



CONSEQUENCES AND IMPLICATIONS OF RISK MANAGEMENT AND CONTROL: THE CASE OF THE UNIVERSITY OF LAGOS, NIGERIA.

Keshinro A.O.¹ and Mojekwu J.N.²

^{1&2}*Department of Actuarial Science and Insurance, University of Lagos, Nigeria.*

¹akeshinro@unilag.edu.ng,

²jnmoje@yahoo.com

ABSTRACT

Risk exists as a consequence of uncertainty and is present in all activities whatever the size or complexity and whatever industry or business sector. In this modern time, every contemporary University system must seek to entrench risk management and control strategies across all its constituent sections with the aim of identifying and managing existing and new risks as well as develop a risk awareness culture among stakeholders thereby able to respond with cost effective actions in a timely manner at the occurrence of any unexpected and adverse event among other objectives. This research project adopts a qualitative research approach to explore consequences and implication of risk management and control in the University of Lagos, in the current dispensation. Unstructured questionnaires were administered to Twenty-five (25) heads of Units/Departments selected through purposive sampling method. Five (5) administrative heads were also interviewed orally to obtain in-depth information on the subject. Findings revealed that prominent risks in the University include: compliance risks, financial risks, campus security/safety risks, and operational risks, involving laboratory/workshop injury, fire incidents, general accidents and interruption or cessation of routine activities due to power fluctuations, system breakdown etc. In conclusion, some policy recommendations were proffered to mitigate against both avoidable and unprecedented risks inherent in a metropolitan University like UNILAG.

Keywords: Risk management, risk control, qualitative, compliance, operational

BACKGROUND TO THE STUDY

Today, having any organisation without risk management would reveal the inadequacy of such an organisation. This is to mean that the organisation has not put in place the mechanism to detect and evaluate the risks to which the organisation is exposed. Thus, an organisation acquires a greater reputation and trust of its clients when risk management is in place. Higher education is recognized for pioneering and leading trends, exploring new knowledge, promoting new ideas, and transforming innovation that can be turned successfully and practically into business, industry and community. Institutions of higher education are home to large populations of students, faculty and staff, ranging from many hundreds to thousands and even tens of thousands of people. These faculties, colleges and departments operate utilities (electricity, machines, water



systems, laboratories, phone and internet networks), provide security protection, transportation, maintain housing, ranging from faculty houses to high-rise students dormitories and staff apartments, takes care of roads, streets and walkways, offer media communications, and run dining facilities all in addition to the core mission of educating the next generation of business and political leaders.

As an outstanding higher institution, University of Lagos has the liability to have risks which affect the management activities of the day to day running of the University. University of Lagos which was established on the 22nd October 1962, on the authority of the University of Lagos National Parliament Act of 1962 is a foremost research institution. Publicly owned by the Federal Government, the administrative weight of the University rest on the Senate, stakeholder's shoulders which in turn can be prone to viable risks and hazards such as density population of the students, operational, financial risks. It is however essential to note that scenarios that can cause this risks to occur can either be averted or prevented with quality risk management. It is against this backdrop that this research sets out the objective to evaluate the consequences and implications of risk management and control in the case of the University of Lagos.

Problem Statement

The need to manage risk is widely acknowledged throughout the corporate world, and a well-developed body of knowledge is available to guide efforts to do so. Implementation of principles into practice, however, is mixed, often do not just to a lack of the right skills, but also because of a lack of commitment from senior management.

Risk is not limited to large corporations or banks. Non-profits, government agencies, and higher education organizations all face a host of risks. Yet, risk management practices in the non-profit realm, including higher education, appear to be significantly less developed than in much of the corporate world. It may be that universities' shared governance systems and distributed decision-making make it more difficult to implement institution-wide risk management activities. But with economic models challenged by rising costs of living expenses, facilities, fluctuating endowment values, and uncertainty about future government funding of research, universities face increasing risks. To be successful, risk management activities need to be considered essential and publicly supported by top-level stake holders and leaders of institutions.

Universities need to protect students, faculty, administrators, support workers, contracted workers, the public and the school's reputation. If a catastrophic loss occurs, the media coverage may affect the school's reputation, posing a threat to future admissions, endowments and financial strength.

It is on these premises that Universities desiring a world class standard like the University of Lagos must catalogue its risk potentials and evaluate the proper management of potential risks.

Purpose of the Study

The study is to ensure that all significant risks in the day to day running of the University are identified, assessed and where necessary treated and reported to the University management in a timely manner through the University's Security Committee.

The specific objectives of the study include:

ISSN: 2408-7920

Copyright © African Journal of Applied Research

Arca Academic Publisher



- To identify risks and events that can affect and disrupt activities and operations of the University
- To examine current controls and mitigating efforts and activities to manage risks
- To establish the most prominent risk category prevalent in the University
- And recommend strategies for eliminating and controlling University risk exposures.

REVIEW OF RISK MANAGEMENT

Literature on risk management is vast and well developed but with concentration on the corporate business world and less attention paid to academic institutions, which we know are not immune to risk occurrences.

One can look at the existence of risk as being associated with uncertainty. The University of Canterbury (2017) asserted that a risk is not an event, rather, objectives and events give rise to risk. Consequently risk is defined as the effect of uncertainty on objectives (University of Vermont, 2012). Risk is not limited to large corporations, banks or industrial organisations. Non-profit organizations, government agencies, and higher education institutions all face a host of risks. Risk is present in all activities whatever the size or complexity and whether in the industry or in the business sectors. This approach gives the organization the ability to understand the sum of risks and their interdependence (Berg, 2010). When such interdependence is well understood, the implications of risk occurrence is minimized if not completely averted.

Risk management point towards making sure that an organization is adequately protected in the event of a catastrophe. Increasingly in today's environment, risk is being more broadly defined as any issue that affects an organization's ability to meet its objectives. In this light, risk management encompasses all of the operational, financial, compliance, and strategic issues that an organization might encounter in its attempt to achieve its objectives (Dale, Goldstein, Johnson, Mattie, & Morley, 2003). Risk Management involves the planned and systematic approach to the identification, evaluation and control of risk. It is concerned with evaluating the measures an organisation has in place already to manage identified risks and then suggesting actions that the organisation should take to control these risks more effectively.

Risk management implies risk assessment by allocating certain numerical or descriptive values, as well as, deciding on the value where the risk is unacceptable. It means that precautionary measures have to be done for risk minimization, avoidance, or prevention and this should incorporate entire organization, all its parts and levels, as well as specific activities (Ruzic-Dimitrijevic and Dakic, 2014).

Risk Management in Higher Institutions

Risk management informs strategic development through the identification and treatment of risk so that strategic objectives are more likely to be achieved, damaging events are avoided or minimised and opportunities are maximised. With reference to the university system, good risk management increases the probability of success, and reduces the probability of failure and uncertainty of achieving the University's objectives. Risk management should strengthen the organisation of the university, make it more rational and support strategic decision making (Huber, 2011).



The National Association of College and University Business Officers (NACUBO) released a report on managing risk in higher education in 2003 that encouraged higher education leaders to implement and advance effective risk management programs.

A well functional risk management program anticipates potential problems and opportunities and the likely managerial response, and does not merely react to realized problems.

Some higher colleges and universities equate risk management with either crisis management, or compliance risk. Some institutions focus on “managing the downside,” rather than seeing risk as an opportunity, whereby the upside is given consideration. Some equate risk management with minimizing hazards, particularly those resulting from violations of university policies or of external laws and regulations. There is nothing wrong with these views of risk management. But there is much to be gained by adding a new view that aims to manage the upside of risk and to see the many opportunities it presents. Therefore, a balanced view of risk is best, one that tries to minimize hazards, influence and control uncertainties, and manage opportunities.

The safety culture of an institution plays a critical role in setting the tone for the importance placed upon safety by its members. This presupposes that, variations in risk management will occur reflecting organisational features such as size, visibility or profile, e.g. in research or teaching.

Dale et al., (2003) identified five types of risk prominent in academic institutions as follows: strategic risk, financial risk, operational risk, compliance risk, reputational risk. In as much that almost all these risk categories can be said to be present, directly or indirectly in the University environment, however, within the university, risk such as academic risks: teaching risks, research risks, delivery risks, organizational and external risks are also identified. The University of Canterbury (2017) in addition to the above also mentioned project type risks.

In all, it appears reputational risks reflect the particularities of the university. Forms of reputational loss may contradict each other and, reflexively, turn a reputational risk into a risk in its own right (Huber, 2011). Power, Scheytt, Soin, & Sahlin (2009) and Huber (2011) claim that with reputational risks surface ‘new and disturbing understandings of responsibility, accountability and decision making’, features that embed risk management in academia. Reputation plays a role for student’s recruitment, determines the attractiveness for staff, but also shapes the public image of the university. This may explain why the university is conceptualized as ‘multiversity’ (Kerr, 1963) in that, it has to respect and balance the interests of numerous stakeholders.

RESEARCH METHODOLOGY

This is an explorative study for which a qualitative research method is adopted for the data collection and analysis. Semi-structured questionnaires were administered to Twenty-five (25) heads of Units/Departments/Faculties selected through a purposive sampling method. In addition, five (5) administrative heads were interviewed orally to obtain in-depth information on the subject. The selected participants were carefully chosen based on their position and experience in University management. The concentration was on the headship of key strategic areas of the University Administration, which included: Central Security Unit, Students Affairs, Medical Centre, Bursary, Students’ residential halls, College of Medicine, Housing Unit, Quality

ISSN: 2408-7920



Assurance and SERVICOM, Works and Physical Planning, Faculties, Centre for Information Technology & Systems (CITS), Protocol and Passages.

With the aid of Microsoft Excel, the inductive approach to qualitative data analysis, with thematic content analysis was used to analyse the data collected through the semi-structured, open-ended questionnaire. Besides the primary data obtained from the participants, the researchers contacted the security unit of the University to obtain records of crimes and risk incidents that occurred in the last two years. This was tabulated also, in an Excel worksheet for the purpose of generating summary and mapping out the spatial distribution which was achieved with considerable support of some faculty members from Geography Department.

The use of graph, tables and charts was applied and data from stakeholders in the University were used appropriately to validate whether a risk is low or high in its likelihood of occurrence and qualitative assessment.

DATA ANALYSIS

The qualitative data obtained from the selected respondents were analysed through a thematic method. The thematic analysis and results are presented in the following paragraphs and tables under each **research questions**:

Identified inherent risks, events and circumstances that can interfere or prevent goals achievement:

The response received varied from ‘poor power supply’, ‘poor funding’, ‘lack of adequate manpower’, ‘system breakdown’ to ‘Office burglars’. Majority, however, opined that ‘unstable power supply’ as well as ‘students unrest’ are the most critical factors that can interfere or prevent the achievement of units’ goals and objectives.

One of the respondents wrote that:

“Breakage into offices with valuable materials being stolen as well as regular power outage leading to loss of valuable man hour is having a negative impact on productivity”

This response came from one of the University faculties.

Current controls and mitigating efforts and activities of the University’s constituents to manage risks:

From the submissions of the participants, a number of measures have been put in place to forestall their exposures. This ranges from ‘alternative power generation’, ‘system backup’ to ‘staff recruitment and training’.

The response of the head of the security unit is noteworthy:

“There is watertight security to prevent any disruption internally. External security aid are also on standby to assist the unit.”

From one of the Faculty we had this response:

“We have acquired and installed CCTV cameras and also purchased an electric power generator”

Six (6) risk categories were given to the respondents to rate in the order of prominence with reference to the University operations. The ratings were collated and standardized to

ISSN: 2408-7920

Copyright © African Journal of Applied Research

Arca Academic Publisher



appropriately order the categories based on the received responses. This is presented in table 1 and the chart in figure 1:

Table 1: Most prominent risk category prevalent in the University

Risk Category	Weighted Aggregate	Weighted Aggregate (Standardized)	Percentage (%)
Financial Risks	32	68	23.61%
Operational Risks-	43	57	19.79%
Health and Safety Risks	53	47	16.32%
Environmental Risks	55	45	15.63%
Academic/Research Quality Risk	60	40	13.89%
Legal Risks	69	31	10.76%



Figure 1: Most prominent risk category prevalent in the University

Risk events that occurred in the recent past within the University:

- Data on risk events like crimes and other incidents in UNILAG were sourced from the UNILAG Security Unit records.
- They were first converted into tabular format using Microsoft Excel software in order to make it useable to the Geographers to plot the spatial mapping.



provide and regularly update an “Emergency Guide” that prepares students, faculty members and the public as to how they should respond to violent situations on campus. On Health and Security Risks, the University authority must be diligent in supervising and monitoring activities in the University environment. The possibility of a serious or even catastrophic loss is ever present in research laboratories, particularly in a place like ours, where there exist campuses that include medical teaching hospital, science and technology departments that offer scientific research degrees. Physical structures including residence halls, classroom facilities, dining halls, athletic facilities and administrative offices could often comprise security on a university. In addition, many campuses have alumni buildings, buildings and grounds shops, and residence facilities for university residents. The buildings vary in age, construction, durability. Risk management offices must be vigilant in regard to the condition, maintenance and useful lives of all physical structures on their campuses. The University management should ensure that facilities do not present inordinate risk to students and other campus personnel.

In light of the findings of this study, the following recommendations are made;

1. The University Management should prioritize security within the University community
2. The University Management should ensure that insurance policies are in place for all categories of risks
3. The school authority should be proactive on all inherent risks on the environment
4. The University Management should ensure improved power supply
5. The school authority should ensure reliable and secure internet and ICT support
6. There should be improved funding and facilities in the University
7. The University Management should focus on staff performance, training and motivation
8. The school authority should imbibe world best practices in information dissemination and carry all stakeholders along.
9. The University management should facilitate the completion of programmes for extra year students who are willing to complete their programmes and terminate the programme for those that have consistently should the unwillingness to complete their.

REFERENCES

- Berg, H. P. (2010). Risk management: Procedures, methods and experiences. *Risk Management*, 17(1), 79-95.
- Bubka, M.A., and Coderre, P. (2010). Best practices in risk management for higher education. Addressing the ‘what if’ scenario. PMA Companies Thought Leadership Publication. www.pmacompanies.com Retrieved 05/12/17.
- Campbell, M. J. (2008). *Safety Hazard and Risk Identification and Management in Infrastructure Management*. The University of Edinburgh, School of Engineering and Electronics. p.7.
- Dale, C., Goldstein, L., Johnson, S., Mattie, J.A, and Morley (Jr) J.E, (2003). Developing a strategy to manage enterprise-wide risk in higher education. pp 1-24
- Huber, M. (2011). The Risk University: Risk identification at higher education institutions in England. Discussion Paper No: 69 (July) Centre for analysis of risk and regulation.



- Kay, R. and Knaack, L. (2008). An examination of the impact of learning objects in secondary school. *Journal of Computer Assisted Learning*. 24. 447-461. 10.1111/j.1365-2729.2008.00278.x.
- Kerr, C. (1963). *The uses of the university*. Cambridge MA: Harvard University Press. 5th ed 2001. The University of Canterbury (2017). Risk Management & Compliance Framework. UCPL-4-221. University of Canterbury Policy Library, pp 1-27.
- National Association of College and University Business Officers (NACUBO, 2003). Report on Managing risks in higher education www.nacubo.org/documents/business_topics Retrieved 05/12/17.
- Power, M., Scheytt, T., Soin, K. and Sahlin, K. (2009) 'Reputational risk as a logic of organizing in late modernity', *Organization Studies* 30 (2/3): 301–24.
- Ruzic-Dimitrijevic, L., and Dakic, J. (2014). The risk management in higher education institutions. *Online Journal of Applied Knowledge Management*. 2(1) 137-152.
- The University of Vermont (2012). Guide to Risk Assessment and Response. Enterprise Risk Management Program