

ERM in Higher Education & Identifying Risks

Sourav Mukherjee, Ph.D.

Department of Information Technology, University of the Cumberlands

E-mail: Sourav.techmail@gmail.com

Abstract

As many US countries have adopted its methodology, the ERM Architecture, has become the global standard for ERM. The institutions of higher education (HEIs) develop sophisticated strategies for risk management (Aiko 2015). In its case study, the researcher Aiko KAGEYAMA had claimed that it takes years and needs cross-functional groups and control for implementation of the ERM structure or program. Numerous HEIs in the USA have adopted the ERM, with different methodologies and processes that should serve as a potential focus for research in various countries and cultures. The analysis examines the integration and adaptation in every organization of ERMs with specific tasks and contexts in HEIs. The threats would impact the university's ability to operate as a corporation either positively or negatively in an institutional sense and to achieve its strategic goals. The critical threats in academic institutions are identified and determined by this report (SV Toma, IV Alexa, DA Sarpe, 2014). The significant risk of loss is revenue structure and expenditure based on various students, budgetary allocation, tuition fees, administrative fees, tax-and ex-budget income relationships, flows of students and incomes, and spending of scientists.

Keywords: Higher Education, Higher Education Institutions, HEIs, risk, COSO.

1. INTRODUCTION

An Integrated Architecture for Enterprise Risk Management (ERM) was created in 2004 by the Committee of Sponsors of the Treadway Group (COSO). ERMs have been developed since 2000 by COSO to provide advice on business risk assessment and management, particularly as of Enron (Ariff, Mohd Shoki Bin et al., 2015). ERM assists HEI in retaining a competitive edge, efficiently managing major events, avoiding financial surprises, effectively handling scarce resources and mobility, awareness of the efficient value of the existing controls, enhancing risk assessments, improving the management and business reporting process, and delegating increased risk management. Risk management consists of three-phased activities: Traditional risk management, Creative Risk Management and Strategic Risk Management.

Stage 1	Stage 2	Stage 3
The conventional approach to risk management is the silo method in the first step, which does not incorporate risk management	Better risk management is concentrated on the reduction of risks, and alternative approaches to risk management are often used to	The final stage of operational risk management deals with risk uncertainty and the risks involved in achieving organizational objectives.

throughout the enterprise.	mitigate risk and to promote a proactive approach for companies.	
----------------------------	--	--

It is critical that the project, purpose, history, and circumstances of the school, including students, facilities, and resources, be understood and monitored before building the ERM base. Such interdependent collaboration will reduce all risks that may jeopardize the organization's profit (Peter, 2015). When cross-functional members join the Threat Council or the Committee to analyze and deal with the threat, ERM becomes more successful. In the end, the system needs excellent communication because ERM is more effective in the presence of all the members of an organization. This paper addresses different types of threats, which are:

Strategic Risks	Operational Risk	Reputational risk
Risks that challenge the ability of universities to achieve their goals.	It addresses issues related to technology studies and access to human resources, etc.	This hazard may result from the university's inability to handle all forms of risks effectively. This threat could contribute to the danger posed above.

Higher education expenditure is a significant indicator of how businesses invest in sustainable development because higher education funding mechanism about university's independence is one of the primary mechanisms of government policies on national education.

1.1 DISCUSSION. The academic institutions' financial objective is to maximize and efficiently exploit the available resources. Nevertheless, the result could lead to higher education students' success or failure in the form of net income. Lower wages are due to failure in education. When education at universities is funded from private sources, a person uses the entire cost of education. HEIs are also under pressure to change company practices. Intensive competition for teachers, students and funding drive this shift, demand for greater efficiency and accountability, increased public scrutiny by government and government, new technologies that require significant financial investment, better entrepreneurial activities with private sector partners, increasing competition on the market and proliferation of disputes (Deck Christopher, 2015). The issue of falling from school is severe, and the projections suggest that the downturn would worsen this trend. These consequences will be a disastrous future: unemployment, impoverishment, and exclusion. The national and international educational environments in educational institutions are continually changing. The principal external components that universities face nowadays are mass education, budget cuts, distance learning, and investment costs. Such factors influence the quality of education programs, education systems, and public relations. Higher education institutions must not react to the risks themselves but are more mindful of the ever-wider range of threats that impact them and, therefore, more vigilant. Similar to siloed systems in specific divisions or units for managing risks that are unique to a project or function, companies should also consider developing an 'entrepreneur' approach of risk management.

1.2 LIMITATION IN STUDY

As this work focuses on how ERM can be applied and incorporated, it can not be discussed in detail at this implementation stage. Nonetheless, it concentrated on the case of the University Of California, which others can use as an excellent model for introducing or enhancing their programs and processes. In this analysis, the UC was the only exception in several ERM cases with HEIs. The efficient regulation of applying phases without taking any action in this study is both feasible and beneficial. There are more detailed interviews or resources. Several HEIs have already implemented ERM, and strategic risk management in the United States and other countries and methodologies need to be tailor-made according to their size, goals, and circumstances, which do not vary from the ones found in this study.

1.3 RECOMMENDATIONS

Management divisions:

All of these private institutions of higher education (HEIs) are family run and run without a qualified family agency or firm (Norman, 2015).

Communication in Two-ways:

PHEI management teams need to develop efficient two-way networks for active interaction and ensure that all stakeholders are involved in decision making at different levels to ensure that everyone understands the risk management plan of the organizations.

Develop an autonomous threat mechanism:

In the scope of corporate risk management systems and processes for the organizations, PHEIs will establish separate risk functions.

Permit and act on regular internal and external hazard audits of enterprises:

The implementation of internal and external risk assessments should be stepped up to ensure ongoing compliance with the evaluations and recommendations received, and the implementation of risk-management external PHEI measures.

CONCLUSION & FUTURE STUDY

New challenges will occur, new threats will emerge, and potential problems will emerge with rapidly developing higher education. Universities will decide not to send all the answers. As boards, presidents, and the university community know that more risk-resistant action has been taken, they are more likely to face a daunting future. It is not only a question of tomorrow's complex nature of higher education but also a concern today. Today, the increase in the number of university students at over 50 percent is not adequate to keep pace with inflation, leaving several universities dependent on disasters, with little investment, program cuts or deletions, faculty discharges, privatization, and mergers (Miller, 2015). In this study, the primary risks described must be carried out in higher education institutions, and necessary measures must be taken in another paper on the reduction of specific risks.

References

- [1] KAGEYAMA, Aiko (2015). The Implementation Process of Enterprise Risk Management in Higher Education Institutions. *International review of business*
- [2] Toma, S. V., Alexa, I. V., & Șarpe, D. A. (2014). Identifying the risk in higher education institutions. *Procedia Economics and Finance*, 15, 342-349.
- [3] Deck, Steven Christopher (2015). ENTERPRISE RISK MANAGEMENT AT HIGHER EDUCATION INSTITUTIONS: HOW MANAGEMENT CONCEPTS SUPPORT ITS IMPLEMENTATION. Retrieved from https://web.actuaries.ie/sites/default/files/erm-resources/147_ERM_higher_education_institutes.pdf
- [4] Rudhumbu, Norman (2015). Enterprise Risk Management (ERM) Practices of Private Higher Education Institutions in Botswana: A Critical Analysis. *Journal of Education and Practice*. Vol.5, No.9, 2015
- [5] Significant risks facing higher education | Taking an enterprise approach to risk management (2018). Retrieved from <https://www2.deloitte.com/us/en/pages/public-sector/articles/higher-education-issues-and-enterprise-risk-management.html>.
- [6] Lundquist, Anne. (2015). Enterprise risk management in higher education: A review of the literature reveals what we know (and what we don't). *URMIA Journal*. 47 - 62.
- [7] Miller, D. Peter (2015). THE ROLE OF ENTERPRISE RISK MANAGEMENT IN NOT FOR PROFIT UNIVERSITY AND COLLEGE ENDOWMENT PORTFOLIO STRATEGY. Retrieved from https://wicinvest.com/wp-content/uploads/2017/06/The_Role_of_Enterprise_Risk_Management.pdf
- [8] Mohd Shoki Bin Md. Ariff, et al. (2015). A Framework for Risk Management Practices and Organizational Performance in Higher Education. *Society of Interdisciplinary Business Research*. ISSN: 2304-1013 (Online).
- [9] Mukherjee, S. (2019). Benefits of AWS in Modern Cloud. *arXiv preprint arXiv:1903.03219*.
- [10] Mukherjee, S. (2019). Popular SQL Server Database Encryption Choices. *arXiv preprint arXiv:1901.03179*.
- [11] Mukherjee, S. (2019). How IT allows E-Participation in Policy-Making Process. *arXiv CLOUD-B preprint arXiv:1903.00831*.
- [12] Mukherjee, S. (2019). How Stakeholder Engagement Affects IT Projects. *International Journal of Innovative Research in Science, Engineering and Technology*, 8(3).
- [13] Chakraborty, Moonmoon & Excellence, Operations. (2019). Supply Chain & Inventory Management. 10.6084/m9.figshare.7824107.
- [14] Mukherjee, Sourav. (2019). Overview of the Importance of Corporate Security in business. 10.15680/IJIRSET.2019.0804002
- [15] Mukherjee, Sourav. (2019). How stakeholder engagement affects IT projects. 10.15680/IJIRSET.2019.0803265.
- [16] Chakraborty, M. (2019). Fog Computing Vs. Cloud Computing. *arXiv preprint arXiv:1904.04026*.
- [17] Mukherjee, Sourav. (2019). SQL Server Development Best Practices. *International Journal*

of Innovative Research in Computer and Communication Engineering. 10.15680/IJRSET.2019.0803266.

[18] Mukherjee, S. (2019). Indexes in Microsoft SQL Server. arXiv preprint arXiv:1903.08334.

[19] Mukherjee, Sourav. (2019). Information Governance for the Implementation of Cloud Computing. 10.6084/m9.figshare.8282192.

[20] Mukherjee, Sourav. (2019). Predictive Analytics and Predictive Modeling in Healthcare. 10.6084/m9.figshare.8247443.

[21] Mukherjee, Sourav. (2019). The battle between NoSQL Databases and RDBMS. 10.15680/IJRSET.2019.0805107.

[22] Chakraborty, Moonmoon. (2019). Planning, Control Systems and Lean Operations in Information Technology. 10.6084/m9.figshare.7886138.