out by the employee’s immediate superior. Used for possible changes.

FIXED TERM EMPLOYMENT

An employee and an employer may agree that the employment of the employee will end at the close of a specified date or period or on the occurrence of a specified event or at the conclusion of a specified project.

FORCED RANKINGS

Forced rankings systems direct managers to evaluate their employees' performance against other employees, rather than the more common (and often grade-inflated) measure of evaluating performance against pre-determined standards. The result of such a process is often brutally blunt: The top 20 percent of performers are amply rewarded, and the bottom 10 percent are shown the door.

FREEDOM OF ASSOCIATION

The right to belong to a union. As protected by the Human Rights Act of 1993.

FUNCTIONAL JOB ANALYSIS

The preparation required for the construction of a job description. It is necessary to collect data on the job to be advertised.

FAIR LABOR STANDARDS ACT (FLSA)

An Act that regulates employee overtime status, child labor, minimum wage, overtime pay, recordkeeping and other administrative concerns.

FAMILY MEDICAL LEAVE ACT (FMLA)

An Act that provides employees with the opportunity to take up to 12 weeks of unpaid leave to take care of family or a medical condition.

FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA)

An act that provides for a federal system of old-age insurance and health insurance.

FEDERAL LABOR RELATIONS AUTHORITY (FLRA)

An independent commission whose primary responsibility is to administer components of the Civil Service Reform Act of 1978.

FEDERAL MEDIATION AND CONCILIATION ACT (FMCS)

Offers assistance in contract settlement and helps to maintain a list of arbitrators to help interpret contract language and settle conflicts and disputes.

FEDERAL UNEMPLOYMENT TAX ACT (FUTA)

Authorizes the IRS to collect a federal employer tax; this tax is used to fund state workforce agencies.

FLEXIBLE SPENDING ACCOUNTS (FSA)

An FSA is a tax-exempt account to which employees contribute funds to use toward healthcare services including medical co-pays, dental co-pays, prescriptions, and other related expenses.

GOOD FAITH BARGAINING

A duty to conduct negotiations under Section 4 of the Employment Relations Act 2000 where two parties meet and confer at reasonable times with open minds and the intention of reaching an agreement.

HR AUDIT

A method by which human resources effectiveness can be assessed. Can be carried out internally or HR audit systems are available.

HIGHLY-COMPENSATED EMPLOYEE (HCE)

A worker who is designated as a highly-compensated employee is an individual who may own at least 5 percent of the company and/or earn a high salary.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

An Act that made changes to improve healthcare coverage portability and accessibility.

Health Maintenance Organization (HMO) A type of health care that provides services for a fixed period on a pre-paid basis.

HEALTH SAVINGS ACCOUNT (HSA)

An HSA is associated with a High Deductible Health Plan (HDHP), and is a special savings account, owned by the employee, where contributions are made to accommodate current and future medical expenses.

HEALTH REIMBURSEMENT (HRA)

Employer-funded plans that reimburse employees for incurred medical expenses that are not covered by the company’s standard insurance plan. Because the employer funds the plan, any distributions are considered tax deductible (to the employer).

HUMAN CAPITAL MANAGEMENT (HCM)

Human Capital Management is the disciplined management of a company’s employees, resulting in decreased turnover, enhanced productivity, and increased revenues when implemented successfully.

HUMAN RESOURCE BUSINESS PROCESS OUTSOURCING (HR BPO)

HR-BPO, Human Resources Business Process Outsourcing, is the hiring of an outside firm to handle all or part of an HR process or function.

HUMAN RESOURCE DEVELOPMENT (HRD)

A program designed by a company that provides its employees with the skill sets necessary to meet current and future organizational needs.

HUMAN RESOURCE INFORMATION SYSTEM (HRIS) OR HUMAN RESOURCE MANAGEMENT SYSTEM (HRMS)

A technology system that enables a company to store, maintain, and retrieve important human resource data.

HUMAN RESOURCE MANAGEMENT (HRM)

The design and implementation of systems, processes, and procedures within a company that helps harness human talent efficiently and effectively to

accomplish company goals.

IMMIGRATION REFORM AND CONTROL ACT (IRCA)

An Act that prohibits discrimination against prospective applicants based on their national origin or citizenship. This Act also provides for penalties for hiring illegal aliens.

INCENTIVE PAY

Additional compensation used to motivate and to reward employees for exceeding performance or productivity goals.

INDEPENDENT CONTRACTOR

A person who works for him/herself but has a contract for services with another person/organization.

INDIVIDUAL EMPLOYMENT AGREEMENT

The legal relationship between an employee and employer.

INDUCTION

The process of introducing a new employee into the organization.

INDUSTRIAL RELATIONS

The study of theories and practices in the workplace relationship.

INTANGIBLE REWARDS

Non-monetary re-enforcers such as praise given to an employee in recognition of a job well done, or a particular achievement.

INCENTIVE STOCK OPTION PLANS (ISP)

Stock offered to employees as an incentive to remain with the company.

INDIVIDUAL RETIREMENT ACCOUNT (IRA)

A tax-deferred savings/retirement account to which an individual can contribute a yearly maximum amount.

JOB ANALYSIS

The preparatory stage for writing job descriptions.

JOB DESCRIPTION

A written description of a job which includes information regarding the general nature of the work to be performed, specific responsibilities and duties, and the employee characteristics required to perform the job.

JOB EVALUATION

Used for compensation planning purposes, it is the process of comparing a job

with other jobs in an organization to determine an appropriate pay rate for the job.

LABOR MANAGEMENT RELATIONS ACT (LMRA)

An Act that balances the power between a union and company management by making union unfair labor practices against the law; also called the Taft-Hartley Act.

LABOR MANAGEMENT REPORTING AND DISCLOSURE ACT (LMRDA)

An Act that serves to protect union members' rights from corrupt or discriminatory unions; also called the Landrum-Griffin Act.

LONG-TERM DISABILITY (LTD)

A type of health care coverage that replaces a portion of an injured or ill worker's lost income after short-term disability (STD) coverage terminates; may be combined with Social Security disability.

LUMP-SUM INCREASE (LSI)

One-time performance bonus paid to an employee.

MENTAL HEALTH PARITY ACT (MHPA)

Act that addresses parity between mental health benefits and medical benefits.

MINIMUM WAGES

The lowest level of earnings of employees set by Government.

MISSION STATEMENT

A statement illustrating who the company is, what the company does, and where the company is headed.

NATIONAL ASSOCIATION OF PROFESSIONAL EMPLOYER ORGANIZATIONS (NAPEO) (A TRADE ASSOCIATION)

NAPEO, the National Association of Professional Employer Organizations, is the largest trade association representing more than 325 professional employer organizations (PEOs) nationwide. NAPEO's members represent more than 70% of the industry's revenues and range in size from start-up PEOs to large, publicly held companies. NAPEO provides its members with educational services and business resources including conferences, seminars, a monthly magazine, online services, marketing support and more. NAPEO also embraces a commitment to furthering and protecting the interests of its PEO members at all levels of government through proactive lobbying efforts and timely communications on regulatory and legislative issues of interest. (Courtesy of the National Association of Professional Employer Organizations)

NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH (NIOSH)

An agency that delivers health and safety information on request.

NATIONAL LABOR RELATIONS ACT (NLRA)

An Act that protects the rights of employees to organize without being hampered or restrained by management; also known as the Wagner Act.

NATIONAL LABOR RELATIONS BOARD (NLRB)

An organization that conducts union representation elections and investigates unfair labor practices.

NEGOTIATION

The process of discussion with a view to mutual settlement, usually by means of a conference.

NEPOTISM

Favoritism shown to relatives by individuals in a position of authority, such as CEO’s, managers or supervisors.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

An agency that is part of the Department of Labor; this organization administers and enforces the Occupational Safety and Health Act of 1970. OSHA continues to deliver and enforce standards relating to the health and safety of workers across the United States.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION (OSHRC)

The organization that provides rulings on contested OSHA citations.

OLDER WORKERS’ BENEFIT PROTECTION ACT (OWBPA)

An Act that amended the ADEA to include all employee benefits; also provided terminated employees time to evaluate group termination or retirement programs or time to consult with an attorney.

OMNIBUS BUDGET RECONCILIATION ACT (OBRA)

An Act that reduced the compensation limits in qualified retirement programs.

ORGANIZATIONAL DEVELOPMENT (OD)

A means by which an organization enhances its effectiveness and the well-being of its employees through planned activities and interventions.

ORIENTATION

The introduction of employees to their jobs, co-workers, and the organization by providing them with information regarding such items as policies, procedures, company history, goals, culture, and work rules. Similar to Induction.

PROBATIONARY ARRANGEMENTS

Where the parties to an employment agreement agree that an employee will serve a period of probation or trial after the commencement of the employment.

PROFESSIONAL DEVELOPMENT

Professional development refers to the training and education of a company's employees, in order to improve the human capital resource within a company and align employees with business objectives.

PROFESSIONAL EMPLOYER ORGANIZATION (PEO)

PEOs support businesses through co-employment, a key difference from an Administrative Services Offering (ASO) or a Human Resources Outsourcing (HRO).

PREMIUM-ONLY PLANS (POP)

A type of Section 125 plan that enables workers to fund certain qualified benefits with pretax monies.

PAID TIME OFF (PTO)

A bank of time that consists of all of an employee's paid time off (such as vacation, sick time, holidays, etc.) that employees can use as necessary.

REALISTIC JOB PREVIEWING (RJP)

Any part of the selection process that provides an applicant with honest and complete information about a job and the work environment.

REDUCTIONS IN FORCE (LAYOFFS) (RIF)

When a company releases an employee from his or her job.

RETIREMENT EQUITY ACT (REA)

An Act that provides certain legal protections for spouse beneficiaries of qualified retirement plans.

RETURN ON INVESTMENT (ROI)

A calculation that companies use to demonstrate (financially and otherwise) the investment made on a particular program or endeavor versus the return (or end result) the company is able to attain.

RISK ASSESSMENT

Risk assessment is a comprehensive analysis, done in order to review risk exposures and provide solutions for mitigating that risk.

RISK CONTROL CONSULTANT (RCC)

A Risk Control Consultant is a specialist that provides loss control, safety and health consulting services.

RISK MANAGEMENT

The use of insurance and other strategies in an effort to minimize an organization's exposure to liability in the event a loss or injury occurs.

SHORT-TERM DISABILITY (STD)

A type of health care coverage that replaces a portion of an injured or ill

worker’s lost income for a specified period of time.

SIMPLIFIED EMPLOYEE PENSION (SEP)

A tax-deferred account to which self-employed persons and employees of very small businesses can contribute.

SMALL BUSINESS JOB PROTECTION ACT (SBJPA)

An Act that made changes to rules regarding the ability of tax-exempt organizations to institute retirement plans modeled after 401(k) and IRA accounts and the definition of highly-compensated employees.

SUBJECT MATTER EXPERT (SME)

Person who is well-versed, or is an expert, in a particular area.

SUSPENSION

Suspension is a form of disciplinary action resulting in an employee being sent home without pay for a specified period of time.

SUPPLEMENTAL UNEMPLOYMENT BENEFITS (SUB)

Benefits that are paid to employees without jobs that goes further than required government unemployment benefits.

STATE UNEMPLOYMENT INSURANCE (SUI)

Provides unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other state eligibility requirements.

THREATEN, INTERROGATE, PROMISE, OR SPY (TIPS)

A term used by labor management attorneys and consultants that relates to the unfair labor practices managers or supervisor can encounter – as in Don’t Threaten, Interrogate, Promise, or Spy.

THEORY OF CONSTRAINTS (TOC)

A management philosophy that helps improve companies by suggesting that every organization is held back by constraints stemming from internal policies and procedures.

THIRD-PARTY ADMINISTRATOR (TPA)

A health care plan in which the employer takes on the risk of higher health care costs and hires an independent claims department to administer claims.

TAXPAYER RELIEF ACT (TRA)

An act that created a means for taxpayers to realize tax-advantaged savings, including Roth IRAs and Education IRAs

UNEMPLOYMENT COMPENSATION AMENDMENTS (UCA)

Amendments that imposed a required 20% federal income tax withholding on

qualified retirement plan proceeds that an individual intends to roll over into another retirement plan or retirement account.

UNFAIR LABOR PRACTICE (ULP)

A violation of a legal right under labor relations statutes.

UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)

An Act that requires continuation of benefits and crediting of service while an employee is actively serving in the military.

VOLUNTARY PROTECTION PROGRAM (VPP)

A group of voluntary employers who promote safety and health programs.

WAGE CURVE

Depicts pay rates currently being paid for each job within a pay grade in relation to the rankings awarded to each job during the job evaluation process.

WHISTLE BLOWER

Whistle blower protection is contained in the Protected Disclosures Act of 2000. The Act provides protection to employees against retaliation for reporting the illegal acts of an employer. An employer may not rightfully retaliate in any way, such as discharging, demoting, suspending or harassing the whistle blower. Employer retaliation of any kind may result in the whistle blower bringing a personal grievance against the employer.

WORK-LIFE BALANCE

Work-Life balance is having a measure of control over when, where and how an individual works, leading to their being able to enjoy an optimal quality of life. Work-life balance is achieved when an individual’s right to a fulfilled life inside and outside paid work is accepted and respected as the norm, to the mutual benefit of the individual, business and society

WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT (WARN)

A mandate that requires some employers to provide a minimum of 60 days’ notice if a plant or factory is to close or if mass layoffs are imminent.

WORKERS’ COMPENSATION (WC)

Insurance paid for by employers that provides cash benefits and medical care if an employee becomes disabled because of an injury or sickness related to the employee’s job.

WORKSITE EMPLOYEE (WSE)

An employee who works on the premises of a client company.

WORK OPPORTUNITY TAX CREDIT (WOTC)

An income tax credit that encourages companies to hire people from certain groups.