

# Metropolitan Local Government Reform



## Information Sheet

## Risk and Organisational Change

Decision Day to Post October 2015

Prepared for the Metropolitan Reform Implementation Committee by the Human Resources Subcommittee

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# Risk and Organisational Change

In managing the change process towards your new organisation, it is essential that you identify potential risks and explore suitable response strategies.

Completing a risk assessment enables you to identify strategic high risk areas. All significant risk factors that could prevent the successful achievement of your objectives and performance measures for the new organisation can then be understood and managed.

The risk management standard currently in place is AS/NZS/ISO 31000: 2009 (Australia / New Zealand Standard / International Organization for Standardization 31000: 2009).

Risk is defined in terms of the effect of uncertainties on objectives and the standard highlights a set of principles that organisations must follow to achieve effective risk management.

For risk management to be effective, organisations at all levels need to ensure that their risk management program:

- ✓ creates and protects value;
- ✓ is an integral part of all of the organisation's processes;
- ✓ forms part of decision making;
- ✓ explicitly expresses uncertainty;
- ✓ is systematic, structured and timely;
- ✓ is based on best available information;
- ✓ is tailored to the organisation;
- ✓ takes human and cultural factors into account;
- ✓ is transparent and inclusive;
- ✓ is dynamic, iterative and responsive to change; and
- ✓ facilitates continual improvement of the organisation.

# Potential sources of risk

There may be risks associated with the following:

- Insufficient workforce data limiting the ability to plan fully and effectively
- Reputation risk associated with the quality and quantity of staff
- Inability to achieve strategic goals
- Inability to achieve operational goals
- Workforce not reflecting diversity
- Inefficient, ineffective management of human resources
- A workforce that is inflexible and does not have the necessary capabilities to deliver future services necessary for the organisation to achieve its goals
- An inability to attract and retain high quality staff
- Learning and development resources being allocated to activities which do not support the strategic goals of the organisation
- Under-utilisation of staff
- Increased staffing costs
- Loss of corporate knowledge as a result of key staff departures
- Increased reliance on a contingent workforce
- Uncompetitive remuneration structures
- Inability to meet community and/or government expectations regarding provision of services
- Lack of preparedness for operating contingencies
- Inability to plan (adequately) for associated capital and operational expenditure
- Inability to adapt to new or changing conditions
- Inability to match staff with changing work requirements
- Lack of induction for new staff, resulting in lack of understanding of the local government environment.

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