# Risk management in higher education: An open distance learning perspective

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A B S T R A C T

This article contributes to the continuing scholarly discourse on risk and risk management within the context of higher education institutions by reporting on a qualitative assessment of the appropriateness of the risk management framework of a selected open distance learning institution. The assessment is based on a single instrumental case study of an open distance learning institution. The assessment was undertaken by conducting a qualitative content analysis of the institution's enterprise risk management framework document. For the purpose of this analysis, two reading strategies were followed, namely the reproductive (literal) and hermeneutic reading strategies. This article's unique contribution to the scholarly discourse is to apply a conceptual framework derived from the work by Tufano (2011) providing trustworthy evidence that the critique by Leitch's (2010) on the ISO 31000:2009 standard does not necessarily have an empirical sound foundation. The research has indicated that an enterprise risk management framework meeting the ISO 31000:2009 standard, is not only appropriate for a risk imbedded open distance higher education institution such as the selected institution, but has the potential to contribute significantly to the enhancement of the institution's mission, strategic goals and objectives within an astringent national regulatory and funding context and an ever-changing international higher education landscape.

**Key words:** enterprise risk management, risk management framework, higher education, open distance learning, ISO 31000

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Risks and risk management are well-debated themes in the social, management and accounting sciences. In this regard work by Beck (1992; 2000), Adams (1995) and Adam (1998) set the tone nearly twenty years ago. In the seminal work *The Risk Society and Beyond: Critical Issues for Social Theory* edited by Adam, Beck and Van Loon (2000), risk and risk management have been discoursed within the context of social theory. The publication of the ISO 31000:2009 as an international accepted standard for risk management in 2009 resulted in a new series of scholarly articles by amongst others Purdy (2010), Leitch (2010), Tufano (2011), Aven (2012), Andretta (2014) and Scheer, Benighaus, Benighaus, Renn, Gold, Röder and Böl (2014), just to mention a few.

Considering the continuing scholarly discourse on risk and risk management as well as the imperatives with regard to corporate governance, culminating from the King III Report on Corporate Governance (2009) in South Africa and the 2014 report by The Organisation for Economic Co-operation and Development (OECD) on *Risk Management and Corporate Governance*, it is necessary to reflect on the concept *risk* and its importance within the context of the corporate governance of higher education institutions. Risk management within the context of performance has become even more imperative for institutions providing distance education in South Africa since the South African government's statement of a firm intent to improve corporate governance regarding efficiency and effectiveness of distance education, as articulated in the *Policy for the Provision of distance Education in South African Universities in the Context of an Integrated Post-School System* (South Africa 2014: 4.1.4). It is evident that the meaning of the concept *risk* within the context of corporate governance relates to other concepts such as *risk management* and *risk management framework*. It is furthermore evident for the authors of this article that the emphasis on risk and risk management seems to increase in the very institution where we are employed: an open distance learning higher education institution. The question thus arises: How appropriate and applicable is a risk management framework meeting the ISO 31000:2009 standard (seemingly developed for business enterprises) for a higher education institution and specifically for an open distance learning institution?

The purpose of this article is thus to contribute to the scholarly literature on risk management within higher education by reporting on a qualitative assessment of the appropriateness of the risk management framework of a selected open distance learning institution, for that institution. The authors first clarify the concepts *risk*, *risk management*, *risk management standard*, *risk management framework*, *higher education* and *open distance learning institution*. These concepts inform the theoretical perspective for assessing the appropriateness of the risk management framework used within the open distance learning institution selected as a single case study

for the purpose of this article. This assessment is done through a qualitative content analysis of institutional policy and implementation documents for enterprise risk management.

## Methodological approach

This article reports on a single instrumental case study (Creswell 2007: 74–75), namely of the open distance learning institution where the researchers are employed. The issue or concern for this research was the applicability of enterprise risk management frameworks for higher education institutions while the selected institution only served as a confined case to illustrate the issue (Cresswell 2007: 74). The researchers were well aware of the challenges related to ensuring validity and trustworthiness (Bowen 2005: 215; Maree 2010: 80) of this case study. Consequently four criteria for trustworthiness as identified by Lincoln and Guba (1985: 991) and Denzin and Lincoln (2005) were applied, namely credibility, transferability, dependability and confirmability.

The credibility of the research, with specific reference to the truth of the findings (Bowen 2005:215), was secured by using more than one unit of observation (e.g. a diversity of institutional policy and strategy documents) and more than one method or reading modality (the reproductive and the hermeneutical) to analyse the selected texts (De Beer 2014: 208–212).

Transferability refers to whether other researchers will be able to apply the methods and findings of this study to their own context (Bowen 2005: 216). As this study is a single instrumental case study, the rich descriptions of the methods and findings make it possible to apply the findings of this study to similar institutions or to replicate this study in other institutions. The dependability of the research, which refers specifically to the stability and coherence of the material with the findings, interpretations and recommendations (Bowen 2005: 216), was established by following a two stage reading of the texts, with the first author doing the first reading and analysis, while the second author did the second reading by following the audit trail starting with the selected texts, the conceptual framework and ending with the findings as summarised in the last column of Table 1. By doing this, the confirmability of the findings, namely the degree to which the findings are the product of the enquiry and not the product of the biases of the researcher (Babbie & Mouton 2001: 278), was secured. As two reading modalities were used for this research, confirmability was specifically enhanced through an extensive use of direct quotes from the source documents.

In order to assess the appropriateness of the risk management framework of the selected institution, the institution's enterprise risk management framework document, as well as other institutional documents were used as units of observation. A qualitative content analysis was done through the reproductive and hermeneutic reading of the document. The reproductive reading strategy is based on the assumption of the authority, superiority and adequacy of the texts (De Beer 2014: 210). In contrast to this reading strategy, the hermeneutic reading strategy assumes that the meaning of a text is not fixed (De Beer 2014: 211). The content analysis approached the framework document thus as a fixed and prescriptive text as well as a text with hidden possibilities. The analytical instrument is a conceptual framework developed through a review of the relevant scholarly literature as well as the relevant reports and standard generating documents by the various national and international regulatory institutions. The conceptual framework constitutes the theoretical perspective for this article, which is discussed in the next section.

## Risk and higher education: a theoretical perspective

A few seminal scholarly and regulatory works have been selected to identify the key concepts enabling this perspective. Various scholars have reflected especially during the past two decades on risk and enterprise risk management. While the work of Beck (1992; 2000) on the risk society can be regarded as seminal in this discourse, other scholars such as Adams (1995), Adam (1998), Adam, Beck and Van Loon (2000), and Tufano (2011) have made significant scholarly contributions to this discourse. Beck's notion of a risk society has highlighted the politics and sub-politics of risk definition, as well as the evolving of a particular mode of organisation entailing a sense of institutional domination (Adam, Beck & Van Loon 2000:4–5). Lash (2000), in his turn, shows that the risk society results in a risk culture embracing a diversity of sense-making practices of which risk management may be instrumental to risk definition and risk displacement (Adam, Beck & Van Loon 2000:13). We thus agree with the view of Adam, Beck and Van Loon (2000:30) that the existence of a risk culture as representing not only an understanding of risk, but also a pragmatic and responsive concern for the future by actualising desired possibilities. Following the publication of the ISO 31000:2009 standard for risk management, various scholars contributed to a critical discourse on standard setting and specifically on this particular standard for risk management (Leitch 2010; Purdy 2010; Tufano 2011; Aven 2012; Andretta 2014; Scheer et al 2014).

In addition to the scholarly literature, influential institutions and think tanks have published several reflective reports on enterprise risk management especially applicable to the higher education sector. Noteworthy in this regard are the following:

- *Meeting the Challenges of Enterprise Risk Management in Higher Education* (Association of Governing Boards of Universities and Colleges [AGB] 2007)
- The State of Enterprise Risk Management at Colleges and Universities Today (AGB 2009)
- URMIA White Paper: ERM in Higher Education (Morris 2007)
- Road to implementation: Enterprise Risk Management for Colleges and Universities (Gallagher 2009)

Moreover, several standard setting approaches to enterprise risk management have emerged, such as the Committee of Sponsoring Organisations (also known as COSO), the Australia/New Zealand Standard for Risk Management, the Combined Code and Turnbull Guidance, the Risk Management Standard by the Federation of European Risk Management Associations (FERMA), the International Organization for Standardization (ISO) (Morris, Ed 2007:10; Purdy 2010; Leitch 2010) and the *Sound risk governance practices* included in the publication by the Financial Stability Board (2013). Earlier in 2014 the Organisation for Economic Co-operation and Development (OECD) published a report entitled Risk Management and Corporate Governance reviewing the corporate governance framework and practices relating to corporate risk management covering 27 jurisdictions (OECD 2014). Within the South African context the South African King III report (2009) is still regarded as a fundamental guideline for institutional risk management.

While various concepts are related to risk and risk management, some of them have shown to be fundamental for understanding risk management within an open distance learning institution, namely risk, risk management, risk standards, risk management framework, higher education and open distance learning institution. Therefore, the meanings of these concepts as applied in this article are briefly discussed:

## Risk

Taking into account the vast existing literature and also regulatory documents related to risk and risk management, clarity on the concept is crucial for grasping the essence and appropriateness of the related interventions. The literature review has revealed a diversity of meanings of the concept. Douglas (1992:46) refers to risk as not a thing but a way of thinking. Beck (2000:213) views risk more as

determining a way of thinking as he describes it as a "… peculiar, intermediate state between security and destruction, where the perception of threatening risks determines thought and action". He elaborates on the theme of intermediate state by referring to the concept risk as "revers[ing] the relationship of past, present and future" where the "past loses its power to determine the present" to "something non-existent, constructed and fictitious" in the future (Beck 2000:214).

Whether risk is viewed in the scholarly literature as a way of thinking, an intermediate state or something non-existent, constructed and fictitious, risk is treated as a reality within institutions or enterprises as being something that "impacts an institution's ability to meet its objectives" (AGB 2007:9). It is regarded to such an extent as real that the various kinds of this non-existent phenomenon have even been typified as "strategic, financial, operational, compliance, and reputational" (Morris 2007:5). The South African King III report (2009) is in agreement with Beck (2000:214) on the upcoming nature of risk by defining it as being "uncertain future events that could influence, both in a negative and a positive manner, the achievement of the company's objectives" (King III 2009: 56). This view is shared by Purdy (2010:882) in his reflection on the ISO 31000:2009 standard.

The intangible nature of risk is further expanded on in the King III report references such as a "combination of the probability of an event and its consequence", "a condition in which the possibility of loss exists", arising from "the possibility of deviation from the expected outcome or event" as well as from "failing to capture business opportunities when pursuing strategic and operational objectives as it does from a threat that something bad will happen" (King III 2009:56). The working group formulating the ISO 3100:2009 standard for risk management agreed on a relatively simple definition of risk, namely "effect of uncertainty on objectives" (Purdy 2010:882).

Considering that this article focuses specifically on risk within the broader context of higher education and the specific context of an open distance learning institution, the concept risk is used to refer to uncertain future events that could influence, in a negative or a positive manner, the achievement of such an institution's objectives.

## Higher education institution

While the broader context of this study is higher education with all the related institutions, and as the nature of these institutions may differ from country to country, clarity on this concept is also necessary. We agree with the view by Tufano (2011: 57) that a higher education institution is "… an institution committed to advancing learning". In South Africa, these institutions are regulated through

legislation, and are declared as such in terms of the relevant act (South Africa 1997: Sec 1). A higher education institution in South Africa thus provides higher education learning programmes leading to qualifications meeting specific requirements, on a full-time, part-time or distance basis (South Africa 1997: Sec 1). The National Development Plan, as quoted by the *White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-school System,* outlines three main functions of universities, namely to "… educate and provide people with high-level skills for the labour market", to be the "… dominant producers of new knowledge", to assess and find "… new applications for existing knowledge" and to provide opportunities for social mobility (South Africa 2013: 27). The *Policy for the Provision of Distance Education in South African Universities* (South Africa 2014) furthermore emphasises the importance of high quality distance education (South African 2014: 5.2.1), an empirical founded funding provision for distance education. The use of concepts such as new knowledge, new applications and social mobility in these documents to describe the main functions of a university, confirms that the primary reason for existence of universities directly relates to an enduring concern and involvement with the uncertain and the unknown. This concern and involvement simultaneously constitute the core of the concept *risk*. The reason for existence of higher education institutions is thus imbedded in risk.

## Open distance learning institution

Although the concept *open distance learning institution* is used in this article, the *Policy for the Provision of Distance Education in South African Universities* distinguishes between "distance education provision" and "open learning principles" (South Africa 2014: 1.10). The Policy furthermore confirms the institution selected for this case study as "the dedicated public provider of distance education in South Africa" (South Africa 2014: 4.1.2). The particular institution was selected as a case for this study specifically as the abovementioned Policy signals a direct warning of a future financial viability and accreditation risk through its "firm intent to use throughput rates of cohorts of students as a measure of the efficiency and effectiveness of distance education, as well as success rates" (South Africa 2004: 4.1.4). Being an open distance learning institution, this institution focuses on "… removing barriers to access learning, flexibility of learning provision, student-centredness [sic], supporting students and constructing learning programmes with the expectation that students can succeed" (Unisa 2008: 2). Considering universities' inherent inclination for the uncertain as shown in the previous section and the evolving

competitive environment of open distance learning, the reason for existence of an open distance learning institution, has shown to be imbedded in risk.

## Risk standard

The International Standards Organisation (ISO), the international body responsible for standardisation in various fields, contributed also in the field of risk and risk management to obtaining consistency and reliability by formulating a standard applicable for all forms of risk (Purdy 2010: 881). Their contribution, known as the ISO 31000:2009 and Guide 73, is a standard for risk consisting of the following components (Purdy 2010: 881–885):

- One vocabulary for risk management
- A set of performance criteria to ensure effective and efficient risk management
- One common overarching process for managing (identifying, analysing, evaluating and treating) risks
- A framework for risk management providing guidance on how that process should be integrated into the decision-making process of any organisation

The standard has been criticised by, amongst others, Leitch (2010: 891–892) for including "some idealistic requirements" which will be "impossible to comply with", is unclear in some instances, "leads to illogical decisions if followed", "is impossible to comply with" and "… is not mathematically based, having little to say about probability, data, and methods". Purdy (2010: 886), however, responded in a more positive way by describing this standard as a "… significant milestone in mankind's journey to understand and harness uncertainty" and has caused "… other standard-setting bodies to revisit their documents". The open distance learning institution selected for this case study has recently adopted this standard for revising their risk management framework.

## Risk management

The concept *risk management* thus needs to be understood within the context of the provision of open distance learning by a higher education institution. Bearing in mind the rapidly changing environment within which this mode of learning is provided, risk management cannot be understood as aiming primarily at risk definition and risk displacement (Adam, Beck & Van Loon 2000: 13) but it should also be concerned about whether this provider of open distance learning "… should take on more risk and selecting which risks to take to advance its mission" (Tufano

2011: 57). Tufano (2011: 57) rightfully refers to risk management as a dual approach of being concerned with not taking on enough risk as well as with minimizing risks. The Financial Stability Board (2013a: ii) defines these concerns as risk appetite ("The aggregate level and types of risk a firm is willing to assume in its exposures and business activities in order to achieve its business objectives") and risk capacity ("The maximum level of risk the firm can assume before it breaches regulatory constraints … or other stakeholders' constraints").

Consequently, risk management need to be "… mission-centered, strategic, and broad enough to capture those issues that are of fundamental importance to the ongoing success and mission of the institution" (Tufano 2011: 58). The King III report rightfully provides for the entire spectrum to be considered as part of the process of risk management, namely the "identification and evaluation of actual and potential risk areas" applicable to the specific entity, followed by "… a process of either avoidance, termination, transfer, tolerance (acceptance), exploitation, or mitigation (treatment) of each risk, or a response that is a combination or integration" (King III 2009: 56). Considering the standard setting role of the ISO 31000: 2009, it is perhaps advisable to understand risk management as being the identifying, analysing, evaluating and treating of risks (Purdy 2010: 881).

## Enterprise risk management

The concept *enterprise risk management* refers to "… an active interdisciplinary research area that is an increasingly important part of modern actuarial science" (McNeil 2013: 1) but also to a management practice, approach or a process (King III 2009: 51; AGB 2007: 3). The explanation of this concept as provided by the King III (2009) report as well as the AGB (2007) report identifies the following action words related to the practice, approach or process of enterprise risk management:

- Identify crucial risks or potential events
- Prioritise crucial risks
- Manage crucial risks
- Integrate risk solutions
- Provide reasonable assurance

For the purpose of this article, the concept *enterprise risk management* is regarded as an organised risk management process "… to identify risks related to strategy, people, systems and processes, regulatory compliance, legal and environment" (Unisa 2014b: 19).

## Risk management framework

The definition used by the Financial Stability Board (2013a: iii) for risk governance framework namely "… the framework through which the board and management establish the firm's strategy; articulate and monitor adherence to risk appetite and risk limits; and identify, measure and manage risks", is used for the purpose of this article also as the meaning for the concept *risk management framework*. This definition is aligned with the explanation of the concept by Ariff, Zakuan, Tajudin, Ahmad, Ishak and Ismail (2014: 425), even though they do it through the identification of the elements of this framework, namely the practices (risk governance; risk identification, risk analysis, risk evaluation, risk treatment, communication, consultation, monitoring, review and continuous improvement of the process), the guiding documents (risk policy), the context (risk context), and the tools and technology.

Morris (2007: 10) rightfully identifies the existence of an abundance of risk management frameworks, such as COSO's Enterprise Risk Management Framework, the Australia/New Zealand Standard, ISO 31000:2009, The Combined Code and Turnbull Guidance, A Risk Management Standard by the Federation of European Risk Management Associations (FERMA). In addition to the above list the Organisation for Economic Co-operation and Development (OECD), the Financial Stability Board and the South African King III also contribute to the basket of possible risk management frameworks to be considered when assessing a specific institution's risk management framework. For the purpose of this article we understand the concept *risk management framework* to refer to "… the policies, arrangements, and organizational structures to implement, sustain and improve" the risk management process (Purdy 2010: 885).

## A theoretical perspective

It is evident from the relatively limited scholarly literature but abundant variety of institutional regulatory and standard setting guidelines, that the assessment of the appropriateness of the risk management framework of the selected open distance learning institution could be approached from various perspectives. Considering that the selected institution for this case study has recently re-aligned its institutional risk management framework to the ISO 31000:2009 standard, the scholarly literature resulted from the publishing of the ISO 31000:2009 standard has been used as theoretical perspective for assessing the appropriateness of this framework. Considering its specific focus on higher education, we have resorted to the enlightening arguments of and related questions posed by Tufano (2011: 54, 56–57) related to risk management within higher education institutions. The essence of Tufano's argument boils down to the following:

| Premise 1: | Due to the primary reason for existence of higher education institutions their missions are supposed to focus on the new, the unknown and the uncertain (Thus: The mission or objective of a higher education institution is to be involved with the uncertain). |
|---|---|
| Premise 2: | Risk is primarily uncertain future events. |
| Conclusion: | The primary reason for existence (mission or objective) of a higher education institution is thus imbedded in risk. |

The major concern of Tufano (2011: 57) is that, considering the inherent nature of higher education institutions, the positioning of risk management as avoidance of loss in these institutions, will ultimate weaken them. It is with this concern in mind, that we pose the following research question for this article: How appropriate is a risk management framework designed according to the ISO 31000:2009 standard for a higher education institution and specifically for an open distance learning institution? In order to assess the appropriateness, we adapted the following questions posed by Tufano (2011: 56–57):

1. What is our mission?
2. What is our strategy to achieve it?
3. What risks might derail us from achieving our mission?
4. How is our institution set up to manage or live with these risks?
5. Where are we being too timid regarding risks?

For the purpose of this article we rephrase the above questions as follows (see Table 1):

1. To what extent is the mission of the institution considered?
2. To what extent is the institutional operational strategy considered?
3. To what extent are the risks for derailing the achievements of the mission and strategy considered?
4. Does the institution adequately manage these risks?
5. Does the institution consider the danger of being too timid regarding risk?

These rephrased questions have been included to constitute the main structure of our conceptual framework. This framework (Table 1) is applied to the institutional risk management framework in order to assess the appropriateness of this framework for the purpose of risk management in an open distance learning higher education institution. This framework is used to summarise the qualitative content analysis of the risk management framework document of the institution selected for this single case.

## Content analysis of selected institutional documents

The institution selected as a bounded case for this study developed and approved the first version of its enterprise risk management framework in 2006. This framework was revised in 2012 and 2014 to stay aligned with the South African National Standard Risk Management Principles and Guidelines (SANS 31000:2009) and the King III Report on Corporate Governance (2009) (Unisa 2014b: 1). As the purpose of the content analysis was to determine the appropriateness of the risk management framework implemented in the selected institution, two categories of documents were used, namely documents related to the institution's mission, operational goals and operational plans, and documents related to the institution's enterprise risk management framework.

## Documents related to the institutional mission, operational goals and operational plans

The documents related to the institution's mission, goals and operational plans were included in order to grasp the reason for existence of this institution and to understand the risk management framework related to that mission, goals and plans. The list was restricted to the following three documents as they contain all the information needed and are also current:

- Unisa 2015 Revisited (Unisa Undated 1)
- 2015 Strategic Plan: An agenda for transformation (Unisa Undated 2)
- Institutional Operational Plan 2014 (Unisa 2014a)

These documents, published on the institution's internal website, provide the official version of the institution's mission, goals and operational plans. For the purpose of this the content analysis the institution's mission and goals are summarised as follows:

**Mission**: The institution's mission focuses primarily on influencing society for the "betterment of all" (Unisa Undated 2: 2) through its contribution to "the knowledge and information society", advancement of development, nurturing of a critical citizenry, and the ensuring of global sustainability (Unisa Undated 1: 3).

**Goals**: The institutions mission has been translated into an implementation strategy documented in the Institutional Operation Plan (Unisa 2014a) consisting of five strategic goals. Only one of these goals (Goal 1) focuses on the reason for existence of a higher education

institution, namely the academic nature (teaching, learning, research, innovation and community engagement) of the institution. With the exception of goal 3 (student-centeredness) are the other four goals not unique to higher education institutions, as they are supportive to goals 1 and 3 by focusing on generic institutional matters such as corporate governance and sustainability (Goal 2), people-centeredness (Goal 4), and external stakeholders (Goal 5).

The selected institution's core mission and goals of contributing to knowledge and critical thinking through teaching, learning, research, innovation and community engagement, have shown to be closely aligned to the functions of higher education institutions as outlined by the Higher Education Act 101 of 1997 (South Africa 1997), the White Paper for Post-School Education and Training (South Africa 2013) and the Policy for the Provision of Distance Education in South African Universities (South Africa 2014). Considering the questions posed by Tufano (2011: 56–57), it is this mission and goals that need to be the fundamental concern of the institution's enterprise risk management framework.

## Documents related to the institution's enterprise risk management framework

After the 2012 revision, the institution's enterprise risk management framework consisted of the following six documents:

- Enterprise Risk Management Policy (Unisa 2012a)
- Enterprise Risk Management Policy Framework (Annexure A) (Unisa 2012b)
- Summary of responsibilities (Annexure A.1) (Unisa 2012c)
- Risk ratings (Annexure A.2) (Unisa 2012d)
- Risk definitions (Annexure A.3) (Unisa 2012e)
- Risk categories (Annexure A.4) (Unisa 2012f)

The 2014 revision process revised, reduced and combined the above documents into a single Enterprise Risk Management Framework (Unisa 2014b) which was used as unit of observation or material for the content analysis. This document was subsequently assessed to determine whether the institution's enterprise risk management framework is appropriate for an open distance higher education institution.

## Qualitative content analysis

The qualitative content analysis used for this study followed a thematic approach by applying the five questions derived from the questions proposed by Tufano (2011). These questions were used to determine the appropriateness of the institutional enterprise risk management framework for this acidic institution. In order to answer the five questions the selected document was read not only in the reproductive modality, rigid, to the letter of the text (see De Beer 2014: 220), but also in the (supple) hermeneutic modality (De Beer 2014: 220) searching for signifiers of meaning in the text. The results of the content analysis are summarised according to the five questions (see Table 1) as follows:

**Table 1:** A conceptual framework for assessing the risk management framework of a selected open distance learning institution

| | | Methodological considerations | |
|---|---|---|---|
| | | **Key concepts** | **Findings** |
| **Appropriateness of the institutional risk management framework** | **To what extent is the mission of the institution considered?** | mission | **Reproductive reading:**<br><br>• low frequency (2) of concept mission in document<br><br>**Hermeneutic reading:**<br><br>• The sentences and contexts in which the concept mission is used, however, signify a direct link between understanding of the national and institutional context and nature of the risks faced by the institution and the risk mitigating interventions needed for achieving the institution's mission |
| | **To what extent is the institutional operational strategy considered?** | strategy<br>goals<br>objectives | **Reproductive reading (extent = frequency):**<br><br>• strategy 9<br>• goals 5<br>• objectives 21<br><br>**Hermeneutic reading:**<br><br>• The institutional operational strategy provides a direct link between understanding the institution's opportunities and risks, and achieving its goals (Unisa 2014b: 1)<br>• The above understanding of the link has shown to be embedded in the "Steps in the risk management process" (Unisa 2014b: 11)<br>• The above understanding is foundational to the suggested consequence rating scale (Unisa 2014b: 27) |

| | | Methodological considerations | |
|---|---|---|---|
| | | **Key concepts** | **Findings** |
| **Appropriateness of the institutional risk management framework** | **To what extent are the risks for derailing the achievements of the mission and strategy considered?** | risk derail non-achieving mission strategy | **Reproductive reading (extent = mentioning):**<br><br>• generic (management) risks identified<br>• two categories: critical risks and opportunities<br>• non-mentioning of actual risks<br><br>**Hermeneutical reading:**<br><br>• These risks are taken into account by accepting them as uncertain future events that could influence, in a negative or a positive manner, the achievements of the mission and strategy. |
| | **Does the institution adequately manage these risks?** | manage adequately integrated process | **Reproductive reading:**<br><br>• provision for the necessary management structures, roles, responsibilities and an *integrated* process<br><br>**Hermeneutical reading:**<br><br>• The framework confirms the institution's intention to manage the diversity of uncertainties in a combined institutional process<br>• The framework has shown to be *integrated* into the institution's governance and accountability arrangements<br>• The concept *adequacy* is thus directly related to a shared and integrated understanding of those risks unique to a higher education institution. |
| | **Does the institution consider the danger of being too timid regarding risk?** | timid opportunity | **Reproductive reading:**<br><br>• concept *too timid* not mentioned in document<br>• acceptance of the necessity of assuming a reasonable level of risks<br><br>**Hermeneutical reading:**<br><br>• The concept *being too timid* can be seen to be directly related to frequently used concept *opportunity*<br>• The concept *opportunity* can be seen to refer to the possibility that "an event will occur and positively affect the management of objectives" |

## To what extent is the mission of the institution considered?

From a reproductive reading perspective it is noteworthy that the word mission appears in the second paragraph of the introduction of the framework document, and then 20 pages later for the second time as part of the definition of the draft

Regulations for Reporting by Public Higher Education Institutions (Unisa 2014b: 1). However, from a hermeneutic reading perspective it is noteworthy that the introduction of the framework document relates the understanding of opportunities and risks directly with the institution's ability to "achieve its mission and goals" (Unisa 2014b: 1). Although the mere counting of the frequency of this word in the document may lead to the conclusion that that there is a low degree of consideration of the institution's mission in the risk management framework, the sentences and contexts in which the word is used, however, signify a direct link between understanding of the national and institutional context and nature of the risks faced by the institution and the risk mitigating interventions needed for achieving the institution's mission.

## To what extent is the institutional operational strategy considered?

As indicated earlier, the institution's operational strategy consists of five strategic goals to be achieved through an operational plan for meeting a diversity of interrelated objectives (Unisa Undated3). The abovementioned two reading strategies were applied to determine the extent to which the institution's Enterprise Risk Management Framework provides for the consideration of the institutional operational strategy. In applying the reproductive reading strategy the words strategy, goals and objectives were regarded as key concepts to be decoded (De Beer 2014: 210, 220). The researchers could find no appropriate examples for measuring or decoding (De Beer 2014: 220) the extent these three concepts were considered in the Enterprise Risk Management Framework. One interpretation of the concept extent may be the frequency of the usage of these words in the framework document, which are as follows:

- Strategy:        9
- Goal(s):         5
- Objective(s):   21

However, as indicated in the previous section, frequency is not necessarily a sufficient indication of the extent to which the concepts are considered by the risk management framework. Following the reproductive reading strategy, the researchers consequently reverted to the decoding of these words to their literal meaning (De Beer 2014: 209) indicating that the institution's enterprise risk management framework considers the institution's operational strategy by:

- facilitating an understanding of the critical risks and opportunities in the institution's strategy (Unisa 2014b: 2);

- being an integral part of the institution's strategy to promote accountability "through good governance and institutional practices" (Unisa 2014b: 5);
- expecting from the Principal and Vice-Chancellor to ensure that the institution's "risk appetite is aligned with its strategy" (Unisa 2014b: 8);
- providing for a continuity plan to manage "possible risks which could disrupt the university's operations" including an "Insurance strategy" and ICT strategy dealing with and recover from "any negative event or disaster" (Unisa 2014b: 16);
- providing for a fraud prevention strategy designed to "prevent, deter and detect fraud during the university's daily business operations" (Unisa 2014b: 17);
- defining the concept *enterprise risk management* as an organised process to identify risks related to, amongst others, the institutions operational strategy (Unisa 2014b: 19);
- providing for a "fraud prevention strategy" (Unisa 2014b: 20).

Through identifying the word strategy as applied in its literal meaning in the document, the aforementioned examples show that the institution's risk management framework is designed to secure the undisruptive implementation of the institution's operational strategy. The risks referred to in the above list, are more related to the supportive goals of the institutions strategy than to the core business of the institution as provided for in Goal 1 (Unisa 2014a). The researchers consequently interpret the use of the word goal in the framework document as an indication of the document's consideration of the institutional operational strategy. The institution's risk management framework, considers the risk of not achieving the institutions operational goals as an integral part of risk management, by:

- assuming a direct link between understanding the institution's opportunities and risks, and achieving its goals (Unisa 2014b: 1);
- embedding the above-mentioned understanding to the "Steps in the risk management process" (Unisa 2014b: 11);
- including the risk of "progress on more than one strategic goal" in the framework's suggested consequence rating scale (Unisa 2014b:27).

## To what extent are the risks for derailing the achievements of the mission and strategy considered?

Knowing that the Institutional Operational Plan 2014 consists of detailed operational objectives (Unisa 2014a), the reproductive reading strategy was used to identify the considerations of risks related to these objectives (Unisa 2014b: 1–4, 15,

18). The risk management framework identifies the following risks that may derail the institution from achieving its mission and strategy:

- The likelihood that strategic objectives will not be achieved
- The likelihood of not achieving its objectives and not improving its performance in especially its core business activities
- Failure to take advantage of opportunities that could help the university achieve its objectives in the best possible way
- A lack of staff members' understanding of their possible contribution to the achievement of objectives
- The impact of the capabilities, perceptions and aims of people (both inside and outside the university) on the achievement of institutional objectives
- The non-alignment of objectives with the outcomes of the risk management processes
- The activities of management, internal audit, external audit, compliance and external quality assurers
- An ineffective system of internal control regarding achievement of the university's objectives

It is noteworthy that the document distinguishes between the various dimensions of the uncertain nature of risks, by referring to critical risks and opportunities (Unisa 2014b: 2). A more appropriate distinction of the two dimensions of risk will most probably be between critical threats and opportunities. Although the analysis of this document provided ample evidence that the risk management framework has been designed to consider those risks with the potential of derailing the institution on its various operating levels from achieving its objectives, the risks are not explicitly mentioned. The non-mentioning of actual risks in the document, confirms the framework's recognition of the uncertain nature of risks as being "future events that could influence, in a negative or a positive manner" (see earlier definition of risk) the achievement of the institution's objectives. Sections 3 and 4 of the framework document, however, provides for a structured process, "continuing support, targeted training and encouragement" (Unisa 2014b: 6–14) to facilitate identification and management of these risks by the people in the institution who are mandated and supposedly the best informed and equipped to do so.

## Does the institution adequately manage these risks?

Although the previous section has confirmed that the particular risk management framework does provide for the management of risks, this question specifically focus

on the adequateness of the risk management process. In this regard, Tufano (2011: 56–57) refers to how the institution is "set up to manage or live with these risks". By applying the reproductive reading strategy, accepting the authority, superiority and adequacy (De Beer 2014: 210) of this text as a certainty, the selected institution has shown to meet the abovementioned criteria of *adequateness* for managing risks, as the institution provides for the necessary management structures, roles, responsibilities and an *integrated* process (Unisa 2014: 6–16).

It is especially in reference to the integration of the risk management process into the institution's organisational processes (Unisa 2014b:8, 10, 14) that requires the application of the hermeneutical reading strategy to the text. The researchers applied the following questions in the hermeneutical reading of the text (see De Beer 2014: 212):

- What is the meaning of this provision for integrating risk management into the institution's organisational processes?
- How does this meaning contribute to the understanding of its adequacy for a higher education institution?

Tufano's view that a higher education institution is imbedded in risk (Tufano 2011: 54–57), serves as an immediate context for interpreting the *concept* integration in relation to the concept *adequate*. The provision for an integrated process needs to be interpreted considering the university's acknowledgment that all the "projects, major initiatives and policy development activities" (Unisa 2014b: 14) comprise "uncertain future events that could influence, in a negative or a positive manner, the achievement (see our earlier discussion of the concept *risk*) of the institution's objectives. This acknowledgement confirms the institution's intention to manage the diversity of uncertainties in a combined institutional process in order to ensure "better services to its students and (to) achieve its mission and goals" (Unisa 2014b: 1). This intention has shown to be not just a mere visionary statement, but to be *integrated* into the institution's governance and accountability arrangements (Unisa 2014b: 3) as mandated by the Higher Education Act 101 of 1997 (South Africa 1997: Section 27). These arrangements include the combined involvement of Council, the Audit and Enterprise Risk Committee of Council, the Management Committee, the Risk Management Committee, as well as management and members of staff (Unisa 2014b: 6). The adequacy of managing these uncertainties is thus directly related to a shared and integrated understanding of those risks unique to a higher education institution.

## Does the institution consider the danger of being too timid regarding risk?

The aforementioned risks unique to a higher education institution, lead Tufano (2011: 57) to ask the question "Are we being too timid?" He argues that "risk management is not only about reducing and eliminating risks", but also "about assessing whether an organization should take on more risk and selecting which risks to take to advance its mission" (Tufano 2011: 57). He elaborates by referring to examples of being too timid such as "by being slow to experiment with learning models" or tenure and promotion practices rewarding "incremental or 'safe' research using traditional methods" (Tufano 2011: 57).

Although the danger of being too timid has not been deliberately mentioned in the document (applying the reproductive reading strategy), the document contains evidence of the acceptance by the institution of the necessity of assuming a reasonable level of risks in order to fulfil its vision, mission and strategic objectives and by gaining a competitive edge. In applying the hermeneutical reading strategy, the concept *being too timid* has proved to be directly related to frequently used concept *opportunity*. Opportunity is used in the document referring to the possibility that "an event will occur and positively affect the management of objectives" (Unisa 2014b: 21). The reading of the institution's Enterprise Risk Management Framework has revealed a purposeful consideration of the danger of being too timid in identifying "failure to take advantage of opportunities that could help the university achieve its objectives in the best way possible" as a risk that may endanger the university's operations (Unisa 2014b: 1). With regard to this potential danger, the document envisaged the risk management framework to enable the institution to take "advantage of potential opportunities to gain a competitive edge" (Unisa 2014b: 2). One can thus conclude that the document indeed considers the risk of being too timid.

## Findings and conclusion

This article has shown that risks, the risk culture and the risk society are no longer only topics for rigorous scholarly contemplation and discourse, but have become an integral part of the daily work environment of scholars. Therefore it is no surprise that various scholars have already reflected on the inclusion of institutions of higher education in the realm of institutional risk management. The contribution of Tufano (2011) to this discourse is especially noteworthy and boils down to an argument concluding that the primary reason for existence of a higher education institution is imbedded in risk. Consequently, it appears that he is concerned about the positioning of risk management in higher education institutions as avoidance of

loss, a position that may weaken these institutions. It is with this concern in mind, that we pose the following research question for this article: How appropriate is a risk management framework designed according to the ISO 31000:2009 standard for a higher education institution and specifically for an open distance learning institution?

The purpose of this article is thus to consider the appropriateness of risk management frameworks (seemingly to be developed for business enterprises) for higher education institutions in general but more specifically for an open distance learning institution with an inherent environment of uncertainty. The article consequently reports on an assessment of the appropriateness of the risk management framework of a selected open distance learning institution, for that institution. In order to do the assessment, the researchers obtained a theoretical perspective by developing a conceptual framework derived from the five questions on appropriateness posed by Tufano (2011). The indicators used for determining the appropriateness of the institution's risk management framework, can be summarised as the extent to which the institution's risk management framework (as reflected in the various documents) is aimed at:

- enhancing the achievement of the institution's mission and the implementation of the institution's operational strategy;
- preventing the derailment of the latter;
- adequately managing the risks;
- alerting the relevant role-players of the danger of being too timid regarding risks.

For the purpose of qualitative analysis of the selected document, two reading strategies were applied in order to obtain the literal meaning of the text as well as to reveal the hidden or implicit meanings of the framework, the content analysis has revealed that the revised enterprise risk management framework of the selected open distance higher education institution has been designed to:

- enhance the achievement of the institution's mission on the various organisational levels by affirming a direct link between understanding the risks faced by the institution and achieving the institution's mission;
- enhance the achievement of the institution's operational strategies on the various organisational levels by affirming a direct link between understanding the opportunities and risks faced by the institution and achieving its strategic goals, by imbedding risk understanding in the steps to be followed in the risk management process, and by including the consideration of strategic goals in the suggested risk consequence ratings scale;

- prevent the derailment of operational achievements by considering both risks and opportunities
- provide for an integrated approach to risk management through a shared and integrated understanding of those risks unique to a higher education institution;
- be constantly alert to the danger of being too timid by being alerted to any event that may positively affect the institution's strategic goals and objectives.

This article's unique contribution to the scholarly discourse is to apply a conceptual framework derived from the work by Tufano (2011: 56–57) providing trustworthy evidence that Leitch's (2010: 891–892) critique on the ISO 31000:2009 standard as consisting of idealistic requirements making it nearly impossible to comply with them, does not necessarily have an empirical sound foundation. This single instrumental case study has shown that it is indeed possible to apply this standard to a higher education institution. It can therefore be concluded from this study that an enterprise risk management framework meeting the ISO 31000:2009 standard, is not only appropriate for a risk embedded open distance higher education institution such as the selected institution, but has the potential to contribute significantly to the enhancement of the institution's mission, strategic goals and objectives within an astringent national regulatory and funding context and an ever-changing international higher education landscape. Further research is necessary on the actual influence of this framework on the quality and applicability of the strategic and operational decisions of managers in higher education institutions.

## Note

Prof E. Sadler (Guest Editor) was not involved in the selection of reviewers and the approval of this article for publication. This was conducted by the Chief Editor of the Southern African Business Review.

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