Risk Management of Universities in the Age of Digital Disruption

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Abstract

The initial stages of risk management in universities focus on policy/strategic risk, operational risk, financial risk, and compliance risk. Subsequently, additional focus was put on external risks namely competitive risk, supplier risk, economic/political risk, and regulatory risk. These risks can be managed through 4 basic techniques or 4Ts which are accepting risks (take), reducing or controlling risks (treat), transferring risks (transfer), and avoiding risks (terminate) according to the direction and capacity of each organization. Nevertheless, when universities move into the age of disruption, they will face new risks. These include risks of uncertainty, risks that are hazards, or risks that can turn into opportunities. Hence, universities must respond to risks evolving from situations of volatility, uncertainty, complexity, and ambiguity, or VUCA, to equip themselves to become universities of the future. Management of these new risks requires universities to eliminate uncertainties by creating clarity and employing CLEAR (C: communication, L: limit of detection, E: effective operational, A: awareness, R: readiness), and create opportunities for themselves with SELF (S: skill gap management, E: empathy learning, L: lifelong learning, F: failure learning), and to gain competitive advantages by ACT (A: adherence to rules & academic staff, C: confidence & collaboration, T: target market & time management). Therefore, universities will adapt and manage the current unseen and future risks. As well as navigate away from risks as disruptors, rather than as victims of change and disruption, to grow sustainably amidst the trend of digital disruption.

Keywords: Risks of Universities, Digital Disruption, Risk, CLEAR for Risk Management

1. Risks of Universities in the Past

In the past, universities adopted risk management theories from the commercial sector (HEFCE, 2005) such as risk factors comprising opportunity or possibility/likelihood, and impact (Ayyup, 2003). Risk management activities consisted of risk assessment, risk analysis, risk abatement (Blanchard, 2004), impact and probability analysis of potential risks within different parts of the organization (Ernst & Young, 2008), an internationally recognized standard for risk management framework (COSO: Committee of Sponsoring Organizations of Treadway Commission, 2013) consisting 8 components: Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, and Information & Communication Monitoring.

The adoption of risk management theories of universities is therefore similar to the risk management programs in the commercial sector which involve risk factor detection and the implementation of risk management as follows.

Risk Factors

Risk factors in the commercial and industrial sectors occur from both external and internal factors (Lam, 2003; Stevens, 2005). Regarding the risk factors in the initial stages, universities gave importance to both internal and external factors consisting of policy/strategic risk, operational risk, financial risk, and compliance risk as follows:

1. Policy/strategic risks are associated with the vision, policies, plan, mission, and strategies that universities use in their operations. Policy/strategic risks may arise from erroneous decisions, incorrect implementation, or applying inappropriate strategies to environments that have already changed.

2. Operational risks are related to the universities' performance according to their mission of achieving quality, efficiency, and effectiveness in the areas of teaching and learning, research, academic services, the preservation of culture, as well as administration, for example, personnel management. Operational risks may arise from the operational systems within the organization, work processes, technologies and IT equipment in use, human resource development, sufficient information for decision making, all of which influence the quality of learning management, learning outcomes, and educational quality assurance.

3. Financial risks are associated with financial inadequacy or insufficient cash flow, financial management, budget management, and asset and inventory management. Financial risks may arise from inefficient management, a misalignment between management and operational procedures, and mismanagement.

4. Compliance risks are related to the internal quality assurance discipline, internal control, and the operations according to the specified requirements, measures, criteria, and regulations of the authorities. Compliance risks may arise from outdatedness, ambiguity, and redundancy.

In later stages, universities gave more importance to external risk factors (Sum & Saas, 2017; Anusapa, 2019) such as factors from competitive risk, supplier risk, economic/political risk, and regulatory risk as follows:

1. Competitive risks are associated with competing organizations in the areas of 1) cost leadership, that is having lower production costs and is able to offer lower prices for products

and services. 2) Differentiation, that is offering products or services that are unique, of value, efficient or most beneficial which will make the product/service stand out among the same group of products/services in the same market. 3) Market focus, concentration on a target market, or responding to a niche market, enables the design of products/services to best meet the needs of customers, hence gaining customer loyalty to the product/service. This type of risk is caused by competitors who would want to create better products, gain higher positions in the market, or respond to customers with better value, thus gaining a larger market share. Examples of competitive risks seen in universities are the competition to offer specialized programs, the competition on the quality of graduates, etc.

2. Supplier risks are associated with suppliers of goods and services, business operations, the environment and society which affect the delivery of goods and services to the organization. Supplier risks may arise from the lack of the organization's supplier risk assessment or the supplier's sustainability self-assessment. Examples of supplier risks seen in universities are the delivery of simulation equipment, the development of simulation programs, and the development of learning management platforms, etc.

3. Economic/political risks are associated with the political environment, political situations, political activities, and political volatility that affect the economy. Examples of these risks are demonstrations, product boycotts or violent protests. As well as economic interventionism or economic control which interrupt business operations such as revision of business laws, transfer of ownership of infrastructure, or devaluation of currencies, all of which would negatively impact the GDP per capita or income distribution. This creates risks for universities in terms of interruption of activities, decline in student enrollment, and rise in tuition debts.

4. Regulatory risks are related to noncompliance with regulations, which could be caused by several factors such as 1) unintentional mistakes, 2) dishonest personnel, 3) faulty process or workflow, 4) planning and implementation are not in accordance with the guidelines of regulatory bodies, 5) staff's interpretation of the law, regulations and decrees, 6) miscommunication on the set regulations, 7) misinterpretation, 8) inadequate communication of regulatory information to all departments, and 9) dissemination of incorrect regulatory information. Examples of regulatory risks seen in universities are lawsuits brought by students and parents due to misadministration or the misconduct and corruption of university personnel or faculty members.

It can be said that, in the past, universities faced both internal and external risks namely policy/strategic risk, operational risk, financial risk, compliance risk, competitive risk, supplier risk, economic/political risk, and regulatory risk.

Risk Responses

Risk management in the past utilized 4 basic techniques or 4Ts (Orange Book, 2004; Chapman, 2006) which are risk acceptance/taking risk, risk reduction/treating risk, risk sharing/transferring risk, and risk avoidance/terminating risk, according to the context and capacity of each organization. Universities use these techniques as well in the following manner:

1. Risk acceptance/taking risk is managing risks by accepting the risks resulting from the implementation of the project or activities. That is, to accept the potential damages after

having assessed that there is no appropriate way to reduce the likelihood of risks or to mitigate the risks. Accepting risks can also mean that the cost of managing risks was determined to be too high and damages from risks were considered acceptable. However, risk acceptance/taking risk does not mean that no action will be taken, but acceptance is made under various measures to manage and limit the impending damages with close control, follow up, and evaluation of the programs/activities.

2. Risk reduction/treating risk is managing risks by reducing the steps to change, improve, or develop activities, by changing work systems, or redesigning the workflow of the project or the activities that carry the risk. This is to reduce the likelihood of potential severe impact or damage, and to control the risk likelihood and impact to be within an acceptable level for the university.

3. Risk sharing/transferring risk is managing risks by transferring the responsibilities of dealing with the risks of the project or activities to third parties or designated organizations, especially those with the expertise, experience, and skilled personnel for managing risks on behalf of the university. Thus, both the university and the third parties will gain benefits from the transfer.

4. Risk avoidance/terminating risk is managing risks by rejecting or avoiding potential risk occurrences by terminating, canceling, or changing the project or activity that poses the risks. For example, a university terminates the risks from offering a program that is not cost-effective or profitable (income and non-income) from which the resulting loss will not be acceptable. Thus, the university will either terminate the program or create a new one by combining a selection of programs.

So, in the past, risk responses have shown that most of them were focused on risk reduction/treating risk, followed by risk sharing/transferring risk and risk avoidance/terminating risk. With regards to risk acceptance/taking risk, it was found that universities have used less of this technique. However, risk responses and risk management of universities are carried out through their risk management planning which varies depending on the context and the competence and potential of the staff of each institution.

2. Universities in the Age of Disruption

The current rapidly changing and advancing digital technology has propagated volatility, uncertainty, complexity, and ambiguity, or VUCA. This phenomenon not only disrupts the economy, society, and peoples' livelihood, but it also unavoidably disrupts learning management in higher education institutions. This creates a crisis for the future directions and survival of universities.

Crisis of Universities

The survival crisis of universities is a global occurrence. The following are some key indications that surfaced over the years:

1. Fewer number of program offerings. Many programs, especially traditional ones have gradually disappeared because of the lack of interest or the disappearing number of enrolled students. It was also found that many universities began to offer new replacement courses. However, in general, universities have reduced the number of programs they teach.

2. Declining number of university students. The number of students in universities started to decline partly due to the changing population structure of the world. The continuous decline in birth rates resulted in a smaller number of high school graduates. Another factor is the disappearance of high school graduates from the education system, they do not pursue higher education in universities but opt to enter the professions of their dreams or to self-acquire the knowledge widely accessible anytime and anywhere, made possible by digital disruption, to start their own careers.

3. Global trend of university shutdown. Universities around the world are constantly shutting down. This is partly because the higher education system produced graduates with the knowledge, skills, competencies, and expertise, excessive to the actual requirements for their future successes. On the other hand, students can instantly find the necessary knowledge to build their successful careers anywhere on the internet. As a result, fewer people are interested in attending universities which leads to university shutdowns.

4. New higher education regulations. New regulations were promulgated, for example, the revocation of the period of completion for all degrees (non-graduation/no retiring) in response to learners; demand for change. Students desire only to study what is absolutely necessary, acquire the required practicum experience, and then ask for graduation. This type of learning can be done anywhere which means students no longer need to be in physical classrooms on campus. This causes universities to lose tuition income to support the administration, which ultimately leads to their shutting down.

These occurrences have forced universities to completely rethink their understanding of the new normal in their institutions, starting from the admissions process to the integration of learning management to prepare graduates for new careers that do not exist today. Universities must also review their programs for knowledge and skills that do not seem necessary or useful today, but might be essential, beneficial, and coincide with the needs of the world in the future.

That is, the traditional nature of universities that teach on campus, with physical areas for activities, buildings, learning facilities such as classrooms and laboratories, and faculty members who teach in front of classes, will no longer be able to survive. Rather, universities must decide on how to administrate themselves; to choose whether to “be the disruptor or be disrupted”.

Universities of the Future

In the future, universities will certainly continue to be an important academic source of the world. They must continue to exist, but the nature and format of their higher education administration framework must be adaptable to the technological disruption that rapidly and continuously changes over time.

Possible new models for universities of the future include:

1. Professional and specialist universities with faculties like medicine or nursing science that prepare graduates for the high demands of these professions. These universities might be able to organize learning in almost the same way as traditional universities. However, they may need to incorporate technologies such as AI into their learning management and utilize various applications for students to practice and gain experience.

2. Universities of social sciences, universities of life sciences, or universities of spirituality. These universities act as a social institution that reflects the social truth, or creates truth in society, or a space for people to discover themselves in faith, or an institution for the development of religious morals and intelligence. These are the universities that create and develop people's thoughts and spirit with focus on learning to live instead of learning to do, or learning to be, and on learning to contribute to society by being a good global citizen. An example is a university for the elderly.

3. Universities of area-based community development or community universities. These universities act as an institution for developing the potential of communities, community organizations, and community personnel. These institutions are the source of knowledge, the collector of knowledge, and the transferor of the body of knowledge and technologies, all for developing the strength of the community, developing economies, and improving the quality of life for people in the community. The policies of these universities are administered by the community and society to drive their sustainable development.

4. Experimental universities that provide teaching and learning in the form of work-based learning (WBL) or work-integrated learning (WIL) for studies such as engineering, architecture, communication arts, business, and tourism. Students learn through hands-on training at their place of internship, different companies, or from operating their own businesses. This includes project-based learning and problem-based learning that no longer focus on learning or training on campus, but instead on building learners' experiences. Students are considered graduates when they attain the universities' experience requirements, whether the experiences are a re-skill, up-skill, new skill, or next skill.

5. Universities within the industry or businesses or partnership universities. These universities provide teaching and learning in partnership with industries or business organizations. This requires the universities to cooperate with the industrial or business sector to design the learning framework for preparing graduates with a specific set of skills that can be applied to work. These sets of skills must be the current or emerging new skills that are required by the partner industries or businesses in the future. In general, the learning will take place at partner industries or business organizations with whom the universities will set the learning policies and drive sustainable growth of the partner entities.

6. Universities that generate income from advanced research or innovation universities or entrepreneurial universities. These universities earn income from the traditional instruction model, but also earn from operating according to their capacity and potential. They are entrepreneurial institutions that apply a wide range of business models to earn income from their research and development potential. They focus on producing commercial research and innovations, and then register copyrights and patents for their work. Therefore, they earn income from trading research, innovations, copyrights, and patents.

7. Universities that teach and organize learning in the digital world, from digital media, or Subscription University. These universities instruct on the platform for lifelong learning which employs an "everyone can learn" model. Classes are conducted full time with digital technologies, thus there is no longer a need to learn in physical classrooms on campus. These institutions no longer need to organize learning or prepare learning facilities on site since classrooms are online. Students can access knowledge using virtual technologies on the internet

anywhere, anytime at their convenience and the duration of which has no limits. This model can be developed further to allow students to design self-learning curriculum or courses.

8. Universities that are the center of higher education resource networks, resource-free universities, or sharing universities. This type of university is considered the most extreme among all possible kinds of universities because it conducts learning management through shared resources, activities, and back-office services. Students can choose everything as they wish, for example, to study with the best professor in the world, or do practicum at the world's best organization. They can choose the curriculum they want to learn and the activities they want to do, or to do activities in a country of their choice. These universities can use their higher education network to provide students with customizations like private or group classes. This model is similar to various current business models such as in aviation, where an airline carrier which has no resources or flight personnel, can provide international and chartered flight services.

These types of universities may be the ones that have never been seen before and unlike the universities of today. The risks of these universities of the future are therefore entirely different from what is known today. Hence, universities must manage risks of the future with different sets of methods and techniques.

3. Risks of Universities in the Age of Disruption

Now that universities have found themselves in the age of disruption, their risks will evolve. More so, these risks cannot be clearly categorized and their probability of occurrence along with the scale of their impacts cannot be predicted. As these may be uncertainty risks, obstacle risks, or hazard risks, or even opportunity risks for universities to grow. Since risks have evolved, universities' view of risk management needs to change.

The Evolved Risk Factors of Universities

The evolved risk factors could be broadly categorized as follows:

1. Uncertainty risks. Every organization in the age of disruption is subjected to uncertainty risks. These risks arise from unpredictable situations or inaccurate forecasting of events. Its impact prevents universities from achieving expected results or reaching their goals.

The uncertainty risk factor in the past were, for example, the uncertainty of the rapidly changing technological environments that impacted universities' business models, or the uncertainty from the eruption of new diseases like COVID-19 that forced universities to change the mode of instruction from onsite to online, to bear the additional costs from operating laboratories for specialized courses under social distancing measures, or to lose income from lower student enrollment across all programs.

Examples of the uncertainty risk factor are uncertainties that may occur in the future such as the uncertainty of the student admissions process, the uncertainty in designing curricula that respond to the demands of the future world, the uncertainty from new careers that do not yet exist, or the uncertainty of graduates to apply their existing skills. As well as the uncertainty regarding the demands for equipment or appliances, the uncertainty of business continuity management, the uncertainty of new kinds of natural disasters, the uncertainty of incorporating educational management models for the new generation to discover and develop their own identities, or the uncertainty of limitless dimensions of teaching and learning.

2. Hazard risks. Hazard risks occur from undesirable situations that harm universities or cause difficulties for universities to operate normally, or risks that create danger for students, administrators, staff, and the institution.

The hazard risks in the past were, for example, the obstacles or harm from the government's changes in higher education policies that affect the universities' competitive potentials for graduate production, the obstacles or harm from events that negatively affect the trustworthiness of universities such as external quality assurance scores that do not meet the standard or the results of the university's curriculum quality assessment did not pass the criteria of the professional council, which affect both the trust and confidence on the university. As well as the harm from disasters on campus that affect the lives, health, and possessions of students, staff, and those involved, leading to the loss of trust on university services.

Examples of hazard risks that may surface in the future are the obstacles or harm from quality assurance by international agencies, or the obstacles or harm from implementing inadequate safeguarding solutions against cyber threats.

3. Opportunity risks. Opportunity risks occur from the universities' failure to turn potential crises or challenges on their operations into advantages. These risks lead to the loss of opportunities for universities to develop, compete, or grow. This means universities must take risks to use the potential crises or challenges to add value, increase production, or create benefits for themselves.

Opportunity risks that became opportunities in the past were the opportunity to cooperate with business organizations to develop curriculum for the immediate employment of graduates (cooperative and work integrated education: CWIE), the opportunity to develop a CWIE platform or university-workplace engagement (manpower demand driven education platform for employability and career development through cooperative and work integrated education), and development opportunities under the UIGC partnership (university-industry-community- government).

Examples of opportunity risks that may occur in the future are the opportunity to establish a university in partnership with enterprises or business organizations to produce and develop personnel for a particular organization, the opportunity to establish a university that uses language interpreter headsets for the admissions of students of all nationalities without the limitation of language barrier, the opportunity to establish an elderly university for good quality of life and healthcare, and the opportunity to re-brand the university as an entrepreneurial university that earns income from researches, patents, and innovations.

The Perspective of Risk Management of Universities Must Change

The evolution of risks also changes their definitions. The first priority for universities is to adjust their understanding of risks by changing their perspective on university risk management.

The perspective on risks in the past viewed that risks are bad. When risks arise, they must either eliminate or reduce the risks regardless of the cost. This perspective was based on the idea that not having any risks is the most cost effective and safest option. However, universities will have problems should they neglect, mismanage, misinterpret, or fail to detect these new risks.

Conversely, by changing the perspective to look at risks as potential occurrences, an organization will be able to forecast potential risks and their impacts thoroughly and accurately. The organization can use those risks to add value for itself instead of only taking actions to protect itself or preserve its worth as done in the past. This means organizations, instead of accepting or avoiding risks, must use risks to improve and raise the responsibilities of people in the organization/business. Furthermore, organizations must use risks to drive the development of work processes to reduce performance uncertainties instead of finding ways to reduce risks. Since the possibilities of risk occurrence would nevertheless still exist, an organization that cannot thoroughly and accurately forecast potential risks and their impacts is an organization that has an erroneous risk management. So, in this new perspective, if risks were not managed properly, go undetected, or discovered late, they will negatively impact the organization and the organization will eventually incur losses.

So, when the perspective of universities on risk management is changed, their risk responses must also be changed. This means not to respond to risks by subjecting themselves to accept the risks, to take actions to eliminate or minimize risks, or to transfer risks to someone else. Instead, the response should be to courageously face risks and adjust the organizational culture to a culture of not being afraid to take risks. Taking risks, in this regard, is using the results from the multi-dimensional forecast of potential risks to determine the most beneficial options for the organization. Also, not being afraid to take risks also means that the organization must, without any hesitation, be ready to either face the losses or to enjoy the prosperity of the aftermath. Taking risks without finding the necessary information or not having adequately prepared the responses will lead to a high likelihood of major losses. On the other hand, responding to risks after having thoroughly researched them and dealing with them with the appropriate and well-prepared responses will most likely bring prosperity to the organization.

4. Possible Risk Responses in the Age of Disruption

Responding to risks in the age of disruption is the management of the capabilities to forecast potential occurrences of risks and their impacts thoroughly and accurately, hence risk responses must also change. This depends on the potential of each organization to drive the creation of the culture of people not being afraid to take risks together, or to create the culture of a risk-taking organization that evaluates options for turning risks into benefits for itself.

The universities' risk responses in the age of disruption are broadly categorized below:

1. Limiting the Uncertainty

This manner of risk response is based on the belief that the current model of implementing the universities' mission is not aligned with the approaching future world. Universities, therefore, respond to risks by searching for the aspects of their mission that do not align with the future world. It can be said that uncertainty surfaces from misaligned aspects, thus a study must be done to determine what events could occur for that particular aspect of the mission, and how they will impact students, lecturers, or the university. Then, universities must prepare to manage these events and their impacts to limit the uncontrollable uncertainty.

Limiting uncertainty must be done under the following important conditions – CLEAR.

1.1 Communication: C is about communicating the uncertainties that will arise from the mission, for everyone's acknowledgement and to communicate with transparency

about the associated risks. The transparency of risk is the heart of communications for minimizing uncontrollable uncertainty.

1.2 Limit of detection: L is the regular and consistent, organization-wide, unrestricted monitoring or tracking of performances and future changes, to effectively detect signs of events and indicate the direction of change.

1.3 Effective operational: E is the setup of systems and mechanisms for managing potential uncertainty, or the creation of operational and overseeing systems to track and manage uncertainty. These systems allow universities to prepare to deal with different situations and build capabilities for the institutions to accept predicted risks, or to immediately deal with actual events that occur.

1.4 Awareness: A is to be aware after the system has detected signals or signs of events. The key is the time it takes to be aware and the speed of responses. The responses must be quick, timely, and must follow the procedures of the set systems.

1.5 Readiness: R is the readiness to calmly deal with situations when they occur as expected, or to adapt and change the prepared systems and mechanisms when situations do not go as expected.

Limiting uncertainty is a risk response that prioritizes the monitoring or tracking of the performance according to the missions of universities that are not aligned with future changes. It also involves transparency of communication on detected risks, the understanding of the need to prepare, the attention given to preparation, and the capability to accept forecasted risks or to take advantage of actual events that occur.

Using CLEAR to limit uncertainty as a response to the uncertainty risk factor. Making the uncertainty as clear as possible is the way to respond to what may or may not happen.

2. Creating Opportunities

This risk response is based on the belief that in every crisis, there will always be challenges, and in every challenge, there will always be opportunities. This response looks for ways to step out or overcome the crisis or challenge at hand, or how to navigate away from the challenge's blind spots. The response should not be to submit or to surrender to the crisis/challenge, but universities must create opportunities from such potential situations or to find ways to take advantage of them.

Creating opportunities must be done under the following important conditions - SELF.

2.1 Skill gap management: S is to bridge skill gaps by learning new ones. The key to learning new skills is to detach, abandon, or erase what has been learnt or unlearn old skills. Although the experiences one has accumulated are considered good lessons, one must first open up and detach oneself from the already learnt beliefs, principles, procedures, or problem-solving theories, and then search for or open up to different approaches, processes, or skills. This is because we are not trying to overcome the same types of problems or crises that we have seen before, but we are about to be challenged by things that will happen in the future, hence we must create opportunities by using new approaches that are compatible with the future, and to bridge skill gaps with learning and managing new ones.

2.2 Empathy learning: E is to learn how to deeply understand others. It is to learn new thought processes of how to overcome problems from competitors or partners. It is

also to learn how others view risks, how they create different choices, how they respond to risks, and their successes and failures in responding to risks. It is important to note that learning quickly and successfully does not have to start from a clean slate, but learning from those with deep experiences will allow us to see the failure gaps. So, the way to completely fill these gaps is to see novel approaches and to use innovative ideas to solve new problems, to understand others deeply, and to constantly create opportunities through trial and error.

2.3 Lifelong learning: L is perpetual learning. It is to constantly relearn, to learn new things from different perspectives or to learn things that are already known from new perspectives, or to find value from existing knowledge in a new perspective. The key is to learn innovative approaches to solve new problems. Looking at things from a continuously changing perspective will lead to the development of new knowledge and skills that arise from new perspectives. That is, we can always create new opportunities by using new knowledge and skills.

2.4 Failure learning: F is to learn from our own failures and to create a growth mindset. It is finding out if there were any other things that we did not expect that were used to solve problems, i.e., think the unthinkable. We can develop the 'think the unthinkable' mindset by asking "what if" or thinking outside the box in order to create new challenges. So, whatever that is unthinkable to us or to whomever, can miraculously create opportunities for us.

Responding to risks based on this belief must not focus only on finding opportunities or looking for ways to set strategies based on opportunities. Although opportunities and the strategies set from risks are important, it is equally important for universities to create or find new opportunities for themselves.

The risk response of universities with SELF is to create opportunities for themselves and respond to opportunity risk when something critical or challenges are about to happen. If universities do not take advantage of the potential crises or challenges, they will lose the opportunities for development or the opportunities for growth. Thus, they must create opportunities with their own design, make themselves unique and set themselves apart from others as much as possible. That is, to respond to probable situations by turning crises into opportunities.

3. Creating Competitive Advantage

This risk response of universities is based on the belief that the era of 'big fish eating the small fish' is over today, but instead it is an era where 'the fast fish eats the slow fish', or the speed of action is the most important thing. This kind of response is to look for possible obstacles or harm to the organization and when they happen, what could be done to make the university get back on its feet, how to make the university recover quickly, or how to develop resilience. The key is to take prompt actions, take swift actions to do things that have not been done before, or to rapidly respond to unexpected risks. So, prompt actions on risks will give the organization a competitive advantage over competitors.

Creating competitive advantage must be done under the following important conditions - ACT.

3.1 Adherence to rules & academic staff: A is to not adhere to old rules, to detach from their existing mission and rules of higher education production, together with

developing academic staff to reach their full potential and benefit from their specialization regardless of their subject expertise - to "unleash our staff's potential". This is to create new and different options for the administration of higher education, or to produce new and completely different academic products that must respond to the needs of future models of universities. The important thing that must be adhered to is that there are many who can think faster than others, but the ones with an advantage over others are those who are the first to act. So, universities must quickly think beyond the old rules and act promptly to create a competitive advantage for themselves.

3.2 Confidence & collaboration: C is for universities to use their confidence in their capabilities, confidently but carefully, to collaborate with their networks, especially international networks, to create completely different alternatives for higher education administration or to create new academic products or services in higher education administration, particularly substitute products or services that replace products that still adhere to old higher education rules or missions. These new products or services must also respond to the needs of future models of universities. The important thing that must be adhered to is that universities must have collaborators or partners with different strengths. This way, both parties can combine their strengths to eliminate weaknesses, which must be done quickly in order to gain competitive advantage.

3.3 Target market & time management: T is for universities to determine their target market, especially the niche market. This is to acquire a deeper understanding of the unique needs of the target market, and to give great importance to, better and deeper than other competitors in the field of higher education administration. This understanding should be combined with a higher education administration that is not fixed on time, place, and learning styles, to create new alternatives for higher education administration, or to create new academic products and services to satisfy the specific needs of the new niche. The important thing that must be adhered to is that "specific and unique needs always come with higher buying power". So, universities must act promptly to gain a competitive advantage in the market.

Responding to risks by creating competitive advantage with ACT is a response to the hazard risk factor which may create harmful situations, damages, or obstacles to the universities' normal operations. Therefore, universities must take prompt actions to quickly gain competitive advantage. This action will respond to potential risk occurrence by eliminating potential harm. But when harm or obstacles occur unexpectedly, the university can have a timely recovery.

Responding to risks in the age of disruption is now different than before. The new responses are limiting uncertainties, creating opportunities for one's own organization, and creating competitive advantage, depending on how each university uses its potential to drive risk responses. It is important to unleash the organization's potential by using its hidden potential to evaluate options for handling risks. This will keep universities safe and allow them to continue to thrive in the age of disruption.

Epilogue

When digital disruption rapidly and dramatically impacts all sectors, universities, as a part of society, also cannot avoid these impacts. A major impact on universities is that their existence will be different than before. Universities' risks have become more difficult to predict

because they have evolved. Hence, the risk management of universities for each risk factor must also change. Universities must adopt risk response techniques according to situations of volatility, uncertainty, complexity, and ambiguity, or VUCA, to support them in becoming universities of the future. For the uncertainty risk factor, universities must respond with the technique of limiting uncertainty by creating clarity or CLEAR (C: communication, L: limit of detection, E: effective operational, A: awareness, R: readiness). For the hazard risk factor, universities must respond with the technique of creating opportunity or SELF (S: skill gap management, E: empathy learning, L: lifelong learning, F: failure learning). For the opportunity risk factor, universities must respond with the technique of promptly acting to create competitive advantage or ACT (A: adherence to rules & academic staff, C: confidence & collaboration, T: target market & time management).

For universities to adapt to risks that are not yet seen today, they must adjust their perspectives on risks, and shift their organizational culture into a risk-taking organization. That is, to become organizations that courageously face potential future risks, and are bravely ready to either face losses or enjoy prosperity. Thus, if universities limit losses by finding all necessary information and properly responding to risks, they will increase their chances of prosperity. Most importantly, universities must have confidence in and use the hidden potential of everyone in their organizations to step away from risks as disruptors, not the disrupted, thus, fostering their sustainable growth in the age of digital disruption.

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