J. Appl. Environ. Biol. Sci., 4(7S)65-72, 2014

ISSN: 2090-4274
Journal of Applied Environmental and Biological Sciences
www.textroad.com

Evaluation and Assessment of Risk Mitigation Factors While Deploying Change: Effective Application of Change Management

Fareeha Zafar, Saifullah Hassan, Aneeb Nawaz, ChandanLalRohra, SajjadMubin

University of Derby, England
GC University, Lahore, Pakistan
Lahore Leads University, Lahore, Pakistan
Hailey College of Banking & Finance, University of Punjab Lahore, Pakistan
Shah Abdul Latif University, Sindh, Pakistan
University of Engineering and Technology, Lahore, Pakistan

Received: September 1, 2014
Accepted: November 13, 2014

ABSTRACT

This paper discusses about the risk while deploying change in an organization along with risk mitigation strategies. Change management is a term widely used in an organization which mostly leads to risks when people start resisting at it. If the change is not managed effectively it will increase the cost, so this paper tells the cost-benefit analysis of change management. It describes the relation of positioning of change management that leads to risk and factor that cause risk. There are many consequences of mismanaging the risk so this paper demonstrate the model of managing risk while deploying change, according to factors considered. Including new technology not understood, Poor project management, untrained staff, Scope creep, changing needs, altering priorities.

KEYWORDS: Change Management, Risk Management, Risk Mitigation

INTRODUCTION

1 Change Management

Changes management is a strategy towards transitioning of individuals, terms and organization for the sake of attaining the desired future state. Innovation is always changing. The latest technology and innovations to be adopted to determine which, four main factors to consider are: Strategies, goals and objectives, System of Measurement, Sequential steps, Change as to organization and Implementation.

1.1 Concepts for managing Change

In an organization there are several reasons why people resist change. Each organization's processes, practices, traditions, procedures and business and the people that are engrained in the fabric of concepts are defined by its own culture. They developed over time and things are done within the organization for the right way preference and are becoming the standard, as these are not easily changed.

Therefore, expectations and belief systems within company working environment by identifying with social and economic factors which are formed. Because of these factors, Luftman, Edgar Shein resistance to change in terms of organizational culture identified as a major power. Consequently, a change in management to understand the complexities of their relationship and business transformation and process re-engineering efforts to support quality in the context of new organizational change has focused on encouraging people to.

Changing to overcome the resistance of non-negative is about through his statements that the importance of effective change management" [1].

1.2 Risks in an Organization

A situation involving exposure to danger or expose (someone or something valued) to danger, harm, or loss.

*** Corresponding Author:** Sajjad Mubin, University of Engineering and Technology, Lahore, Pakistan
sajjadmubin@yahoo.com

The risks related to organization and organizational relationships may appear to be unnecessary but are quite real. Strained relationships may develop between various organizations involved in the design/construct process. When problems occur, discussions often center on responsibilities rather than project needs at a time when the focus should be on solving the problems. Cooperation and communication between the parties are discouraged for fear of the effects of impending litigation. This barrier to communication results from the ill- conceived notion that uncertainties resulting from technological problems can be eliminated by appropriate contract terms. The net result has been an increase in the costs of constructed facilities. [14]

1.3 Risk Management

Risk management refers to the process of identifying prospective dangers in advance, examining consumers and receiving precautionary steps inside cut down on/curbs the danger designated as risk.

Risk management reduces the impact of negative risks and enhances positive risk to make opportunities. However, limiting our scope in this section to negative risks, risk management may be defined as a method to reduce the consequences of negative events (risk) tend to occur during implementing a change management model by developing mechanisms and strategies (risk transfer, risk reduction, risk distribution, avoidance, risk enhancement) compatible to the system environment in which project is executed. [14]

1.4 Risk in Adoption of Change

Following are the multiple barriers for/ to implement change:

1. Cost pertaining to evolve change
2. Risks associated with change

The above mentioned are mainly involved at the organizational level. [3]

1.5 The Cost of Change Management

Change Management is not a free process. It involves limitations such as time, energy and human resource. The components of change management primarily includes:

Change Management Resource Costs: Salary and compensation for change management practitioners, Training Costs: Create, development, delivery and materials,

Communications Costs: Design, development, delivery and materials and Consultant costs

1.6 Cost and Risk Analysis at Organizational Level

Table-1 demonstrates the cost and risk analysis with incurred when organization ignores the people side of change:

Table 1. Specific Organization Costs v/s Risks

Change	Costs	Risks
Organizational Level	• Missed milestones • Budget overruns • Rework required on design • Productivity plunges (deep and sustained) • Loss of valued employees • Reduced quality of work	• Resistance active and passive • Resources not made on hand • Obstacles appear suddenly • Impact on customers • Impact on suppliers • Morale declines • Legacy of failed change • Stress, confusion, fatigue • Change saturation

1.7 Cost Benefit Analysis

The process begins by identifying potential costs and potential benefits. Observe the due importance and the potential value of managing change. Precisely, a cost-benefit evaluation is a strong a powerful structure.

Table-2 shows costs and plans to initials on the advantages of applying alter management is truly showing four assorted approaches. [3]

Table 2. Potential Benefits and Cost of adopting Change Management

Potential Costs: Change Management applied	Benefits: Change Management Applied
Dedicated Resource(s) On Project Team: to bring a minor change, responsibility lies on a project manager for motivated resources. Greater change requires team of people and a support of sub ordinate teams. **Time and cost for training cannot be ignored. From managers to the sub ordinates to workers, all require training which involves money and time.**	**Perspective 1:** Return on Investment factors: quick tendency for adoption to change, optimum use of resources and reaching greater milestones. Project ROI is driven by Change Management **Perspective 2:** Avoidance to Cost: Unprofessional and weak management for change evolves greater cost. **Perspective 3:** Risk Mitigation:weak management for bringing change affects negatively the project stakeholders. **Perspective 4:** Likeliness of achieving goals: the chances for effective change increases by keeping a tight budget scheduling and meeting deadlines. [10]

1.8 Risk Factors While Deploying Change in an Organization:

For effective Risk Management, risk classification is of prime importance. There are many kinds of classifications have been made so far. In general, risks may be associated with day to day operations of organization or they may be specifically identified for a specific project such as implement a change management model in an organization. [14]. The type and causes of risk in each case is different. Similarly, risks each phase are having different susceptibility and the probability of occurrence. Underlying are the factors of risk rise in an organization while deploying change:

1. Non-factual worker expectations
2. Lack of commitment
3. Unlikely schedules
4. Limited Budget
5. Lack of Staff
6. Unavailability of appropriate Staff
7. Non-effective management
8. Not properly architected
9. Platform capabilities exceeds
10. Unsuitable structure of an organization
11. Scope creep
12. Requirements to Changing
13. Fluctuating priorities
14. Sponsor abandons project
15. Uncontrolled and huge database
16. Underestimated data cleansing
17. Vendors out of control
18. Lack of know-how of new technology
19. Unavailability of users
20. Non settlement of disputes

From aforementioned 20 factors we identify two more factors that cause risk during implementation of change. [9]

1. Organizational scope
2. Organizational structure

In Figure No 1. Risk matrix shows organizational range to format. At organization large structures and low scope are likely to have less risk. Risk increases as the structure gets tall and down. [4]

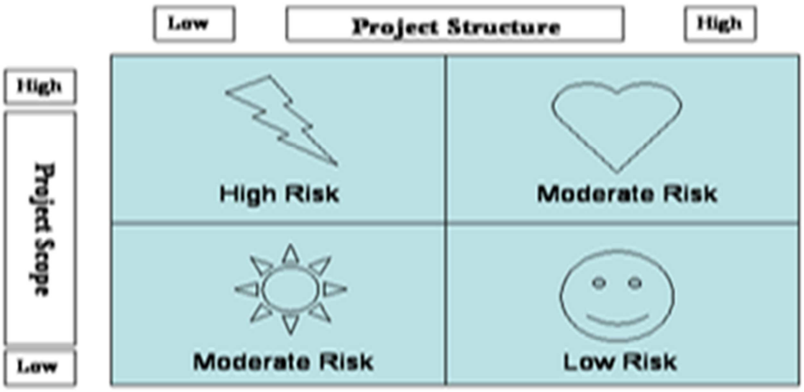

Figure 1. The Risk Matrix

1.9 Risk Impact at Organizational Level

At the organizational level, the impact of the project is significant. The entire organization, including project team is influenced by costs and risks. Mostly, exceeds the life cycle of a respective project. Employee turn-over increases the cost, which in some cases are irrecoverable. [3]

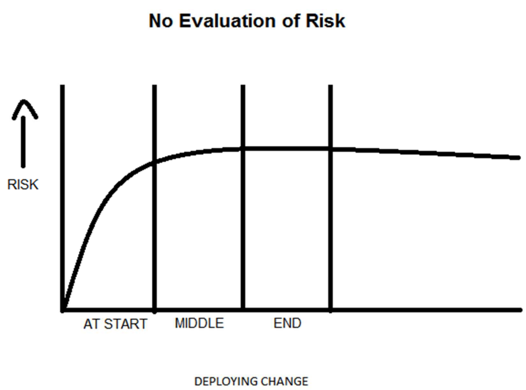

Figure 2. No Evaluation of Risk

The above graph shows that deploying change on x-axis and risk on y-axis. It is further divided into three parts Start, Middle and End. While deploying change at the Start this risk is getting high as the curve shows, because risk is not evaluated. At the Middle it keep on getting high and it moves in the same way till the End stage as shown in figure 3.

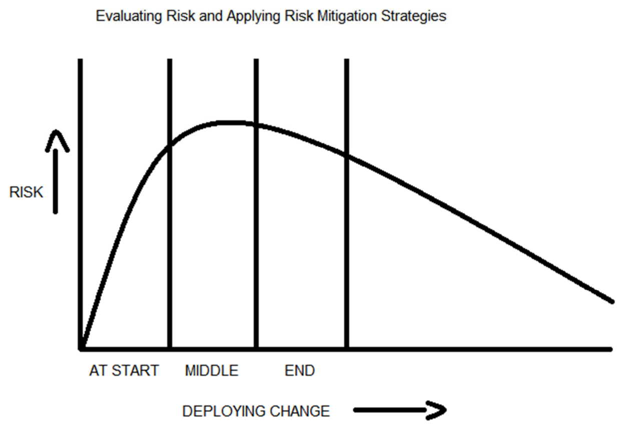

Figure 3. Evaluation of Risk

The above graph shows that deploying change on x-axis and risk on y-axis. It is further divided into three parts Start, Middle and End. Now here risk is evaluated and risk mitigation strategies are applied while deploying change. At the Start risk is rising but when the risk is evaluated and strategies are applied the risk will move down as the curve shows.

2. Experimental Study: The ERM Pivot

Equipment costing $6.6 billion has been called to the resurgence of its ERM system this fiscal year. ERM Vice President aims to put together a strategy that involves an assessment to the organization's pertaining culture to observe focal dimensions for this program, and to improve the risk culture. [11]

The ERM Vice President pointed out nine areas of prospective value:

i. Maintaining better reporting standards
ii. Finding key risk indicators
iii. Being proactive
iv. Aiming to deliver favourable output.
v. Improvement for scenario planning
vi. Helping better decisions at every level
vii. Articulating better understanding for risk appetite
viii. Maintaining the positive risk culture
ix. Ability to take risk sensibly

2.1 Formation of a Strategy

Project manager, firstly and foremost, sends a survey to identify the current environment of risk and ways as to how it should address its resources.

2.2 Creating Global Standards

ERM program dates back 5-6 years, "the behavior it was disjointed and the company was not always in accordance with ideal practice." straight to work, it must follow the standard means approach.

2.3 Expanding Reach of ERM

The roadmap ERM professionally prepared to risk identification and communication are taking steps to increase the flow.

2.4 Linking Risk to Decision-Making

Cultural spend and risk resources survey company where decisions about how to tap vast organization will help. Starting in the role of risk in organization see: all data entries, you need to decide how to cut. If you follow this strategy you can use the data under the executive manager and card feed a method that existing and analysis, is able to strength. [5]

3. Result of Mismanagement in Change Process

Mismanaged projects and plans are mismanaged from the "people side" of changed perspective, and hence, required results cannot be achieved. The rate of adoption is slower and resultantly, percentage of expected returns will also fall. [8]

3.1 Analyzing Risk and Managing Change Model

When we decide to bring change in an organization, we need to evaluate that risk which occurred in deploying change.

Underlying figure will help to move through step by step process for implementation of change and control risk. So first is about why we need change and communication for the change with employees is essential against resistance. Then we identify all the risk and analyze them to check their sensitivity. After that we need to find out the proper cure for that risk. Next step is to communicate these risks that include the backup plans and then implement the change. As we have taken all the precautionary measure, then keep on monitoring the plans. If we find any problem during monitoring then again go back to step "Evaluation of Risk" and then move on by thorough analysis as shown in figure 4.

Figure 4. Risk Management Model for Change Management

4. Risk Management as Change Agent

Many people or organizations change does not come quickly, but change the practice of risk management options and techniques to address the concerns of those offers.

Risk management as a new activity or when something bad might not know how to get there is learning to deal with uncertainty. Your first threat to the management team and board of uncertainty, tolerance for risk appetite need to know about how we feel. Against the risk, you risk and uncertainties comfortable with to get them is a big challenge.

Risk management is an agent of change is another way to put the risks in perspective. Our first reaction to this idea is very dangerous, but after weighing the possible consequences we realize that it's not that bad. Risk may be acceptable or can be effectively reduced. Part of the implementation of the metrics to measure the impact of changes to make. Metrics results are expected to search through or change any aspect of this project. [6]

4.1 Positioning Change Management That Leads to Risk

An approach to change management is its positioning. Instead of a project or initiative effectively, risks related to costs and to ignore or poorly manage change to the line of thought here is to implement change management "up" by focusing on. If these popular perceptions of the organization in terms of costs and risks, change management, communication or lack of influence can be a powerful approach. [12]

1. Additional and unnecessary excessive costs are avoided with the help of bringing the "*effective change*".

2. Additional and excessive are mitigated.

Risk mitigation technique as a tactic to change the position of cost management, change management cost by sharing and managing time, energy and support for the distribution of resources may be an effective approach to change. [7]

5. Conclusion

It is concluded that bringing change in an organization is necessary for the growth and prosperity of an organization. Proper communication among the employee for the change is also very necessary to avoid resistance. Organizational change management practices and policies are essential for the continue development. Building and delivering the strategies for growth and evaluating the risk shorten the resistance and mitigate risk. When an organization handle the risk and resistance while implementing change, this aware them to identify opportunity for growth. By following the risk and change model we were able to manage risk in deploying change.

REFERENCES

1. Beckhard. R, "Organization Development: Strategies and Models" Massachusetts, USA: Addison Wesley Publishing Company, 1969
2. Creasey. T,"Definition of Change management. Retrieved from Change Management Learning Centre" http://www.change-management.com/tutorial-defining-change-management.html, 2014
3. Fred. N, "Four Change Management Strategies" 2010
4. Gerhard. S, "Why Communication is key to successful Change Management" 2012, 4 (3), 64-69.
5. Harold. L, "The Hard Side of Change Management"The Magazine, 2005, 2(1), 21-25
6. Kevin. K, "Change Management Issues and Risk Mitigation Strategies for the Enterprise" 2010
7. Leslie. W, "Risk Management as Change Agent: Adopting a Culture of Risk. Retrieved from Risky Chronicles", 2011 http://riskychronicles.wordpress.com/2011/08/02/risk-management-as-change-agent-adopting-a-culture-of-risk/
8. Lewin. K,"Field Theory in Social Science: Selected Theoretical Papers", New York, USA: Harper and Row, 1951
9. Michael. S, "Understanding and Managing the Risk of Change. Global knowledge" Expert Reference Series of White Papers, 2011, 8 (1), 33-43

10. Nilly, E. “CTC Guide to Enterprise Risk Management beyond Theory: Practitioner perspective on ERM” North America, USA: PWC, 2013
11. Oseni. E, “Change Management in Process Change”, 2010
12. Scheid. J, “Top 10 Change Management issues and How to handle them”, 2011
13. William. G, ERM, “Tools and Techniques for Effective Implementation. Virginia: Institute of Management Accountants”, 2007
14. Mubin. S, and Mubin. G, “Risk Analysis for Construction and Operation of Gas Pipeline Projects in Pakistan”, Pak. J. Engg. & Appl. Sci. 2008, 2 (1), 23-37.