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Function of Project Management, a Critical Success Factors

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Abstract: Analysis of the Critical Success Factors in Risk Management academic literature focused on implementing ERP systems and other enterprise systems. A lot of critical success factors will overlap. The notion of CSF's has first been introduced by Rockart in 1979. He defines CSF's as: "The limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization. They are the few key areas where things must go right for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired.The critical success factors are thus the key activities in which favorable results are necessary to reach the goals of the firm.

Keywords: Regional Integration, Political, foreign policy, AFTA

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Introduction

Introduction

According to Flanagan and Norman (1993), the construction process takes a long time from potential research to project completion. This intended development process covers four (4) phases namely concept, planning, construction and preparation. Furthermore, according to them, the development process involves many parties from various skills and involves complex activities. This situation has contributed to the under-construction risk that allows a project to suffer losses or delays.

Critical Success Factors

The key focus of this study is to identify the Critical Success Factors (CSF's) for an ERM process. This will also be the research conducted in the empirical research section of this paper. In this section, we will examine the existing literature about the critical success factors for ERM practices. We look at specific ERM literature, but also more general. Analysis of the Critical Success Factors in Risk Management academic literature focused on implementing ERP systems and other enterprise systems. A lot of critical success factors will overlap. The notion of CSF's has first been introduced by Rockart in 1979. He defines CSF's as: "The limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization. They

are the few key areas where things must go right for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired." (Rockart, 1979; Manab, Othman, &Kassim, 2012). The critical success factors are thus the key activities in which favorable results are necessary to reach the goals of the firm. One can interpret the notion of CSF's as a deterministic way of action and a predetermined road to success (Axelsson, Melin, &Söderström, 2011). Wagner, Scott, &Galliers (2006) look at these CSF's as short-cuts to inform and help executives towards business success. In ERM, CSF's can be defined as a limited set of very important factors that can increase the effectiveness of risk management. If there are many tasks that are done simultaneously during the life cycle of the project, it is very difficult to uncover the critical success factors in project management. Success factors are components of the project that have to be put in place to ensure the completion of the project. John F. Rockart, (1979) defines critical success factors as key areas in which satisfactory results would ensure the successful competitive performance for the organization and key areas where things must go right for the business to flourish. The team can only be taken seriously if it has the authority of support from top levels of management (Carey, 2001).

Risk Management

Risk can be defined as the effect of uncertainty on the objectives of the company. An effect is a positive (opportunities) or negative (threats) deviation from what is expected. (ISO 31000: Guide 73, 2009). Risk management is the process to manage the potential risks by identifying, analysing and addressing them. The process can help to reduce the negative impact and emerging opportunities. The outcome may help to mitigate the likelihood of risk occurring and the negative impact when it happens (Partnerships BC, 2005). Risk management involves identifying, measuring, monitoring and controlling risks. The process is to ensure that the individual clearly understands risk management and fulfils the business strategy and objectives (SBP, 2003). Risk is investigated by looking at the activity of organizations in all directions and attempting to introduce the new exposure which will arise in the future from changing the internal and external environment. Correct risk identification ensures risk management effectiveness (Tcankova, 2002). Recognizing the risks as an element that every party needs to face in project development, it needs to be well managed and effective. In general, risks can be expressed as something that is not certain to occur and, in the event of a consequence, it may lead to loss or damage. In the context of construction, the risks inherent in the industry cannot be eliminated, but once it can be minimized or transferred to another party (Roozbeh, 1995). According to Pym and Wideman (1987), there are 3 types the basic approaches used to minimize risk, ie by means of circumvention, deviations and contingency plans (contingencies). The main purpose of this approach is to mitigate the impact of risk on productivity, performance, quality and project budgets. According to Roozbeh (1995), risk management in construction companies is important as it can influence the decisions made. Thus, to ensure the success of the project, many factors need to be assessed before making any decisions quickly and accurately. Among them are costs, profits, management and finance. This is because according to Turner (1993), a project is considered successful when it can be completed according to cost, time and quality that have been determined. It is hoped that with good risk management, the three objectives will be achieved. (Deloitte: A global survey, 2013) These four types of risk are agreed upon by a big number of consulting firms and are also the types occurring the most in literature on this topic.

- Strategic risks: strategic risks are the consequence of an unsuccessful business plan and poor decision making. These risks are related to customers, competitors and investors. For example: shifts in customer preferences or major innovations of competitors can make your product obsolete very quickly.

- Operational risks: these risks stem from the processes, systems and people in a business. It is thus an internal failure in the organization and happens on a day-by day basis. Unlike with strategic or financial risk taking, there is no opportunity for return resulting from operational risks.
- Financial risks: stem from the volatility of markets and other internal financial policies. Some examples are the evolution of prices of substitute products, the amount of credit and creditworthiness of customers, your own debt load.
- Compliance risks: risks associated with the need to concede to several rules and regulations. These risks typically originate from corporate governance rules and national and international politics. Some examples are the need to satisfy to environmental concerns and customer protection laws.

Based on the definition above Prapawadee and Wariya (2009) say the meaning of risk involves:

- The likelihood and consequence of something occurring.
- The process to eliminate, reduce and control risks.
- It involves identifying, analysing, measuring, monitoring and controlling risks
- Reducing the negative and emerging opportunities.

According to Laurens Sap (2016 – 2017) the design of a framework can be inspired by 3 objectives:

Focus of framework	Description	Standard/Guideline
Organizational objectives	Improve the organization's abilities to meet or to exceed its objectives; Reaching the strategic/key objectives of the organization	ISO 31000 – 2009 COSO – 2004 FERMA – 2002 AS/NZ 4360
Compliance and control objectives	Mostly the mitigation or transfer of risks; keeping the objectives 'under control' and making sure the organization is not exposed to excess risk	OCEG "Red Book" 2.0 – 2009 COSO – 2004
Regulatory	Used when an organization has to apply certain practices or standards in order to meet regulatory requirements	Solvency II Basel II

Table 1: ERM frameworks

This division is important for the risk managers since choosing a certain standard/guideline can depend upon the objectives one wants to accomplish with it (Crickette, G. ets, 2011) British Standard 31100, which is a code of practice for risk management published by the British Standards International, establishing principles and terminology for risk management, and offering

recommendations for the model, framework, process and implementation of a risk management system (IRM 2010:16).
Figure 1 below is a representation of a generic ERM framework based on the ISO 31000 standard. It highlights the key risks and focus areas of a generic ERM framework while illustrating the framework's continuous life cycle of risk assessment, risk treatment and then monitoring the identified risks.

Figure 1: Generic risk management process (based on ISO 31000)

Conclusion

The prioritization of the success factors along with their corresponding categories should provide future stakeholders with the ability to dramatically improve the probability of implementing successfully. This success should be realized through the ability to focus scarce project and firm resources on the key factors most likely to influence the success of the implementation. The ability to actively foresee and manage other key factors throughout the project life cycle should also create efficiencies in both the management of the project as well as its delivery. It is important to take this into account as every problem has to be solved and it is necessary to tackle it first so as not to have a big impact on project travel, time and cost. Many problems arise in a project but the group involved first needs to plan and find solutions before the problem itself occurs. If all the problems have been resolved, the project will run smoothly and achieve outstanding success

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