

Processes and Practices of Governing in Colleges of Further Education in the UK



Project Briefing 1: January 2020

The Management of Risk

The calculation and management of risk is a major concern for governing boards. We have certainly seen this as the research project has unfolded, both in the presentation of the risk register, and in the talk that takes place around strategic development and performance. It may not be too far-fetched to say that governance is now defined in terms of risk, and hence risk management is big business. Indeed, as Steve Taylor, VP of Dundee and Angus College told us, risk has become an ‘industry’.

You can see what he means. The internet is awash with companies offering risk management services that, some even claim, will enable you to ‘de-risk’ your business. Surely nobody seriously believes this – but do we behave *as if* we believe it (and is this a risky thing to do?) Some of the data we have gathered do seem to suggest this.

A number of interconnected things are emerging as significant in our data. These include: the way in which risk is calculated and presented to the board; the conflation of risk and uncertainty; and the social construction of risk. We have also seen different attitudes towards risk, the balance of which varies across our participating colleges, which, we believe, is significant. We don’t offer prescriptions, but we do think these are areas on which boards might like to reflect when thinking about the role they perform in the college and the ‘kind’ of organisation they are involved in creating.

The rise of
the ‘risk
industry’



UNIVERSITY OF
BIRMINGHAM



UNIVERSITY of
STIRLING



How is risk calculated?

The calculation of risk

All the colleges in our study have moved to a holistic system of risk management, or what is known in some quarters as 'enterprise risk management'. This centres on the development of a risk register with each identified risk assigned a number, calculated as the product of the likelihood of the event and its impact. Based on this, risks are traffic-lighted as red, amber or green, this being shown on the register both before and after mitigation procedures have been applied. Assigning a number effectively objectivises the risk and renders it capable of being 'managed'.

What was interesting to us was the way in which this process was used to reassure board members and the language that was universally used in relation to this – the word that came up most commonly was 'comfortable' – giving a risk a number produced comfort. Yet the boards we observed did not *really* believe that it was possible to objectively assign a number to a risk; that 'the numbers themselves don't matter' was heard on several occasions. We are interested in the illusion that is created around risk and our analysis is exploring this further across the eight participating colleges.

Are risk and uncertainty the same?

Risk and uncertainty

Traditionally, academics writing on risk and uncertainty have distinguished clearly between the two. Strictly speaking, risk concerns situations in which probabilities can be assigned; whereas uncertainties concern events in which it is not possible to calculate the chances of their happening. Many of the situations faced by organisations undoubtedly fall into this latter category. But, with enterprise risk management, uncertainties become transformed into risks by this process of calculation. What are the implications of this? Does it add to the illusion that what is, in effect, unknowable can be 'managed'?

How is risk constructed?

Constructing risk

The risk industry tends to promote risks as objectively real and, in one sense, they are – real accidents really do happen to real people. But in another way they are socially constructed. A number of our participating colleges include 'people' in their classification of strategic risk. In other words, people have become objects of risk rather than objects at risk – what implications does this have for the way people are seen within the organisation and the way risks are framed? How might the culture of the organisation be affected if people are seen as inherently risky?

Attitudes towards risk

Risk is about attitudes towards the future. Three attitudes were evident in our data. They were:

- Risk as opportunity (often spoken of as the 'appetite' for risk)
- Risk as threat/resilience (often spoken of in relation to 'business continuity')
- Risk as accountability/compliance (demonstrating that risk management has happened).

All were evident in the data across the colleges, but the balance of these attitudes varied and was an indication of the 'kind' of organisation being constructed or enacted by the board. We are exploring this further.

Is risk management risky?

We conclude this briefing by posing the question, 'Is risk management risky?', offering this as a provocation for boards to explore. It is all too easy to get caught up in current management tools that seem to offer irrefutable solutions to pressing problems. But we close this briefing by quoting Steve Taylor again, who told us, 'Today, everything is risk, a little while ago everything was quality'. What difference does that make to the kind of organisation the board is heading up?

This research involves observing *boards in action* in eight colleges of further education across the UK in order to examine how the governing board contributes to achieving the strategic aims of colleges in meeting the needs of learners, employers and labour markets.

For further information about our project please contact Professor Cate Watson at:
fe-governing@stir.ac.uk

You can find out more about our project at:
<https://fe-governing.stir.ac.uk/>

Project Timeline

Current status

	Nov-17	Sep-18	Dec-18	Oct-19	Jan-20	Nov-20	Feb-21
Phase 1: Recruitment, strategy development, ethics, training							
Phase 2: Data collection, interviews, observations, interim briefings, workshops							
Phase 3: Data analysis, workshops, theory development, toolkit development, dissemination							

Our Participating Colleges

City of Glasgow College

CITY OF GLASGOW COLLEGE

South West College

South West College

Southern Regional College

src

Grŵp Llandrillo

Grŵp Llandrillo

Cardiff and Vale College

Cardiff and Vale College
Coleg Caerdydd a'r Fro

Dundee and Angus College

DA

TEC Partnership

TTC

South & City College Birmingham

SOUTH & CITY COLLEGE BIRMINGHAM



UNIVERSITY OF BIRMINGHAM

