

Risk Management, That Increased its Significance as a Result of Globalization, and its Applicability to Educational Organizations

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Abstract: Globalization with its changes poses very different and dangerous threads to organizations. Therefore, it has become important in recent times that administrators should sense and determine and ultimately manage potential risks brought by globalization. In this study, the topics of the significance of risk management for organizations in increased competition conditions resulting from globalization and its applicability to educational organizations are discussed.

Key words: Globalization • Risk management • Educational organizations

INTRODUCTION

Globalization leads to very fast changing process throughout the world as a result of its interaction with changes in science and technology. Therefore, it may be argued that changes witnessed throughout the world necessities the changes in the structure and processes of new organizations and that globalization directly influences administrative sciences as well as it leads to new trends. Therefore, in order to survive in a condition where an intense competition exists among organizations, administrators should practice new management assumptions and such practices have been common [1, 2].

Competition increased as a result of globalization affects organizations through its condition of ambiguity and chaos. Therefore, the concepts of risk, ambiguity and insecurity have become frequently used ones in recent times [3]. In the similar vein, one of the most distinguished scientific journals *New Scientist* published a study indicating that risk has become one of the most important topics [4].

Sociologist Beck (1992) states that globalization and modern society produce totally new and very dangerous risks. Furthermore, "living in a globalised age refers to struggle with various risk situations". Risk, in this sense, is one of the basic features of globalization and it cannot be separated from the ideas of probability and ambiguity [5].

However, if we regard organizations as living organisms, it is quite evident that organizations like

individuals are in the need of security, limits and clearness and therefore, for organizations, ambiguity, rulelessness, contradictions are disturbing.

Thus, both individuals and organizations try to make everything clear. It follows that risk and risk management are very critical for organizations and that administrators should sense and determine and ultimately manage potential risks brought by globalization. Otherwise, they cannot be aware of the opportunities that may have negative effects on achieving innovations.

In this study, the topics of the significance of risk management for organizations in increased competition conditions resulting from globalization and its applicability to educational organizations are discussed.

Risk: Risk is a fact that all organizations come across and that gains importance in organizational life. This significance can be approached from two points. Firstly, organizational management is basically decision processes [6] and all decisions taken by organizations may include some risks. The other one is related to the fact that living social systems have their own organizing characteristics. For Schwarz (1994), organizations as living social systems should organize and restore themselves in order to survive. In this process organizations pass through several stages of entropical dragging, crisis, randomness, risk, metamorphism, and stabilization [7]. As stated above, organizations faces several risks due to possible changes in themselves and in their

environment and those manages these risks successfully can survive restoring themselves.

The concept of risk has been defined as the probability of occurrence of events that prevent organizations from achieving their objectives or as a condition in which loss may exist or as an ambiguous result of any event in the previous studies [8-10]. Therefore, risk is related to ambiguity and in parallel with it. More ambiguity leads to more risk [11].

RISK MANAGEMENT AND ITS SIGNIFICANCE FOR ORGANIZATIONS

Risk management has been defined as an application of management concept to a special field or as a scientific approach on how to handle the risk that are current or potential. Risk management developed from insurance management refers to identification of risks in any situation, description of options to handle risks and controlling the process through implementation of option or options that is/are well-suited to the related situation [10, 12].

Risk management is not reducing, avoiding risks or preserving the current arrangements and system. Philosophy of risk management is to gain the highest-level outcome managing the risk and employing the capital minimum [13]. Thus, as Stenberg proposes in his theory of achievement intelligence, organizations with successful risk management can venture all failure and assume risk like individuals with achievement intelligence [14] and can learn from a risky situation.

Risk and its management varies from one organization to another. It also differs based on organizational environment as well as subjective perception of individuals faces risks. It entails that risks faced by organizations and risk management strategies adopted may vary depending on characteristics of administrators, organizations and environment and on support given by top managerial level [15-18].

Contribution of risk management to organizations can be exemplified as follows [19-21]: organizations' survive by offering opportunities to achieve objectives, helping organizations self-improvement and future opportunities, vision development by organizations, human resources protection, decrease in capital cost and increase in income, more economical development by encouraging competition power of organization.

APPLICABILITY OF RISK MANAGEMENT TO EDUCATIONAL ORGANIZATIONS

Since the concepts of risk and risk management are commonly used in the fields related to profit-driven organizations such as financial institutions, plants, these concepts have become integrated into economy. However, educational institutions can also come across risks and risk management has also been adopted in such organizations successfully [12].

First of all risk is very critical input for educational organizations. Because all educational practices bear certain level of risk. Therefore, it is important for educational administrators to analyze risk in a correct way and to manage it in successful manner. Risk management in educational organizations refers to handle efficiently and reasonably the risks that occur as a result of teaching and learning activities rather than avoiding risks [22].

Risk management is critical for educational organizations in terms of two points. Firstly, educational institutions are established through decision-making processes and come across several problems during their life. Since decisions taken within the educational organizations may be either correct or incorrect, educational administrators assume the risks that can occur if the approved decision is incorrect. In other words, educational administrators may always come across risks. Secondly, the basic element in educational institutions is human beings and cost of educational activities is high.

If educational administrators manage the risks efficiently, human resources in the organization will be in secure position and limited sources can be used efficiently. Otherwise, administrators may face many negative interpersonal cases and limited sources such as money, equipment are totally consumed [23, 24].

Deeb [25] suggests that if school regions learn to manage risks better they are able to allocate more financial sources to both classrooms and students. However, higher education institutions that cannot effectively manage the risks come across many legal problems and resulting higher levels of cost [26, 27]. All suits, increased health-care insurance cost pose threats to financial resources of educational institutions [28].

Educational institutions appear to have potential risks at structural dimensions and process dimensions [22]. Therefore, the effective risk management towards both structural and process dimensions is required.

Structural dimensions of educational institutions are such educational environments as classrooms, workshops, art rooms, sports area, laboratory and library. Process dimension of educational organizations are such services as socio-cultural activities, transportation, nutrition, and also technology, human resources, scientific activities [29, 30].

Sample risks faced that educational institutions are as follows: earthquake, storm, water flooding, fire, hazardous waste, burglary, accidents, injuries, illness, poisoning, death, loss of equipment, damages to equipment, waste of time, improper employment, terrorist activities, sexual crimes, misuse of internet, illegal activities, etc. [31-34].

Studies show that risk and risk management can be adopted in educational activities. Jenkins [35] identifies the common risks in educational institutions and concludes that the most commonly used risk management strategy is insurance. Maya [36] studies the risks experienced by technical school administrators in regard to revolving funds in the schools as well as the risk management methods employed. Several other studies suggest that risk management can also be adopted in higher education institutions [34, 37-40].

CONCLUSIONS

It is safe to argue that in an environment of ambiguity and risk resulted from globalization with increased competition all types of organizations including educational institutions should adopt a risk management approach and implement it to survive. In fact, studies indicate that risk management can be adopted in educational organizations successfully.

Based on the reasons stated above, educational administrators should regard risks that they come across as an opportunity to learn and if necessary, assume risk. With this positive approach, they make use of risks for themselves' and for their organizations' benefit.

In order to achieve it, educational administrators should be trained by those have experience on risks and risk management and aware of successful risk management methods.

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