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CHANGE RISK AND IGNORANCE: ATTEMPTING TO CROSS CHASMS IN SMALL STEPS

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ABSTRACT

Although the pace of organisational change is escalating, the reported success rate of large-scale change efforts remains disappointingly low. This suggests a level of risk that remains largely under acknowledged. The current study explored employee perceptions of risk in organisational change practices. Statements provided by a convenience sample of 111 respondents from seven institutions revealed a distinct awareness of change risk among employees. Identified risk areas align with the planning, involvement and implementation stages of organisational change processes. It is furthermore proposed that an ethical approach to change will minimise resistance to change and substantially reduce change risk.

Key words
Change management, change risk, ethical change

The notion of risk and its containment through effective governance structures and practices is a central consideration of the King II Report on Corporate Governance (IoD, 2002). Risk management is clearly entrenched as an important parameter of corporate governance, in particular the careful and considered engagement of risk in exchange for corporate rewards and is defined as the *identification* and *evaluation of potential risk areas as they pertain to the organisation, as well as the process to remove or minimize the risk* (IoD, 2002, p.73). In this regard the King II report also stipulates that the risk management process entails the planning, arranging and controlling of activities and resources to minimise the impact of risk and, in this instance, internal control measures constitute a central consideration. Yet, despite the clarity with which the King Report directs the identification and interpretation of risk to all institutional processes and practices, risk is by and large taken to refer more narrowly to financial practices and their management.

If risk in organisations is viewed as conditions or behaviours that affect a company either beneficially or detrimentally (Rossouw & Van Vuuren, 2004) it should be clear that financial practices constitute a very small component of those conditions or behaviours that could materially impact the organisation's functioning. Indeed, Rossouw et al., (2004, p.199) present organisational risk typologies that differentiate between business risks - typically implicit in competition, efficiency of production factors, supply and demand considerations and economic factors; financial risks, which relate to credit, foreign exchange, cash flow, gearing and liquidity, but then in particular also operational risks as a specific approach to articulating business risks. Operational risks for example are often embedded in issues of technology, compliance, people, the business community, and what the authors term "ethical risk". Ethical risk, in turn, is defined as the potentially detrimental/beneficial outcomes of unethical or ethical conditions or behaviours (Rossouw & Van Vuuren, 2004, p.200) and is viewed as part of the expanded responsibilities of boards of directors - an artefact of the shift towards "triple bottom line reporting". Rather than merely accounting for financial and economic functioning of the organisation, triple bottom line reporting also requires formal accounting for the social and environmental performance of the organisation. This expanded accounting and reporting perspective, which is often referred to as "sustainability risks" (Rossouw et al., 2004, p.199), together with the King II report (IoD, 2002) provides the platform and focus for considering risk and ethics in organisational change practices.

Organisational change as "risk"

Organisational change is one of the most frequently recurring organisational phenomena of our times and has truly become a consistent feature of the organisational landscape. Organisations, by necessity, have to adapt to continuously changing environmental, and in particular, competitive operating conditions. This they do through a variety of change initiatives and processes which include transformation, culture change, downsizing, reengineering, mergers and acquisitions, major refocusing and strategic change. With the majority of organisational change scholars forecasting continued turbulence and accelerating organisational change (Burnes, 2003; Cummings & Worley, 2001; Johnson, 1996; Schabracq & Cooper, 2000; Vakola, Tsaousis & Nikolaou, 2004), the challenge of organisational adaptation will increase and intensify, and employees can expect to be exposed to continuous waves of organisational change.

At the same time however it appears that organisations, despite the prevalence of change and their presumed competence in dealing with it, are (still) not succeeding at instituting change processes effectively and dismal change success rates[2] are continuously recorded. Indeed, major change initiatives are more frequently deemed unsuccessful and approximately 65% to 75% fail (cf. Applebaum & Wohl, 2000; Beer & Nohria, 2000; Mariotti, 1998; Mourier & Smith, 2001; Smith, 2002; Van Tonder, 2005). The latter includes among other reorganisations (Ross, 1997), downsizings (Henkoff, 1990; Skilling, 1996), improvement programmes and initiatives (Pascale, Millemann & Gioya, 1997; Schaffer & Thompson, 1992), mergers and acquisitions (Balmer & Dinnie, 1999, Gilkey, 1991), and culture change (Smith, 2002, 2003). It is equally widely acknowledged that the cost[3] of institutional transformation or organisational change (regardless of how it is conceptualised) is exceedingly high (cf. Offerman & Gowing, 1990; Hattingh, 2004; Korten, 1995; Smith 1995, Van Tonder, 2005a) and, while the financial consequences of unsuccessful and poorly planned and executed change initiatives are difficult to calculate, they are commonly accepted as being substantial. Even in those rare instances where change initiatives are likely to be considered more successful, there will still be undesirable side effects or unintended consequences (Applebaum, Henson & Knee, 1999; Schein, 1985) and consequently an inevitable downside to the change (Armenakis & Bedeian, 1999). Moreover, major organisational change initiatives of this nature generally appear to have an enduring detrimental impact on the organisation, its workforce and their dependents, and society at large (Van Tonder, 2004a; 2005a). The catastrophic demise of high profile corporate entities such as Barings, Drexel, Enron,

1 The constructive comments of two anonymous reviewers are greatfully acknowledged. 2 *Success* (and *failure* for that matter) are seldom explicitly defined by the authors but are typically stated in terms of the non-achievement of the objectives posed for the change initiative (Van Tonder, 2004a). In the majority of cases these objectives arise from financial reasons and the change initiative consequently has to ensure, for example, improved return on investment and value add, business growth (improved sales and market share), improved profits, reduced costs and a variety of related objectives. 3 *Cost* in this context for example referes to financial "spend" or investment in the change, loss of employment opportunities, and other adverse effects of major change.

Parmalat International, Leisurenet, Regal Bank, Saambou, Worldcom and others, although extreme examples nonetheless illuminate the harsh realities of the cost and consequences of major change ("corporate failure" being a manifestation of change for the worse and more specifically inappropriate or inadequate adaptive change). These examples indicate that organisational change is an area of risk, but as it is a seldom-recognised facet of major organisational change, it remains largely undetected at managerial levels. To an extent disheartening, is the realisation that ineffective change practices on this scale continue to unfold in a consistent fashion despite an extensive and prolifically growing literature base on the subject (Van de ven & Poole, 1995; Van Tonder, 2004a).

This paradox of intensifying change and a mushrooming "knowledge" base, yet exceptionally poor change success rates is perplexing and management's persistence with entrenched archaic change practices, despite the inefficiency, costs, and risks that accompany such change (Irvin, 2002), defies logic. In this regard the ignorance-incompetence thesis (Van Tonder, 2005a) offers one possible account for this phenomenon. It posits that those who initiate and lead the change are essentially ignorant of the fundamental nature of change, how employees perceive, experience and react to change, and the enduring impact / consequences and ramifications of change over an extended period. They effectively underestimate the challenges and complexities of organisational change. This ignorance in turn prevents skills building (training") in relevant change competencies from attaining a significant priority on managerial agendas. As a result change "training" seldom assume a format beyond a superficial three to five-day short course, and is likely to enjoy a lower ranking for resource allocation when compared to legal, financial, and general management education and training.

Change risk and the ignorance-incompetence thesis

Evidence for the ignorance-incompetence argument is abundant and proceeds from the premise that the extensive (scholarly) literature on change consistently singles out management (cf. Applebaum, Henson & Knee, 1999; Buch & Aldridge, 1990; Christensen & Overdorf, 2000; Jewell & Linard, 1992; Kotter, 1995; Stuart, 1996; Worrall, Cooper & Campbell-Jamison, 2000) and resistance to change (cf. Martin, 1975; Maurer, 1997; Reger, Mullane, Gustafson & DeMarie, 1994; Spiker & Lesser, 1995; Waldersee & Griffiths, 1997) as the most prominent and influential factors that contribute to "failed" change. Resistance to change is itself a reaction to, and a comment on ill-considered managerial attempts at brokering organisational change. While several other reasons are regularly cited as contributing to failed change initiatives (Beer & Eisenstat, 2000; Covin & Kilmann, 1990; Eales-White, 1994), these recede into the background when compared to the volume of studies that accentuate these two primary causes. Apart from this perspective, management by its very nature but also from an organisational theory perspective is centrally responsible and accountable for change success or otherwise. In this regard the literature, generally, is consistently unflattering when it comes to managerial capabilities for dealing with change. So, for example, management is considered to be ill-equipped for dealing with change (Buch & Aldridge, 1990), lacks requisite change knowledge (Applebaum et al., 1999; Armenakis & Harris, 2002; Church, Siegal, Javitch, Waclawski & Burke, 1996) and a solid grasp of change dynamics (Kets de Vries & Balazs, 1998), do not understand change implementation (Armenakis & Harris, 2002), and are unable to comprehend and attend to the more psychological aspects of the change (Dehler & Welsh, 1994). Managerial perspectives on organisational change have not kept abreast with contemporary developments and perspectives and appear to have outlived their practical usefulness (Collins, 1998; Nortier, 1995; Van Tonder, 2004a). It comes as no surprise then that scholars have called for the re-education and training of managers with regard to the implementation and management of change (Belasen, Benke, Di Padova & Fortunato, 1996; Francis, Bessant & Hobday, 2003; Worrall et al., 2000).

Given this context, it is not difficult to understand why it is argued in some quarters that many of the major organisational change initiatives are uninformed or ill-informed (Cameron, 1994, Doyle, 2002). This view is bolstered by the fact that the impact and ramifications of change, unlike financials, are not adequately measured (Burns, 2003) and, as a result, the damage inflicted by less than optimal change initiatives are not adequately accounted for in financial audits, financial statements, and the balance sheet. In a similar vein Hattingh (2004) expressed the view that mergers and acquisitions decisions were based on assumption and speculation rather than knowledge and insight, and asserts that historical evidence has revealed that organisations failed to measure and manage the risks involved in mergers and acquisitions. Yet despite the "dismal success rates" and "lacklustre performance of these costly [change] interventions" management persists in these unproductive practices (Irvin, 2002). Barker's (1994) view that most change initiatives are dealt with in an unreflective manner provides an eloquent if understated account for this phenomenon. Irvin (2002, p.360) is substantially more direct and explicit when she argues that management's clinging to outdated and ineffective change practices despite poor results, is a result of their failure to comprehend the realities of among other, relentless change, unpredictable occurrences and increasing complexity of the world. It may well be that these authors' accounts of managerial practice may apply to a more pervasive general management orientation, but for now it is reasonable to conclude that organisational change and transformation are certainly not adequately recognised as areas of substantial risk to the organisation and its stakeholders.

Organisations however do not have to succumb to the undesirable consequences of poorly managed change risks even if their management cadres are unable to detect and deal with the change risk, or so Van Tonder and Van Vuuren (2004) argue. In keeping with the general parameters of the King II report (IoD, 2002), they have argued that the implicit risk in organisational change processes could be mitigated substantially if an ethical approach towards change is adopted for example the adoption of ethical principles and practices to guide change practices. In this regard they suggested specific ethical nodes in the generic change management process where an ethical approach in particular would minimise the risks implicit in change initiatives. This however presupposes knowledge of moments of greater and lesser risk during change initiatives.

In this regard the bulk of the literature on change management is not particularly helpful as it is focused predominantly on pragmatic considerations – informed largely by management and change practitioner needs. Understandably the literature base is exceptionally lean in the areas of change risk and ethical change and, except for a few more embracing and general perspectives with regard to the latter (e.g. Calabrese, 2003; Mayon-White, 1994; Miller, 1998), very little guidance can be derived from the literature.

Given this setting, and acknowledging that the literature is substantially critical of management's ability to identify change risks, the focus of the current study was concerned with risk during self-imposed or self-initiated organisational change initiatives. This delineation is necessary as it can be argued that organisations, in one sense, are continuously subjected to an increasingly turbulent and ever evolving operating context and therefore need to engage in continuous adaptive change. Such change embodies risk on a constant basis. The current study more specifically focused on the typical stage-bound change programmes and aimed to establish where (at what points/ nodes) in organisational change processes employees perceive the greatest risk for the organisation, that is, if they perceive risk at all. The study therefore, and from an employee perspective, essentially endeavoured to isolate those critical risk nodes in a generic change process. The remainder of the paper briefly highlights the methodology that was employed, reports the results of this study and discusses the implications of the findings for the management of institutional change practices and the containment of risk implicit in these practices.

RESEARCH DESIGN

Research approach
The study was approached from within the interpretive sociological research paradigm (Burrell & Morgan, 1979) as it implicitly assumes that risk within change processes is a socially constructed phenomenon that is enacted through perceptions and therefore as Morgan (1997) argues, more a result of members'/employees' actions than they may recognise. It sought to explore the perceptions of risk at the level where employees experience the organisation and organisational change initiatives in particular. Accordingly, whether change is deemed to be an issue of risk or otherwise, depends on how it is viewed by those who are subjected to it, or are involved in the change process. This "emergent" concept of change risk is the central focus of this research. Subjectivity in the traditional sense is not a concern as it is precisely the idiosyncratic meanings that each employee constructs that ultimately define the collectively shared meaning structures from which an organisation is defined and enacted. Given its focus, the study is primarily concerned with exploration, description and understanding, and is consequently pursued through qualitative methodologies of limited scope (cf. Crabtree & Miller, 1992; Mouton, 1996). A field study was undertaken during which participant perceptions were sampled through a survey method which in turn employed open-ended yet focused questions to solicit respondent meaning attribution to the construct *change risk*.

Research methodology
The methodology employed during the study is briefly described in terms of respondents, data gathering methods, procedure, and data analysis.

Respondents
Respondents from seven institutions participated voluntarily in the study. Participating companies were representative of the retail sector (food distribution; office supplies), private health care, the motor industry, education and training, and public service. Respondent eligibility for participation was based on two requirements namely; the respondent should have been exposed to (as opposed to being aware of) an internal organisational change event and secondly, all respondents from an organisation should have been exposed to the same specific change event. It was argued that these criteria would ensure that respondents were fairly knowledgeable about the change process or initiative, and would base their responses on a common change experience. Working with postgraduate Human Resource Management students who were linked to or associated with the seven institutions, attempts were made to secure a minimum of 15 but preferably 20 respondents per participating organisation. As is evident from Table 1 these requirements were reasonably met, with variance in the numbers of representatives per organisation reflecting the final number that did succeed in submitting a completed questionnaire within the stated timeframe.

The methodology that was followed in the study precludes accounting (statistically) for the impact of sample characteristics, but, sample characteristics nonetheless define the interpretation frame and for this reason the key features of the sample are profiled (see Table 1). In this regard it is worthwhile noting that the distribution of the sample revealed a dominance of male respondents (59,5%), predominantly English speaking (31,5%) with Afrikaans and Zulu representing 14,4% and 12,6% of the sample respectively. The remaining portion of the sample was spread across various indigenous and some non-indigenous language categories (e.g. German). The majority of the respondents were between 26 and 35 years of age (50%) while 32% were between 36 and 45 years of age. In terms of job tenure the majority had between 2 and 5 years service (38,2%), followed by those with less than two years service (20%), and respondents with between 6 and 10 years (17,3%) and 11 and 15 years (17,3%) service respectively. The largest proportion of the sample (47,7%) possessed either a three year diploma or a B-degree while 14,4% had an Honours degree. Of the remainder, 10,8% possessed a grade 12 certificate, 9,9% a one-year diploma and 9,0% a Masters degree. The research sample consequently constitutes a reasonably balanced, quite diverse and substantially educated convenience sample.

Methods of data gathering
An existing organisational change questionnaire which was designed to record respondents' perceptions and experiences of organisational change processes (cf. Van Tonder, 2004b), was modified with the addition of two open-ended questions that aimed to elicit respondent perceptions and understanding of risk within a change management context. Wary of the potential influence of context and the possibility of an order-effect, the open-ended questions followed immediately after the first section which dealt with respondent particulars, and consequently preceded all other questions in the questionnaire. The questions that followed, sampled data on change as an objectively observed phenomenon, and is beyond the scope of this paper. The focus of this paper is however captured by the two open-ended questions, which dealt with perceived risk during change initiatives or processes. The questions were formulated as:

- Which areas (stages) of an organisational change process contain the greatest risk for the organisation?
- Why do you regard this as the area of greatest risk?

Procedure
With the assistance of postgraduate students in the Human Resource Management field, change questionnaires were distributed to respondents who were exposed to the same (recent) change in their organisation. As part of their formal postgraduate training in change management these students were recently exposed to survey-based research and the critical research objective of securing valid and reliable data – a function not only of the design properties of the instrument, but a consequence of the entire research process involving sourcing, briefing, supporting, and monitoring respondents during the research process. For postgraduate students to participate in the administering of the questionnaire, they had to comply with the provided procedure to secure voluntary yet valid and reliable research protocols from participants. This procedure entailed various steps and requirements and had to be open to formal verification by the researcher. This was clearly stipulated before students were involved in the research. Respondents of participating organisations were consequently prepared in advance for the survey and briefed on its purpose and likely contribution, its structure and nature, the principles of anonymity and confidentiality of data, and the requirements for completion, after which they were instructed to individually complete the questionnaire. An open invitation was extended to participants to contact the administrator should questions crop up when they completed the questionnaire. Upon receipt of the completed questionnaires comments (descriptions) in response to the open-ended questions were captured verbatim on the database, and the consolidated list of descriptive statements was subjected to content analysis. A few randomly selected statements nominated by respondents are provided in Table 2 as examples. They illustrate the nature and format of "risk" responses received from respondents.

Analysis of the data

The selected vehicle for analysing descriptive statements on perceived risk and areas of greatest risk was basic content analysis. Consistent with Corbin and Straus' (1990) grounded theory approach, an open, axial and selective coding convention was utilised to surface data categories, identify relations and linkages between categories, and construct a tentative cause-and-effect account of perceived risk during change.

Apart from the customary codebook approach that was used to structure and organise data during the open coding round (in particular), observations were later quantified by counting frequencies of occurrence (cf. Huberman & Miles, 1994) for subsequent interpretation. In this study the so-called "editing style" was used to develop the codebook (cf. Crabtree & Miller, 1992). The researcher made observations of segments of text as the material was read, jotting down comments in the margins of the text from which further abstractions were made. In order for categories to emerge, an open-ended approach to analysis was followed, which in this study utilised a single phrase ("short sentence") as unit of meaning and analysis. The code list was reviewed and revised with every subsequent phrase that did not fit the coding categories or suggested new "unique" categories. The final consolidated "codebook" was employed to revisit and code all phrases and to assist with the calculation of frequencies per category. Frequencies were then converted to proportions of total responses and expressed as percentages and rank ordered to enable a consideration of the relative salience of the different categories (and themes or sub themes).

Following this, a generic change process (Van Tonder, 2004a) was used as a change framework and template for matching employee response frequencies with regard to risk, to change stage or node (results reported in Table 3). This change process, developed from an analysis of 12 popular change models, views the change management process as consisting of eight primary stages:

- identifying and articulating the change need;
- data-gathering and analysis with regard to the change need;
- establishing the change vision;
- extensive communication and securing participation;
- planning the change initiative;
- implementing the change plan;
- evaluation and consolidation of change progress; and
- institutionalising the change.

A similar framework was used by Van Tonder and Van Vuuren (2004) to identify nodes of ethical significance within change processes, and consequently a comparison of theoretically-determined ethical change nodes with employee-perceived risk moments during change (this study) was possible (see Table 5). During axial coding it was observed that respondents, in highlighting areas of greatest risk during change, also provided the rationale for their choice of risk area and, in the vast majority of cases, this rationale clearly encapsulated a cause-effect argument. This justification by respondents suggested neglect of the specific risk area would ultimately result in specific undesirable consequences for the organisation (see Table 4).

RESULTS

Respondents generated a substantial number of responses often consisting of several phrases, which account for the variation in the number of phrases used in the various analyses and reported in the different data tables. Table 1 highlights sample characteristics while Table 2 presents illustrative statements provided by participants in response to the open-ended question on perceived areas of greatest risk during change initiatives or processes.

TABLE 1
SAMPLE CHARACTERISTICS

Dimension		PARTICIPATING ORGANISATIONS[4]							Total (%)
		A	B	C	D	E	F	G	
Number of respondents		15	15	15	20	20	17	9	**111**
Gender	Male	7	8	13	12	12	8	6	**66 (59,5)**
	Female	8	7	2	8	8	9	3	**45 (40,5)**
Age	<25	1	5	-	-	-	-	-	**6**
	26-35	10	3	7	10	7	4	9	**50 (45)**
	36-45	3	6	5	6	10	6	-	**36 (32)**
	46-55	-	-	2	4	2	4	-	**12**
	56-59	-	1	1	-	1	1	-	**4**
	60-65	1	-	-	-	-	-	-	**1**
	66+	-	-	-	-	-	-	-	**0**
Tenure[5]	< 2	4	4	5	2	1	5	1	**22 (20,0)**
	2-5	7	1	7	1	7	11	8	**42 (38,2)**
	6-10	2	5	1	8	3	-	-	**19 (17,3)**
	11-15	1	4	2	7	5	-	-	**19 (17,3)**
	16+	1	1	-	2	4	-	-	**8 (7,2)**
Language	English	9	8	10		5	3		**35 (31,5)**
	Afrikaans	2	1	3		10			**16 (14,4)**
	N-Sotho				4		1		**5**
	Ndebele				1				**1**
	S-Sotho				6		2		**8**
	Swati				1				**1**
	Tsonga				3		1		**4**
	Tswana		1		2	1	2	1	**7**
	Venda	1	1				1	2	**5**
	Xhosa						3	2	**5**
	Zulu	1	1		3	2	3	4	**14 (12,6)**
	Other	2	3	2		2	1		**10**
Education	Gr 11	1	1			2			**4**
	Gr 12	2	5	3		1		1	**12 (10,8)**
	1 yr Dip	2	2	4		2	1		**11 (9,9)**
	3 yr Dip	4	2	3	6	4	5		**24 (21,6)**
	B-degree	3	3	2	5	8	4	4	**29 (26,1)**
	Hons	1	2	1	5	2	2	3	**16 (14,4)**
	Masters	2			1	1	5	1	**10 (9,0)**
	Doctorate								**0**
	Other/none			2	3				**5**

Apart from incorporating the 8-stage change management or process model and listing the primary elements that characterise each of the eight stages, Table 3 conveys the perceived risks that respondents identified. These are summarised in column three (the gist of the theme is presented), while the frequency with which a specific risk theme occurred, expressed as a proportion (percentage) of overall responses to this question, are indicated in columns four and five. Respondents were unaware of the theoretical change management or process model and received no guidance or direction about change whatsoever. It is only after analysis that the researcher could compare themes and fit these to the relevant corresponding change categories (stages/nodes).

Although risk areas are indicated for all but two stages of the generic change management process (Table 3), the data essentially indicates that the key risk themes are poor change implementation; employee resistance to change; inadequate involvement of stakeholders (employees in particular), and inadequate communication with stakeholders during the change process. When these themes are fitted to the change model, the communication and participation stage emerges as the most critical risk area (54.6% of the responses), which is followed by poor implementation (23.7% of responses) and poor planning (10.1%).

4 Company A: Retail (Food); B: Stationary; C: Health Care; D: Education; E: Motor industry; F: Education & Training; G: Public Service.
5 As with "age", tenure is measured in years and reported per category.

Table 2
Illustrative responses: greatest risk in organisational change initiatives

Respondent No.	Statement provided in response to question on areas of greatest risk in an organisational change process
A1	Lack of openness, lack of communication, lack of employee participation
B8	Implementation, resistance can occur
C1	Resistance to change by employees as nobody likes to move outside of their comfort zone…
D20	The management because they have to make the subordinates accept change
E12	Might take a long time to implement the change, no immediate gain, …
F12	Full and meaningful engagement of all stakeholders is often neglected in change processes
G4	A change which is not well communicated
A11	Poor implementation of the necessary changes due to poor planning, resistance from employees concerned or affected by the change
B10	Pre-implementation phase, this has to be properly discussed before implementation
C14	The greatest risk is the unsettling of staff, this could lead to a mass exodus …
D1	If the process is sabotaged
E17	The initial communication process in making sure there is 100% understanding, the implementation phase when there is deviation from the plan
F5	Ignoring the bulk of the employees who are actually doing the work in the organisation
G5	It is the first stage (planning process and diagnosis of the need for change)…

Analysis of the reasons advanced by respondents' in support of their selection of change risk areas, without exception highlighted a clear cause-and-effect logic that links neglect of specific change stages to specific undesirable consequences at both the individual and organisational levels and hence their designation of these stages as "risk". At the individual level the impact of poorly conducted change stages or tasks in those areas that are designated as risk areas, is predominantly of an emotional nature (93.8%) with tangible impact (e.g. workload increase or actual job loss) representing only 6.2% of responses. The most pronounced emotional experiences are anxiety and fear (29.2% of responses), followed by declining levels of motivation (18%) and resistance to change (17.4%). The emotional impact of poorly conducted change stages (or tasks) in turn facilitates a variety of undesirable organisation-level outcomes of which staff turnover (28.3% of responses), delayed and/or compromised ("failed") change (14.2%), a decline in all organisational performance levels (13.4%), and financial losses (11.8%) are the most prominent. The impact of unattended risk on the individual employee and the organisation, during the change stages designated by respondents as risky, is highlighted in Table 4.

In essence the results of Tables 3 and 4 indicate that the areas of greatest risk during change processes are that of employee involvement (communication and participation), planning, and execution of the change initiative or process. If neglected, the organisation is bound to encounter substantial emotional upheaval that typically assumes the form of fear, deteriorating motivation and resistance, which in turn will compromise organisation-level performance in a variety of domains ranging from staff turnover, to compromised/failed change, decline in productivity and service levels, and escalating costs/financial losses.

Table 3
Degree of correspondence: generic change stages and participant indicators of risk during change processes

No	Stage in change management process[6]	Perceived RISK area	f^7	%
1	**The change need** • Compelling (business) need • Sense of urgency • Powerful & positive individual to embrace the change	*- No suggestion of risk -*	-	-
2	**Data gathering** • Diagnosis & analysis • Consulting with experts • Propositions & recommendations	• Inadequate **research** • Inadequate or **misdiagnosis** (& consequently misdirection)	6	4,3

3	**Change vision**
	• Vision of the change end-state
	  • aligned with organisation's culture
	  • exciting
	  • secured through broad participation
	  • with clear goals & objectives
		• Absence of a clear vision & objectives; shifting vision; failure to communicate change vision	4	2,9

4	**Communication and participation**
	• Continuous communication & dissemination of information/feedback
	• Acceptance through participation & involvement of employees, which include:
	  • empowerment to act on the vision
	  • care-taking, dealing with resistance (RC factor)
		• Lack of, poor, or inadequate communication and communication channels; poorly informed employees, distorted messages, misinterpretation and lack of consultation and openness (21 or 15.1%)
		• Inadequate/poor participation; not full involvement/engagement of all stakeholders (27 or 19,4%)
		• Resistance to change (28 or 20.1%)
			76	54,6

5	**Planning** • Goals & detailed action plans • Planning implementation/ "roll-out"	• Poor/bad planning, strategising & preparation (14)	14	10,1
6	**Implementation (taking action)** • Pilot implementation • Implementation/ "rolling out"	• Poor implementation/ execution (delays, insufficient commitment, staff unprepared, practical difficulties, poor management) (33)	33	23,7
7	**Evaluation and consolidation** • Data gathering & measurement of progress i.t.o. goals • Considering gains	*- No suggestion of risk -*	-	

8	**Institutionalisation (of the new state)**
	  • Entrenching the change
	  • reinforcing/rewarding) change gains
	  • publicising/celebrating) change successes
	  • refining the change
		• Insufficient **support** and monitoring of the process (3)	3	2,2

	The overall process	• Process in general poor, too many changes and unknown factors	3	2,2
	Total responses		139	100

With clearly designated change risk categories emerging from respondents' statements, the question arose as to how these risk areas compare with the key ethical nodes during change processes which were identified by Van Tonder and Van Vuuren (2004)? Table 5, which juxtaposes ethical nodes with

6 Adapted from Van Tonder (2004a, p. 203).
7 Frequency (number of valid responses).

TABLE 4
RESPONDENT PERCEPTIONS: PERCEIVED IMPACT

Perceived RISK areas[8]		Impact: Individual		Impact: Organisation	*f* (%)
1. The change need - *No suggestion of risk* –					
2. **Data gathering**					
• Inadequate **research**					
• Inadequate or misdiagnosis (& consequently misdirection) (6)					
3. **Change vision**		• Uncertainty, insecurity (10), distrust, suspicion (4)	14 (8,7)	• Workplace & atmosphere change, conflict, unrest, disruption (8)	
• Absence of a clear vision & objectives; shifting vision; failure to communicate change vision (4)		• Disinterest, apathy (3)	14 (8,7)	• Loss of faith in Management and HR function (4)	
		• Difficulty: adjustment/coping (5)	47 (29,2)		
4. **Communication and participation**		• Psychological distress, pressure (14)	28 (17,4)	• Decline: productivity, service levels; increase in absenteeism (17)	17 (13,4)
• Lack of, poor, or inadequate communication and communication channels; poorly informed employees, distorted messages, misinterpretation and lack of consultation and openness (21)	48 (43,2) 36 (28,3)	• Anxiety, fear (of unknown, Job losses/retrenchments, Loss of income) (47)	29 (18,0)	• Staff Changes: changes in leadership, management, management style (8)	
		• Resistance to change (28)	10 (6,2)	• Staff turnover, resignations, retrenchments, loss of skills (36)	
		• Anger, discontent (4)			
		• Demotivation, low morale (29)		• Loss of clients, deteriorating customer relations, loss of market position/competitiveness (11)	11 (8,7)
• Inadequate/poor participation; not full involvement/engagement of all stakeholders (27)		• Loss of status, salaries, career opportunities, Sense of "loss"; increase in responsibility, workload, pressure (10)		• Escalating costs, financial losses (15)	15 (11,8)
5. **Planning**				• Change delayed, benefits not realised, "fails", change abandoned, prompting further change (18)	
• Poor/bad planning, strategising & preparation (14)	14 (12,6)				
6. **Implementation (taking action)**	33 (29,7)			• Change in character of business, target for takeovers, etc. (4)	18 (14,2)
• Poor implementation/execution (delays, insufficient commitment, staff unprepared, practical difficulties, poor management) (33)					
7. **Evaluation and consolidation** – *No suggestion of risk* -					
8. **Institutionalisation (of the new state)**					
• Insufficient support and monitoring of the process (3)					
The overall process • Process in general poor, too many changes and unknown factors (3)		• Negative perceptions, emotions, reaction (7)		• Negative impact (2) • Organisation not coping, ollapses (4)	
Total responses:	**111**	**Total responses:**	**161**	**Total responses:**	**127**

risk areas, reveals that the only obvious area of concurrence is stage four of the change model, which entails the involvement (communication and participation) of stakeholders. This is the most critical change stage from an employee perspective of change risk and a central ethical node when viewed from a theoretically-inductive platform. At first glance the comparison in Table 5 reveals very limited alignment between theory-informed ethical nodes and empirically-derived risk moments, but this would be an inappropriate conclusion as the discrepancy is bound to be an artefact of vantage point i.e. reflecting the profile of the respondents that participated in the study (predominantly employees who were subjected to/ experienced the change as opposed to driving, facilitating and implementing the change). This observation is further elaborated in the ensuing section.

8 Number corresponding with stages of generic change management process (refer to Table 3).

TABLE 5
DEGREE OF ALIGNMENT: CHANGE STAGE, PRIMARY ETHICAL NODES, AND PERCEIVED AREAS OF GREATEST RISK

Stage in change management process[9]	Primary Ethical nodes[10]	Perceived areas of greatest risk
1. The change need	1. Decisions relating to the need for and nature of the change to be initiated.	–
2. Data gathering	–	–
3. Change vision	–	–
4. Communication and participation	4. Decisions relating to the involvement and participation of stakeholders: who, how and when to engage.	4. Poor/insufficient *communication* (within category rank: 3) Inadequate involvement/*participation* (within category rank: 2) Resultant resistance to *change* (within category rank: 1) (Overall rank: 1)
5. Planning	–	5. *Poor planning* (Overall rank: 3)
6. Implementation (taking action)	–	6. Poor execution/*implementation* (Overall rank: 2)
7. Evaluation and consolidation	7. Decisions relating to the evaluation of the change: who, how, when, and actions following from the evaluation (e.g. future change practices)	–
8. Institutionalisation (of the new state)	–	–

DISCUSSION

Change management as arena of risk

The central thesis of this paper is that organisational change practices (commonly referred to as "change management") is a significant area of risk for any institution (whether private or public) simply as these change practices embrace a very real possibility of compromising institutional performance, success and ultimate survivial. Relatively recent high profile corporate collapses have amply demonstrated the devastating impact of unanticipated major change combined with an ineffectual approach for dealing with and containing the fallout of these changes. However, as recently argued by Van Tonder (2005a), it is not only the dramatic and catastrophic change processes that bode ill for organisational functioning, but most large scale change processes appear to generate dismal results – effectively fail – and consequently these also represent a significant risk. Initially these change risks may surface as non-financial risk, however, and as most analyses will reveal, non-financial risk eventually and inevitably translate into financial risk with its accompanying consequences if it is inadequately attended to. Indeed, this relationship between "sustainability risks", and we will argue essentially ethical risk (cf. Rossouw & Van Vuuren, 2004), and the resultant financial consequences, are certainly well entrenched in the mindset of the respondents engaged in this study (refer table 3).

The relative ease and clarity with which respondents succeed in identifying risk areas in change and the clarity and logic with which they account for the impact of these risk areas (were they to be neglected) is noteworthy. Once again the results reaffirm that employees are more perceptive and have a greater insight into organisational dynamics than they are generally credited with by management. Moreover, the workforce can anticipate probable change outcomes with remarkable accuracy, which stands in sharp contrast to that suggested by the actions most commonly enacted by management and the change team during change initiatives (refer earlier discussion of the poor success rate of change initiatives and the role of management during change initiatives). Though not the intended aim of the study, these results (Table 3) provide further intuitive support for the primary causes of change failure cited in the literature i.e. management and resistance to change. The key risk areas identified in this study, namely; the initiative and responsibility for planning the change (10,1% of responses), communication during the change (15,1%), employee involvement (19,4%), and effective change implementation (23,7%), all fall within the ambit of management responsibility. Although employees need to be involved in all stages of the change process, it is management who have to ensure that employees are involved. Managers cannot delegate this task and hence the results from this study constitute a comment on management's role and contribution in these change processes. Resistance to change (20.1%) in turn is itself a reflection of how the change initiative has been approached, introduced, and effected. The observed convergence of risk areas with primary causes for change failure cited in the literature, suggests support for the construct and criterion validity of the notion of change risk.

Apart from the main risk areas (Table 3), it is noteworthy that stages 1 and 7 (the change need and the evaluation of the change respectively) were not perceived as stages that entail risk. This absence of responses however does not suggest that these stages are in fact risk-free...it may simply indicate that participants have a limited awareness and/or understanding of these stages (and the change process in its entirety). It is no coincidence that the perceived risk areas are concrete, visible, action stages in the change process. Employees are seldom consciously involved in the initial stages when the case for change or the change need is contemplated, or when the change initiative is evaluated ...to them these stages are technically "invisible" and might as well not exist ...it is essentially a case of the idiomatic "out of sight, out of mind".

The few comments that suggested risk in stages 2, 3 and 8 (data-gathering and diagnosis, creating a change vision, and institutionalising the change) suggest that a few respondents had a richer and deeper insight into change processes and although these comments are valid and highly appropriate, they did not represent the majority sentiment and consequently did not impact the final list of key risk factors. If the argument for no response in categories 1 and 7 is accepted and the frequency of responses in all categories are momentarily discarded, respondent comments effectively reveal that each stage of the generic change management model embodies distinct risks, which, if left unattended, could materially influence the entire process for the worse. It can be argued that the notion of change risk is not so much an issue of identifying where the areas of risk are located (for risk is implicit in the entire change process) but is essentially an issue of acknowledging (seeing/detecting) the risk.

The logic of change risk

Reflecting on the observations and "risk areas" highlighted in Tables 3 and 4 it becomes apparent that these emerge from failures of process and interaction among different stakeholder constituencies during the change initiative – most notably management and employees, and to a lesser extent organised labour, shareholders and those representing the legal and regulatory framework within which organisations conduct their business and undertake change initiatives.

Respondent views on the risk areas in change processes suggest that these processes are more often than not pursued by

9 Adapted from Van Tonder (2004a, p. 203).
10 All stages contain important ethical decision making nodes but "primary" nodes indicate decision making that are irreversible and materially impact on the subsequent nature of the process (cf. Van Tonder & Van Vuuren, 2004).

management from a predominantly unilateral decision making stance, which together with resistance to change, are considered the primary causes of failed organisational change initiatives. Moreover, as was previously argued (Van Tonder 2004a) resistance to change is a natural, human response to perceived threat and as such very high levels of resistance constitutes an indictment of managements' capability for creating circumstances conducive to smooth and effective change. Management action or, more appropriately, deficiencies in management action, evoke a "resistance" response, which is probably one of the most powerful derailing factors at work during large-scale organisational change.

From a respondent perspective, the risk in change is unavoidably a "social risk" ...people constitute the main source of change risk. The emphasis respondents place on transparent communication during the change, extensive involvement and consultation of the different stakeholder constituencies, and the manner in which the change process is executed, convey an imbalance in the consideration of the interests of the different stakeholders that are party to the change initiative. This would constitute an unethical change practice when viewed from the earlier definition of business ethics and in particular the definition of ethics in general (as the triangulation of that which is considered "good" to self and others i.e. a balanced consideration of "own" or self-interest and the interest of "others" - Rossouw & Van Vuuren, 2004). These authors emphasise the human interaction dimension of ethics in which the three concepts "good/right", "self", and "other" take centre stage. This is essentially the subtext of the collective response obtained from respondents in this study.

Moreover, employee perceptions of the cause-and-effect dynamics during major change (portrayed in Table 4) align substantially with the prevailing literature on the subject (cf. Elrod II & Tippett, 2002; Van Tonder, 2004a). Inspection of Table 4 will indicate that inadequate communication and involvement, and inconsiderate implementation of change initiatives (viewed from a respondent perspective) prompt an array of psychological experiences that fuel resistance to change. The latter in turn delays and/or derails the change process with significant organisation-level consequences. These can range from the loss of valued human capital, to the loss of future business, a compromised reputation and competitive position, and the possibility of ultimate institutional collapse – a less often outcome, but nonetheless one that cannot be excluded.

Ameliorating change risk with change ethics

Business ethics can be viewed as "... identifying and implementing standards of conduct that will ensure that, at a minimal level, business does not detrimentally impact on the interest of its stakeholders. At an optimum level, business ethics is about standards of behaviour that will enhance the interest of all who are affected by business." (Rossouw & Van Vuuren, 2004, p.4). If we then juxtapose the response pattern for areas of "greatest risk" in change processes (highlighted in Table 2) with this view of business ethics, we have to conclude that respondents viewed the reported change practices as essentially unethical. We argue this on the basis that participants provide a lucid and consistent account of the primary phases of the generic change management process, the typical areas of failure - presented as areas of "greatest risk", but in particular, the impact this has on employees and stakeholders, and ultimately the consequences for the institution/organisation.

Van Tonder and Van Vuuren (2004) argued that critical ethical nodes in the change process are the decision to change (stage 1, Table 5), participation by stakeholders (stage 4), and the evaluation of the impact of change initiatives (stage 7). Respondent views partially validate this perspective. We say "partly" as respondent views on change risk areas converge with ethical nodes only on the issue of "participation" (involvement) during change processes. Respondents do not address the "evaluation" stage and, significantly, the decision to change ("the need for change" stage). This can be understood from the perspective that respondents are not fully aware of, or informed of the change process. They have commented from their vantage point which is informed by their experience of and exposure to organisational change. They are seldom (if ever) engaged in the initial deliberations during which the first inklings for a "case for change" emerge and from which the change is sanctioned (stage 1). In a similar vein, employees are infrequently engaged (if at all) in the evaluation of the change initiative (stage 7) when successes and failures during the change initiative should be interrogated and from which key "learnings" should emerge, to drive future change processes. This stage appears to be a substantially neglected stage in change practices.

Stages 1 and 7 are however viewed as prominent ethical nodes (Van Tonder & Van Vuuren, 2004) and entail areas where the ethical nature or otherwise of the actions / decisions taken may not necessarily have an immediate visible impact but could substantially derail the change process further downstream. Indeed, the case for change (ethical node 1) is often under-researched (Van Tonder, 2004a) and constitutes the initial seeds for the perceived credibility or otherwise of the change process at subsequent stages in its unfolding. To illustrate; the effective, efficient and considerate implementation of a change process cannot overrule a "senseless" change (decision). Moreover, it is submitted that the evaluation stage is significantly neglected by organisations, which constitute one reason for the absence of meaningful comments from respondents and provides a plausible hypothesis for the continued emphasis on communication, participation and implementation – common ailments of change management processes for several decades now.

Not detracting from the aforementioned, it is of course possible to identify certain nodes where the weight of the ethical decision is such that it assumes greater prominence (e.g. stages 1, 4 and 7- see Table 5). These nodes signify moments when the application or non-application of an ethical frame or perspective is likely to produce irreversible ramifications downstream in the change management process. It is here where stakeholder interests are most at risk of being negated and the consequences of such action could promote rather than reduce further, significant risk.

Conclusion and recommendations

Respondent perceptions of risk moments during change management processes echo the pattern and stages of the generic change management process and to a reasonable extent align with the perceived critical ethical nodes during change processes – as conceived by Van Tonder and Van Vuuren (2004). For the study to comment more precisely on ethical nodes that relate to the "participation" stage in the change process, it should in all probability have invited commentary also from senior management representatives and independent third parties who are often involved in change facilitation and management. Noteworthy, is the clarity and consistency with which respondents identify and demarcate risk and cause and effect in change processes – in a manner that clearly reveals the pronounced emotional content of experienced change and its consequences for organisational functioning.

The employees in this study are quite perceptive and able to sense and identify risk to a greater extent than they may be credited with. This perceptiveness is substantially at odds with the generally reported poor change success rates... if employees can anticipate change risk to this extent, this in itself should lead to actions that reduce the risk and hence improve the success prospects for the change effort. This observation of risk-aware employees, yet continued poor change results, raises questions about management's willingness and/or capabilities for adequately detecting and acknowledging the implicit risk in major change processes.

On the reasonable assumption that managers are at least as perceptive as their employees, it follows that it is both illogical and inconceivable to persist with change practices that engender risk and hold promise of poor results. Yet, the dismal success rates of reported major change initiatives in general, and the experience base of employees surveyed in this study in particular, suggest otherwise. This seems to be consistent with the views (stated earlier) of, among other, Barker (1994), Hattingh (2004) and Irvin (2002), and indeed the ignorance-incompetence thesis. If we accept the assumption that managers should be at least as perceptive as their employees but recognise that they do not act on this, then a strong argument can be made for an arrogance-incompetence thesis. This alternate thesis would posit that management is perceptive enough (has the capability), and indeed detects the risk in change, but elects to disregard such risk for a variety of reasons. While managerial "blindness", linked to managerial arrogance, have surfaced in several high profile organisational collapses (Van Tonder, 2005b), this will have to be the subject of further research.

In view of the preceding it is submitted that the adoption of an inclusive stakeholder approach to change management, as argued by Van Tonder and Van Vuuren (2004), should significantly mitigate the risk implicit in major change processes. This is premised not so much on popular calls for an inclusive stakeholder approach, but because such an approach entrenches significant interaction with stakeholders and attends substantially to stakeholder interests. The dynamics that are part and parcel of an inclusive stakeholder approach consequently promote

- increasing understanding which stem from intensified contact and information transmission that could alter stakeholder beliefs about the change process, management's role and the intentions of key functionaries, and
- decreasing psychological discomfort and a growing sense of safety and trust which is an indicator of the quality of the relationship, and which will emerge over time from continued exposure of the parties (stakeholders e.g. management and non-managerial employees) to one another.

An inclusive stakeholder approach, as a result, should substantially reduce the probability and magnitude of resistance to change, which is a major source of change risk. In essence an inclusive stakeholder approach, which is commonly acknowledged and advocated but unfortunately less commonly practiced, will direct focus to the balanced consideration of the interests of all relevant stakeholders during the unfolding of the change process. The primary concerns (or risk areas) identified by respondents in this study have emphasised involvement/participation, being kept informed, and a considerate engagement of employees during the implementation of change. These concerns strongly underscore the importance of "an appropriate manner of conduct" which is best articulated as an ethical approach to change management.

From a change management perspective it furthermore follows that adequate guidelines and principles for the conduct of managers and change agents during change processes, which are informed by the company's code of ethics, should substantially reduce the risk and negative fallout commonly associated with change processes. It should however be noted that prevailing knowledge levels and awareness of ethics during change practices are substantially impoverished. An intensified effort at education and "training", and the institutionalisation and management of ethics is therefore much needed. This in itself has significant consequences for the tertiary and business education sector.

Research constraints and suggestions for further research

The objective of this study renders the non-probability sample employed, and the limited representation of the participating companies, irrelevant in this study. However, as it is only natural to consider different or broader settings, it must be stressed that caution has to be exercised when interpreting and extrapolating to these settings. For example, although substantial effort was invested in securing respondents that were exposed to the same type of change process within a specific organisation, these change events differed from organisation to organisation and consequently the findings reflect a response pattern that does not allow conclusions about risk beyond a general conceptualisation of the change process...specific forms of organisational change may structurally embody greater or lesser risk.

This constraint argues substantially for continued and intensified research in this area. In addition to much needed replication studies, comparative studies and studies of causality that will allow analysis of the impact of strong and weak institutional ethical orientations on the typical outcomes of major change processes, in relation to risk awareness and orientation, are needed. Research of this nature would substantially advance knowledge and awareness levels and over time will foster more risk-sensitive and ethically-orientated change management practices. Indeed, because of the pervasiveness of institutional change and the increasing pace with which organisational change is unfolding, organisational change dynamics offer an excellent and continuous window of opportunity to not only assess the organisation's commitment to risk management and corporate ethics, but also to examine its prowess and to test its resolve in this domain.

Finally, it is interesting to note that Fulmer (2004) draws parallels between the Chinese symbol for change (which contains elements or symbols for both danger and opportunity) and contemporary organisational change practices. He reconfirms that change comprises both the features of danger (risk) and opportunity. From this vantage point it seems that those charged with the responsibility for effecting organisational change have long since recognised and acted on the opportunities presented by change, yet has been unwilling or blind to the implicit "danger" or risk component of change ... and continues to pay the penalty for this oversight.

The issue, however, is not whether to change. Rather, it is about acknowledging and dealing effectively with risk when taking up the opportunities offered by change, and in this regard a commitment to ethical change could well signify the axis on which change success and change failure, i.e. change risk, turns.

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