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> **Review Article**

Risk Management and Managing Change

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Abstract: The RM process has a vital role to play in MC. In a changing world, the only constant is Change. The today's world is facing increased global competition, technological innovation, deregulation, privatisation and Cs in much more besides. Consequently, leaders and mangers face complex and challenging threats and opportunities. They are required to manage C and the associated Rs effectively. As Rs are the possibility of present circumstances being changed in a way that produced consequences for the organization, R can then be considered a function of C, and RM may be described as "a technique for coping with the effect of C". But how R and C are inseparable? How C can be assessed, identified and implemented? And how RM can be a means of MC? By utilising the principles of RM approaches; the desired outcomes of both R and C can be achieved and whether RM is a means of MC or not, can be also demonstrated.
Keywords: global competition, technological innovation, deregulation, privatisation

INTRODUCTION

Change (C) is defined as "an adjustment to the scope, time, or cost of project deliverables" (1). As C is temporary and uncertain in its effect, the understanding requires an attempt to deal with the uncertainty about the outcomes of an event. Therefore, any systematic analysis of R must include consideration of the input variables; their functional relationship and the resultant output variables. Hence, RM is defined as "a field of activity seeking to eliminate, reduce and generally control pure Rs and to enhance the benefits and avoid detriment from speculative Rs" (3). Typically, the concept of organizational C is in regard to organization-wide C, as opposed to smaller Cs such as adding a new person or modifying a program. Examples of organization-wide C might include a C in mission, restructuring operations, new technologies, mergers, major collaborations, new programs such as (TQM).

LITERATURE REVIEW

The equation "risk (r) = probability (p)) x loss (change: c)" is a measure of the expected loss connected. The Cs arise either internally or externally. Nowadays, firms must face extremely turbulent environments whose main characteristics are high levels of uncertainty, complexity and dynamism. If firms aim to survive in such volatile environments, they must develop capabilities to detect environmental changes early and to offer accurate responses to them (Felipe and Roldán 2017).

For internal organisational C to begin, one person possessing power of some kinds has to perceive a need for C and this perception is R related. Persons may perceive some benefits if the C is being occurred. But there are many Rs associated with C in terms of both the number of peoples required to and their existing skills. On the other hand, external Cs may be arisen by technology C, economical factors, social factors, etc. Because people are afraid of the unknown, there is a strong resistance to C. Many are inherently cynical about C, particularly from the notion of reading about "C" as if it's a mantra. Further, due to the conflicting goals in the organization, the C may go against how members believe things should be done. For this reason, Cs need to be in the culture of the organization, including Cs in members' values and beliefs.

(3) proposed that strategy formulation and enactment in an organisation is in part a purposive by political process and the R that is being managed is that of potential loss of existing cultural characteristics which organisational members value highly. The deliberate use of PP may C aspects of organisational culture. The vehicle for unobtrusive action is the interrelationship between PP and meaning of success.

They also stated four purposes for RM: (1) protection of personal and professional interests; (2) protection of organisational integration; (3) fulfilment of one or more key strategic figures' commitment to substantive C in how the organisation functions; (4) retention of cultural characteristics of the organisation or parts of it. The strategy formulation and enactment is influenced by inner context (organisational structure, resources, culture, power relations, R cognitions, strategy and motivations and meanings of success) and outer context (economies and markets, public policy, social historical and political climate, and technology). Thus, PP provide with how strategies are formulated while RM processes provide meaning of success, which are R related, for each strategy.

To cope with, manage, or lead C, it is important to conceptualise it (2). Various types of C occur in the cycle which explains context for MC, each phase of the cycle provides insight into how the C could be coped with, and then how it be managed more effectively. (2) classifies the cycle of C into six phases. These phases are: (1) Disruption: "what was once a steady state or way of being is disrupted by new data, players, or objectives, and thus C begins"; (2) Imaging: what a new future might look like with the new information, facts, participants, or goals. This begins the process of coping with and adapting to C; (3) Energy: the energy that can either "more toward a common, shared image of the future, or energy that resists C, fighting against it, or combinations of both"; (4) Action: Cumulative energy leads to action. If problem addressed, resistance can be dealt with, harnessed, transformed toward positive action and the desired image of planned Cd. Otherwise, resistance can lead to failure or to out comes other than those desired by leadership; (5) C: "The action that results creates C. Successful C may be similar to the desired future which was envisioned. Unsuccessful C may instead results in scenarios similar to the past, but with new knowledge, organization resistance, poor morale, or other undesired outcomes"; and (6) Closure: "The resulting C in organisational elements leads to closure. A new state of being, however, temporal or transitory it may be, which completes the cycle of C".

At the heart of CM lies the C problem, that is, some future state to be realized, some current state to be left behind, and some structured, organized process for getting from the one to the other (4). The C problem might be large or small in scope and scale, and it might focus on individuals or groups, on one or more divisions or departments, the entire organization, or one or on more aspects of the organization's environment. However, the problem is one of C. C is more complex than optimistic managers due to several reasons (6). It is bared to make C stick; also there are clear limitations to managerial action in making C as well as the need for C may make it barder to C.

C in organisation tends to be slow and occurs throughout a process of political learning, while crisis provides legitimacy for rapid discontinuous C (3). Thus, organizations need to utilize R strategies to either avoid or cope with such crisis. Crises occur in two main forms either in forms of accidents or in terms of potential events. Their perception is likely to mediate C processes; this is only a special case of the more general effects of R cognition (3). In this context, a organization's experience of a crisis is likely to alter RM approach to control and mitigate the effect of that crisis. On the other hand, crisis avoidance is an ultimate goal of a more general R reduction strategy, which is front-end loaded (3). RA should be thus focused on precursor and the behavioural characteristics of the people in the organisations such as awareness, motivations, politics and culture. R cognition, in this context, is central to C processes in organisations and to C related strategy both formal and implicit (3). Individuals' meanings of success bear both pure and speculative Rs and influenced by motivations. For example, if individuals perceive that the C is not in their favour, they might be against it and vice versa.

R cognition could lead C in the form of management strategies such as: avoidance, reducing, improving or controlling. RA and monitoring are thus required to establish C strategies. The bi-directional nature of R-C model suggests that Cs are likely to modify Rs to the organisation (3). For example, cost leadership as a general strategy can reduce the cost effectively but imposes severe burdens on the organization to keep up its position, which means reinvesting in modern equipment, ruthlessly scrapping obsolete assets, avoiding product line proliferation and being alert for technological improvements.

RM and MC

All strategies for C are R-strategies as they are intended to enhance or radically improve existing situations and avoid unwanted consequences (3). They describe three strategy types for C. First, empirical strategies, which rely on the understanding obvious need for C. People are rational and will follow their self-interest - once it is revealed to them. C is thus based on the communication of information and the proffering of incentives (4). Second, normative/ re-educative strategies that rely on individuals' perception of proposed C. Here people are social beings and will adhere to cultural norms and values. C is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones. Third, coercive strategies which rely on the individual's acceptance of C, that people are basically compliant and will generally do what they are told or can be made to

do. C is based on the exercise of authority and the imposition of sanctions. Finally, environmental-adaptive: People oppose loss and disruption but they adapt readily to new circumstances. C is based on building a new organization and gradually transferring people from the old one to the new one. As with all things in life, there is usually a cost associated with any change. This includes the obvious resource requirements to plan and implement a change. Also, Change often introduces the possibility for less tangible and unintended consequences to arise. This is especially the case where people perceive that a change will affect them directly or indirectly. A fear of change appears to be a natural human reaction that can significantly affect the cost and/or benefit of implementing change (Brzier, 2006).

However, individuals' attitudes toward C depend on their perception of such Cs i.e. if they perceive that the C is not in their favour, they might develop an adverse attitude toward the C. In such a situation, powerful groups may exert their power to fierce the resistance to the proposed C. To implement C successfully, C strategies need to be managed in such a way that three necessary conditions for effective C are in place. First, awareness that stakeholders understand and believe in the vision, the strategy and the implementation plans. Second, capability that stakeholders involved believe they can develop the necessary skills and can therefore both cope with and take advantage of these Cs. Finally, inclusion that stakeholders involved feel they value the new jobs, opportunities and choose to behave in the new ways.

RM is a collective term for a variety of different activities concerned with avoiding, reducing and controlling pure R and with improving gains and avoiding detriment in the speculative R areas (3). In general a pure risk is combination of probability or frequency of an event and its consequences, which is usually negative it can be measured by the volatility of results (Dionne, 2013).

From the R point of view, any speculative C could bear R because C and R are inseparable. The scope of RM contains: hazards or threats, the context, RM objectives and RM methods. By utilising RM principles, the desired outcomes could be achieved regarding the speculative R or C. But, there is no single suitable approach for all destinations in all times. Therefore, integrated approach to RM is strongly advised. However, RA methodologies have been developed as a means of dealing with uncertainty in a variety of situations (3). Decision-makers utilize RA techniques to identify the acceptability of a particular R and C. The basic principles of RA are common, and may be extended to any R topic (3). Therefore, a variety of RA methods may be used to estimate C. These methods range from qualitative unstructured to qualitative structured to quantitative techniques. Thus, RA technique may be used to assess the pure R such as those associated with environmental C and speculative Rs such as those associated with organisational C.

Management system may help to understand how R and C may be managed. The systems concept has demonstrated both its robustness and versatility in providing a conceptual framework for understanding how R and C may be managed (3). It is not possible to completely control such systems due to their interactions with both inner and outer contexts. But in MC, it is essential to be a ware of, and take due account of differences in cognitions. This importance is due to that by investigating the worldview of an organisation it helps to understand the motivations. Systems may enhance the management of pure R areas such as the environmental C and occupational health Cs. Culture both influences and is influenced by the values and meaning systems of the social actors in organisations (3). Since cultural factors are important to be addressed in relation to R, they are also related to C. That any C in organisation culture may C the organisation itself. Moreover, culture can be used to make Cs within organisation.

Power relations and PP are relevant for understanding R behaviour in organisations (3). This power affects individual's R cognition and plays a vital role in understanding the individuals' views toward such Cs. Besides, organisations affect and are affected their environment. (3) argued five key areas of organisational environment which have a major impact or R cognition namely: economies and markets; public policy; regulation and standards; social climate; technology; history, operating territory and conditions. Consequently, those factors also influence perceptions in organisations of the need for C. As R cognition is the processes of individual to appraise Rs, understanding the individual R cognition processes may provide an organisation with the requirements of compensation effects for individuals.

Different Aspects

As organisations are dynamic and operate in dynamic environments, Cs in the organisation and the environment must be identified. Business organizations can best deal with the uncertainty created by the constantly changing world by embracing RM processes which provides organisations with a framework for identifying Rs and deciding what to do about them. As CM process is the mechanism used to initiate, record, assess, approve, and resolve project C requests, the control of Cs during a project is critical for MC, schedule and budget co-ordinating activities among various team members in a dynamic project environment (1). It follows that RM is the process

whereby organisations methodically address the Rs attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities (5). Within these activities there is the potential for events and consequences that constitute opportunities for benefit or threats to success.

The content of CM is drawn from psychology, sociology, business administration, economics, industrial engineering, systems engineering, and the study of human and organizational behaviour (4). MC thus refers to the making of Cs in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an ongoing organization (4). The Cs to be managed may be triggered by events originating outside the organization. However, MC is moving from the problem state to the solved state. The concept of C carries with it connotations that some people may avoid. From a rational, analytical perspective, a problem is nothing more than a situation requiring action but in which the required action is not known (4). Hence, there is a requirement to search for a solution, a course of action that will lead to minimize threats posed by C or maximise opportunities for success.

RA is the overall process of R analysis and R evaluation (5) and the process of identifying an organisation's exposure to uncertainty is called R identification. This process requires both knowledge of the internal and external environment and sound strategic and operational objectives. R identification should be approached in a methodical way to ensure that all significant activities within the organisation have been identified and all the Rs flowing from these activities defined (5). After identifying the Rs, it is important to descript them in a structure format. The use of a well-designed structure is necessary to ensure comprehensive R identification, description and assessment process. Moreover, the well-designed structure is also necessary to identify the consequence and probability of each of the Rs and to prioritise the key Rs that need to be analysed in more detail. Identification of the Rs associated may be categorised as strategic such as industry C and business C or operational such as culture C and regulation C. R estimation is using a method to quantify Rs such as quantitative, semi quantitative or qualitative. Most of research classified the methods into three main categories: (1) Qualitative unstructured methods which divided into two principal variants relying on either judgement and intuition of managers or expert's opinions; (2) Qualitative structured methods (Delphi technique, Standardised checklists, and Scenarios); and (3) Quantitative methods. A key criterion in selecting the appropriate technique is that its resource requirement should not exceed the extent of risk mitigation obtained through its implementation

C treatment is the process of selecting and implementing measures to modify the C. This treatment includes as its major element, R control, but extends further to, for example, R avoidance, R transfer, R financing, etc (5). Effectiveness of internal control is the degree to which the R will either be eliminated or reduced by the proposed control measures (5). An organisation's RM policy should set out its approach to and appetite for R and its approach to RM. The policy should also set out responsibilities for RM throughout the organisation. RM Standards team stress the importance of effective RM requires a reporting and review structure to ensure that Rs are effectively identified and assessed and that appropriate controls and responses are in place. Regular audits of policy and standards compliance should be carried out and standards performance reviewed to identify opportunities for improvement. Since C is unpredictable, monitoring process is very important on the short period basis.

Due to the complexity of C phenomena, it is impossible to have an ideal model for understanding C processes and the role of R for all times. (3) proposed a model for understanding C processes and the role of R. This model contains eight components: outer context, organisational culture; organisational structure; resources; R cognitions; PP; strategy; and meaning of success. In the environment of C, leaders and managers as well as people in all sectors and industries face reorganisation, globalisation, and a faster pace of business and technological developments. Organisations, in such an environment, are challenged to adapt to stay competitive, and to motivate personnel because of such rapid C.

CONCLUSION

It could be argued that as R is dealing with uncertainty, the management of R and of C are inseparable. CM process, which is a mechanism used to initiate, record, assess, approve, and resolve Cs, demand RM i.e. those activities concerning with avoiding, reducing and controlling pure Rs or improving gains in the speculative Rs. Further, since RA methodologies are dealing with uncertainty, RA processes are required on the basis of the best available information to identify Rs and Cs. In addition, RA techniques could provide decision-makers with extent to which the C is tolerable and how to implement it. To sustain C, the structures of the organization itself should be modified, including strategic plans, policies, and procedures. This C in the structures of the organization typically involves an unfreezing, C and re-freezing process also worldviews, inner and outer contexts should be taken into account.

The successful management of an organisation relies on improving the effective management of the

resource allocation. In this context, the best approach to address the resistance to C is through increased and sustained communications and education. However, RM should be a continuous and developing process. It should also address methodically all the Rs surrounding the organisation's activities past, present and, in particular, the Cable future.

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