

Features of the UK Best Practice Implementation in the Risk Management System of the Ukrainian Universities

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Abstract. The article focuses on the possibility of using the advanced ideas of the UK universities regarding risk management in the Ukrainian universities. In particular, the experience elements appropriate for being used in the domestic higher school include the development of the risk management strategy in accordance with the university mission and strategic goals; specification of the methods of risk identification and analysis; development of a profile of key risk areas; on-going monitoring of the risk management process; reporting on the results of risk management and persons responsible for maintaining a key risk register and the frequency of its updating; keeping records of the university risks over the past years.

Keywords: *academic risks, risk management, UK best practice, Ukrainian universities, recommendations.*

Introduction. As the domestic market of educational services is highly competitive with the constantly changing market conditions, the issue of identifying and analyzing negative events in the functioning of the Ukrainian higher educational institutions, coping with the potential hazardous and risk situations and preventing undesirable consequences with the use of the relevant qualitative and quantitative approaches has become especially important. The reduction in public funding of higher education, competition in students between universities at the global and regional markets of educational services have led to an increase in the amount of risks incurred by universities.

The relevance of the UK experience learning and implementing in the Ukrainian universities is conditioned not only by the formation of risk management as an integral structural element of the strategic management system in UK universities, but also by the ability of these universities to benefit from the implementation of an effective risk management system.

Brief review of publications on the topic. The issues related to risks incurred by the national system of higher education are dealt with by many scientists, including O. Bobrus, L. Vitkin, A. Yelesina, I. Zhiliaev, M. Nadukha, L. Serheeva, H. Khimicheva and others. The features of management of certain types of academic risks and the formation of the risk management system are studied in the works of the domestic and foreign researchers such as T. Kostiukova, I. Lysenko, N. Nikitina, A. Sbrueva, T. Udovyt'ska, Ye. Khrykov, P. Shcheglov.

However, the analysis of numerous studies shows that in modern times the Ukrainian pedagogical science hardly ever has the fundamental researches on risk management in higher education. The essence and structure of an innovative approach to managing academic risks in the system of higher education in Ukraine are still understudied.

The goal of this article is to determine the possibility of using the advanced experience of the UK universities regarding risk management in the Ukrainian universities.

The following research objectives are derived from the above goal:

- to outline prospects for positive use of the UK advanced ideas of the risk management in the domestic universities;
- to formulate recommendations based upon the UK good experience in the risk management implementation.

Materials and methods. During the research a complex of methods, including: analysis, comparison, classification and generalization of scientific literature, legislation, as well

as the websites of UK universities in the field of risk management were used in order to achieve the goals to be sought. The SWOT-analysis application enabled to identify the strengths and weaknesses requiring most of the university focus, as well as the threats being most likely to occur, with a view to their elimination.

Results and their discussion. The application of more innovative approaches to the provision of educational services by the Ukrainian universities is associated with certain risks arising as a result of any unforeseen events or unplanned circumstances that may occur with a most common negative outcome, as well as the inability to respond immediately to sudden changes and to meet the challenges of constantly changing market environment etc.

Risk management is a new direction in the managerial practices of higher education institutions, including the domestic universities. The drawbacks of the current stage of the development of risk management system include the lack of awareness and limited understanding of risk management, risk culture, measures and methods to eliminate or minimize the effects of academic risks by the university administration and staff; misunderstanding of the nature of the risk management process; weak risk management infrastructure; the lack of proper legislative and regulatory provision of risk management at the governmental level; lack of guidelines on implementing risk management in the corporate management system of universities; a significant difference between risk taking and risk profiles (i.e. the ratio of different risk types) of the Ukrainian universities, motivation to enhance effective implementation of risk management, etc. [2].

The development of risk management in the Ukrainian universities should be considered in the context of trends in the risk management development in global educational systems, as the national system of higher education is an integral part of the global system and is facing the same macro and micro risks. Our appealing to the UK experience is conditioned by the fact that over several decades risk management in the UK universities has been an integral part of their corporate management, and the universities have made a significant progress in developing and implementing institutional risk profiles.

According to our reckoning, it is appropriate to use the UK advanced ideas at the institutional level of the higher education system operation, including various aspects of the implementation of risk management in corporate management of universities. The experience elements appropriate for being used in the higher educational institutions of Ukraine

should include the following:

- development of the risk management strategy in accordance with the university mission and strategic goals;
- specification of the methods of risk identification and analysis;
- development of a profile of key risk areas, which include strategic risks having the most significant impact on the university operation;
- determination of acceptable (permissible) risk level (risk appetite);
- on-going monitoring of the risk management process and outcome at all levels of corporate management;
- reporting on the results of risk management and persons responsible for maintaining a key risk register and the frequency of its updating;
- keeping records of the university risks over the past years [1].

It is expedient, in our opinion, to consider the documents developed by the UK experts in the field of risk management and intended for managers of public institutions and organizations, including administrators of higher education institutions [3]. A particular attention should be paid to the documents of the UK Higher Education Department, in particular, the document entitled “The Orange Book. Management of Risk – Principles and Concepts” [5], which contains the conceptual and methodological framework of the process studied. It is the practical document aimed at assisting institutions in developing their own approaches to risk management. The main stage of the implementation of risk management at the university level actually requires the development of the risk management program with the indication of the actions for liquidation of consequences of risk situations, and development of policies in the management of academic risks.

One of the first steps towards the implementation of risk management in the domestic higher educational institutions should be the staff’s understanding of the nature of such process, and identifying the risks incurred by universities. Therefore, there is a need to develop a basic terminology that would enable to resolve the risk management process into components; to create a database of risk situations in the university operation. One of the key aspects of implementing the risk management system in university is the infrastructure provision, including modern information technologies (the use of specialized software etc.) and staff training (the creation of the risk management service, group of risk managers, etc.).

In order to create a holistic and integrated system of risk management, it is appropriate to develop a sequence of stages of introducing the risk management mechanism in the university activities. The development of plans as tools for risk assessment and the determination of actions are the initial stages of risk management. Thus, they are prerequisites for the implementation of the scientific-based approach to risk management of higher educational institution.

For the successful functioning of risk management there should be the risk management body with the defined functional responsibilities and essential material, financial, labor and information resources. University should have a special unit – the risk management department as a part of internal audit. In our opinion, risk manager will perform the following functions: to predict the state of the management system development on the basis of the existing trends; to form the organizational structure of risk management in university; to

develop the main provisions and regulations of risk management; to ensure coherence of work of all participants in risk management; to motivate the employees at all levels of risk management; to monitor the functioning of the risk management system and correct deviations from planned results [1].

Notwithstanding that risk management should be integrated into the overall management process of higher educational institution, it is advisable, in our opinion, to have the risk management service which is organizationally independent from the faculties and other functional departments, i.e. directly subordinates to the university administration. The objective of such (independent) risk management service is to ensure sustainability of the risk management process, namely, preparation of the decisions regulating the processes of risk management of educational institution, and to provide information and methodological support of these processes, and most importantly – to monitor their implementation.

The integration of risk management into the overall management process is reflected, in particular, in the fact that the risk management process involves almost all faculties, departments and other structural subdivisions of university: deans and representatives of the functional departments are involved as experts in the process of risk identification and analysis; they are also engaged in the development of the risk management activities of their structural units and the management of these risks (i.e. monitoring the implementation of the measures for prevention of occurrence and liquidation of the consequences of risk events). In this case, the prerogatives of the risk management service are the functions of coordination and control, and consolidation and analysis of information on risk events and the development (based on the data obtained) of the required corrective actions [6; 7; 8; 9].

It is expedient to develop guidelines or methodological recommendations regarding the organization and functioning of the risk management system. In the Ukrainian universities it is expedient, in our opinion, to adopt the risk management standard, which is essential to resolve just some of the challenges that universities face: the use of common terminology, organization of the practical application of risk management, organization of management, determination of the university goal and mission. The standard is proposed to be based on the risk management policy and culture, the methodological recommendations on identifying the university risks, analysis of the university risks, maintenance of the records on the risks of higher educational institutions over the years, determination of the acceptable risk level (risk appetite) with the key methods of risk management, preparation of reports on the risk management outcome and persons responsible for maintaining a key risk register and the frequency of its updating. We believe that one of the important aspects in the formation of the risk management standard is the consideration of the features of the Ukrainian higher education institutions: its organizational structure, size, form of ownership and organizational and legal forms of educational institution incorporation. These factors will enable the standard to consolidate an effective communication of the university administration in their actions to manage risks, to identify the opportunities to delegate powers and responsibilities at different levels of governance, to assign responsibilities as a risk management tool. The allocation of responsibilities will make it possible to reduce the load per head in charge, and therefore, the number of risks for which he is

responsible, and to take these risks into account in the decision-making process [9; 10; 11; 12].

On the basis of the UK positive experience, in constructing the risk profiles of the domestic universities, we consider it expedient to use the risk classification proposed by the British experts, and includes the following areas: reputation, student, personnel, property and infrastructure, financial, commercial, organizational, information and IT risks [4]. When developing the university risk classification, it is advisable to consider the above classification and, if necessary, to expand the list of risks in order to improve the practices of their management.

In addition, each individual university may develop its own classification of the risks and threats to its effective operation, taking into account the corporate registers developed by the UK top universities such as Cambridge, Oxford and University of London [6; 7; 8]. Therefore, the risk classification proposed by the British experts, and the risk registers developed by the UK universities would help to create the most complete list of the risks inherent in the university activities; to apply the most appropriate methods of managing each of them; to organize the risk management system in a proper manner.

For the purpose of risk identification and monitoring, it is appropriate, in our opinion, to use the UK experience in creating a permanent working group, which may consist of full-time and contract employees. In order to determine the areas of activities and individual functions of the university which are vulnerable to risks, the task of the members of such group will include the collection and classification of information for analyzing the external context of the university's activity, to conduct surveys and interviews with the main staff at all university levels.

In order to clarify the place of risk management in the university structure, it is expedient to emphasize the interrelation between the functions of risk management and internal

control. Apart from internal control, the concept of risk management has some benefits: a broader range of goals and objectives, including strategic goals; a wider range of measures and means to respond to risk: avoidance, reduction, relocation, adoption; the concept of risk appetite and acceptable risk, designed to ensure a higher level of assurance of the goal achievement.

The main objectives of internal audit are to evaluate the efficiency of the system of risk management and internal control and to make recommendations on the system optimization. While the owner of the process and basic consumer of the information on risk management is the executive management, the internal audit is the tool of the university administration which is independent from management. The risk-based internal audit also involves preventive control, i.e. the identification of potential problem situations and making recommendations for their prevention [1].

Conclusions. Recently, the Ukrainian universities, like foreign universities, have become much more concerned about academic risk. For all types of higher educational institutions, there is a need to understand the risks being taken when seeking to achieve their goals and objectives. There are many opinions regarding how risk management should be implemented and what it can achieve. But we consider it appropriate for the Ukrainian high school to use the UK advanced experience in recognizing and prioritizing significant risks and identifying the weakest critical controls. This is due to the fact that the UK universities have been maintaining the proper and efficient risk-management system for the past few decades that enables them to use the benefits of risk management for the realization of their goals.

The above findings could direct further research that seems essential for better understanding of the methodologies and tools for academic risk management in the Ukrainian higher school.

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Особенности внедрения передовой практики Великобритании в систему управления рисками университетов Украины Т. И. Клочкова

Аннотация. В статье рассматривается возможность использования передовой практики университетов Великобритании в отношении управления академическими рисками в университетах Украины. В частности, элементы опыта, которые рекомендовано использовать в высшей школе Украины, включают разработку стратегии риск-менеджмента в соответствии с миссией и стратегическими целями; уточнение методов идентификации и анализа рисков; разработку профиля ключевых зон риска; осуществление мониторинга процесса управления рисками на постоянной основе; отчет о результатах управления рисками и лицах, ответственных за разработку и ведение реестра ключевых рисков университета и периодичность его обновления; ведение учета академических рисков за последние годы.

Ключевые слова: академические риски, риск-менеджмент, передовая практика Великобритании, университеты Украины, рекомендации.