



EXECUTING STRATEGIC RISKS MITIGATION PLAN AMIDST VUCA SITUATION: A LESSON FROM COVID-19

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ABSTRACT

This study focuses on how higher education institutions, or HEIs, may respond to future strategic risks of an unprecedented magnitude. As the business world grapples with the impact of the pandemic on the corporate strategies, so are the HEIs. The management of strategic risks tends to be viewed as 'managing risk strategically' and thus, they are often overlooked despite being found to be far more consequential than other traditional risks. Therefore, incorporating tactics to manage VUCA, which refers to volatility, uncertainty, complexity and ambiguity is timely and necessary in the new norm. The findings reveal that the seven basic steps required in developing a strategic risk mitigation plan (SRMP) namely: identify the risks, determine strategic risk triggers, describe the strategic risk (and where it is likely to strike), develop strategic risk mitigation plan, discuss strategic concerns, perform risk analysis and create the strategic risk map or scorecard. The pandemic experience shows that these seven basic steps can be narrowed into four broad categories of risk identification, risk analysis, risk assessment and taking appropriate corrective actions. The study also recommends a rigorous analysis of strategic factors related to the basis of strategies amidst challenging VUCA situations such as Covid-19.

Keywords: *Strategic Risks, HEIs, VUCA, Covid-19, SRMP*

RESEARCH HIGHLIGHTS

1. Five major sources of the disruptive macro change that are typically outside a leader's control were identified, namely government, economy, technology, geopolitics and education.
2. The top 10 external events and trends (strategic risks) that potentially bring significant impact on HEIs strategic position include digital infrastructure, R&D&C&I ecosystem and funding, emerging research fields, digital skills, federal, state and local laws, regulations & policies, national policy and governance on technology, high-tech expertise, new educational model (including free online education), new work culture and technological changes.
3. Among the top ten external events and trends (Strategic Risks) in the survey on strategic risks affecting HEIs in Q1 2021, nine elements are closely matched with eleven elements included in the external event and trends (O & T of the Strategic SWOT).

Research Objectives

The sudden emergence of the Covid-19 and the attendant risks accompanying it is a clear pointer to the fact that organizations operate in an environment characterised by volatility, uncertainty, complexity and ambiguity (VUCA) (Phan, 2020; Collings et al., 2021). To this end, it is imperative for HEIs, like most organizations, to move away from the traditional practice of treating risk management as an extension of audit or regulatory compliance processes (Slywotzky and Drzik, 2005). Such practice tends to make leaders and managers focus on very rudimentary mitigation plan which would most certainly not suffice in the era of post pandemic. More so, the peculiar nature of HEIs, particularly public or government funded

universities is that of non-profit and service oriented. Hence, they mostly find themselves treading delicate lines between state interest, accountability to society, excellent organizational performance and increased productivity (Sirat, 2010). Therefore, it is timely to focus our attention on strategizing in the new norm and uncertain future by incorporating strategic risks mitigation into the strategic planning. To this end, the main objective of this study is to develop a basic framework for strategic risk assessment relevant to strategic planning in higher education institutions.

Methodology

This study analyses strategic risk factors affecting HEIs in Malaysia. To determine the external forces relevant to higher education, external factors identified and analysed by a research university is used as data in this study. The data were resulted from series of strategic workshop conducted between May and July 2020 participated by fifty-four selected academic and administrative staff throughout the Covid-19 lockdown. These data were used as the underlying bases for the institutional 5-year strategic plan. Subsequently, a virtual workshop was carried out to brief the middle managers on strategic risks and SRMP in March 2021. Then a follow up survey was conducted to determine if any significant changes had occurred and affected the underlying bases for the strategic plan. Forty-four selected middle managers who are the key responsible persons for the execution of the action plan participated in the exercise. The result was tabulated and analysed. Strategic risks mapping was used to compare the external events and trends data recorded in 2020 with those obtained from the survey, and thus yielded a list of potential emerging strategic risks. We then proceed with developing Strategy and SRMP Evaluation Framework based on our work as well as study procedure.

Results

Survey findings have identified the top 5 major sources of the disruptive macro change that are typically outside a leader's control were government, economy, technology, geopolitics and education. Similarly, respondents identified the top 10 external events and trends (strategic risks) that potentially bring significant impact on HEIs strategic position in the next five years, and these are digital infrastructure, R & D & C & I ecosystem and funding, emerging research fields, digital skills, federal, state and local laws, regulations & policies, national policy and governance on technology, high-tech expertise, new educational model (including free online education), new work culture and technological changes. Furthermore, the result showed that nine elements from Top 10 External Events and Trends (Strategic Risks) in Survey on Strategic Risks Affecting HEIs in Q1 2021 matched with eleven elements included in External Event and Trends (O & T of the Strategic SWOT). Other external event includes Federal, State and Local Laws, Regulations and Policies. The seven basic steps recommended by Slywotzky and Drzik (2005) and Helen (2020) are narrowed into four integrated steps comprising risk identification, risk analysis, risk assessment and taking appropriate corrective actions. SRMP is incorporated into the strategic planning process resulting in the Strategy and SRMP Evaluation Framework.

Findings

The findings reveal that prior to and during the wake of the pandemic there are seven basic steps required in developing an SRMP. The pandemic taught us a very invaluable lesson to be agile and vigilant when operating in VUCA environments. As a result of the pandemic, the seven basic steps are then further clustered under four broad categories of risk identification, risk analysis, risk assessment and taking appropriate corrective actions. SRMP is introduced during the risk assessment stage. A rigorous analysis of strategic factors related to the basis of strategies is a very integral part of managing strategic risks.

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Author's Biography



Dr. Helen Tan @ DrHT, is a Director of Strategy Management at the Strategy and Corporate Affairs, Office of the Vice-Chancellor and lectures strategy at AHIBS UTM. She holds a PhD in Management, MBA (Strategic Management) and an LLB (Hons). Passionate about strategy, she invented the Strategic SWOT Origami, unveiled during her TEDxUTM talk in 2020; and developed the Strategic Risk Mitigation Plan (SRMP) during the Covid-19 crisis which earned a research grant. Accepted to the ExecProgram in Leading with Big Data Analytics in NUS (Singapore) in 2020. Welcomes discussion on wide ranging strategic issues.



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