

EXECUTIVE PERSPECTIVES ON TOP RISKS

for the Near- and Long-Term

Regulatory changes, cybersecurity, talent retention among top risks for higher education institutions

Boards and senior executive teams face a complex web of uncertainties in higher education. These may generate opportunities for strategic advantage or risks that lead to unexpected disruption and performance shortfalls. An ability to anticipate and manage risks that may be on the horizon before they become imminent can help leaders navigate unfolding developments – particularly those that are out of their control – that may impact their organisation's value and growth objectives.

Our 13th annual **Executive Perspectives on Top Risks Survey** contains insights from 1,215 board members and executives around the world regarding their views on the top risks they see on the near- and long-term horizon. Specifically, our global respondent group provided their perspectives about the potential impact over the near-term (two to three years ahead) and long-term (over the next decade) of 32 risk issues across these three dimensions:

- **Macroeconomic risks** likely to affect their organisation's growth opportunities
- **Strategic risks** the organisation faces that may affect the validity of its strategy for pursuing growth opportunities
- **Operational risks** that might affect key operations of the organisation in executing its strategy

The higher education sector is contending with significant challenges. Rapid regulatory changes and declining enrolments due to demographic shifts and competition are creating uncertainty. The need for technological integration, increased governmental scrutiny on institutional practices, and financial instability due to tuition discounting are further complicating the landscape. Additionally, frequent leadership changes and rising student mental health concerns are posing operational and resource challenges.

Short-term risk outlook: regulatory changes, cyber, talent

Regulatory changes

Regulatory changes are being driven by shifts in federal oversight and funding priorities, particularly with the transition of power in Washington. Many uncertainties stem from declining enrolments, policy changes, and the need to adapt to technological advances and societal expectations.

Institutions face even more scrutiny due to increased attention from government bodies on higher education practices and policies, with issues ranging from public safety to Title IX compliance. This heightened scrutiny is also linked to vulnerabilities such as potential reclassification of student athletes as employees, increasing student mental health concerns, and high turnover among faculty and staff.

Heightened regulatory change, uncertainty and scrutiny was the only strategic risk ranked in the top 10 for the near term; however, it was the top long-term strategic risk (for detailed discussion of long-term risks, see the section below).

Cybersecurity

Cybersecurity was top of mind among higher education professionals, with 60% of respondents deeming it a top threat over the next two to three years.

With the Cybersecurity Maturity Model Certification (CMMC) final rule published in late 2024, most higher education institutions are concerned with research programs meeting these compliance requirements. Failure to understand how data shared by the federal government (i.e., Department of Defense) is stored and protected has the potential to limit institutions' abilities to take on research grants and projects.

While other industries may be higher priority targets, universities also hold high appeal to attackers, especially if their defences are perceived as less robust. "Another unique aspect of higher education is the perception that this industry is more susceptible to breach due to overall lower-maturity IT environments," says Nick Russell, Managing Director focussed on Technology Risk. "A reactive approach to rising cybersecurity requirements and a 'just the minimum' mindset can creep in, especially as a strong cybersecurity program requires a matching level of investment." While this approach does create compliance with requirements, the result often leads to a security level that is only surface deep. A false sense of security for management – and the board – may result. In addition to personal data within institutions, intellectual property (IP) and research data can be prized targets of nation-state affiliated bad actors who seek to infiltrate and perpetrate social engineering campaigns.

Taking a proactive approach

Adopting a proactive approach in regularly evaluating the organisation's cybersecurity program can combat a false sense of confidence, says Russell. "It is important that these reviews dive deep (beyond just program design) to ensure that the entire organisation's role in cybersecurity disciplines are evaluated."

Adding in a risk tolerance lens to any identified gaps will ensure that issue remediation is appropriately prioritised, Russell adds. “Reducing the ‘attack surface’ that is vulnerable to a threat actor will reduce the likelihood of exploitable entry points but also requires a sound understanding of the institution's full environment and protection strategy. These fundamental IT asset and environment footprint cybersecurity controls are the start of any journey towards a strong cybersecurity program.”

Talent attraction and retention concerns

Talent attraction and retention figured into four of the top 10 short-term risks identified by higher education professionals. The ability to “attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges” was rated the second-greatest short-term threat by professionals in the higher education sector as 57% of respondents deemed it a top risk.

Talent concerns were also identified in another, separate, choice: “talent and labour market availability.” Fifty-three percent of respondents deemed this a key short-term risk.

For Tonya Baez, Protiviti Director focussed on higher education, and former higher education chief audit executive, there are three trends underlying these choices: Financial, competitive and demographic. “Higher education institutions often operate under tight budget constraints, which can limit their ability to offer competitive salaries and benefits,” Baez says.

According to a survey report by the College and University Professional Association for Human Resources, one-third of higher education employees surveyed said they are likely to look for new jobs in the next 12 months.

Source: [CUPA-HR](#)

Private sector employers offer not just better pay but also increased remote work opportunities, which can be a key factor, especially for professionals with families. Corporate settings tend to offer clearer paths for advancement as well, while in academia the career progression can be less defined and slower, which can deter some candidates.

The changing demographics of the workforce factor in as retirements and generational shifts can create gaps in leadership. “Many institutions do not have established policies or practices for identifying and developing future leaders, which can result in a reactive rather than proactive approach,” Baez says.

Finally, the political environment certainly has an effect. “Heightened political focus on the industry while questioning the value it provides to society definitely plays a role here,” says Baez.

Risk category	Top 10 near-term risk issues	Score*
Operational	1. Cyber threats, including CMMC risks especially pertaining to research	3.71
Operational	2. Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	3.63
Market	3. Economic conditions, including inflationary pressures specific to enrolment concerns	3.54
Market	4. Talent and labour market availability	3.44
Market	5. Impact of expected demographic changes	3.44
Operational	6. Emergence of new risks from implementing artificial intelligence	3.41
Strategic	7. Heightened regulatory change, uncertainty and scrutiny	3.40
Market	8. Increases in labour costs	3.37
Operational	9. Organisation's culture not sufficiently encouraging timely identification and escalation of emerging risk issues	3.37
Operational	10. Operations and legacy IT infrastructure unable to meet performance expectations	3.31

*Respondents were asked to rate 32 individual risks on a five-point Likert scale, where 1 reflects “No Impact at All” and 5 reflects “Extensive Impact.” For each of the 32 risks, we computed the average score reported by all respondents and rank-ordered the risks from highest to lowest impact.

Artificial intelligence, IT infrastructure

AI risks and IT infrastructure concerns were unsurprisingly also identified as top short-term risks by higher education professionals.

Whatever the promise and threat of AI, establishing and maintaining a governance strategy is crucial. This should span both the organisational uses (staff, faculty, administration, etc.) as well as the student use cases. “Developing a position that fits the institution's unique environment is essential to ensure that the appropriate balance of innovation and control is maintained,” says Russell.

Once a governance strategy is established, it will naturally lead to tactical steps to implementing the right preventive and detective controls. Specific examples of these will include data loss prevention (DLP) techniques and AI detection tooling (to combat plagiarism or other improper uses).

“Data governance programs and specifically data classification, ownership, and storage, have significant overlap with AI governance,” says Russell. “Understanding where data lives in an institution’s IT environment – and who has permissions to access it at all layers of the technology stack – is fundamental to ensuring data is appropriately processed by AI tools.”

Long-term concerns: Regulation, talent attraction

Interestingly, the cyber threat was not deemed the top long-term operational risk. The “ability to attract, develop and retain top talent” took first place, with 40% of respondents rating it a key operational risk for the next 10+ years. “Cyber threats” did take second place in this metric, with 31% of respondents.

To address talent and retention issues, Protiviti’s higher education practice can make the following suggestions:

- Focus on enhancing the university’s employer-specific brand. This could include unique strengths such as research excellence, campus culture and community impact. Either way, make sure the on-going employee experience continues to match recruitment efforts.
- Solidify HR functions as few of these are standardised or up-to-date.
- Develop a compelling employee value proposition. “We are trying to solve today's talent problems with yesterday's thinking,” says Fran Maxwell, Managing Director in Protiviti’s People & Change Practice.
- Adopt effective learning and development strategies to enhance employee upskilling and reskilling.
- Offer competitive compensation packages, create a supportive work environment, provide professional development opportunities, and actively promote the institution's strengths and values.
- Leveraging technology and flexible work arrangements can also help attract a broader pool of candidates.

- Create pathways to encourage and attract individuals interested in "life-long learning" and not just focus on traditional-age students.

Long-term risk outlook

Macroeconomic risk issues

Risk	Percentage
Economic conditions, including inflationary pressures	57%
Impact of expected demographic changes	51%
Talent and labour availability	34%

Strategic risk issues

Risk	Percentage
Heightened regulatory change, uncertainty and scrutiny	57%
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces	26%
Organisation not sufficiently resilient and/or agile to manage an unexpected crisis	20%

Operational risk issues

Risk	Percentage
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	40%
Cyber threats	31%
Organisation's culture not sufficiently encouraging timely identification and escalation of emerging risk issues	29%

Note: Respondents were asked to identify the "top two" risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as "top two" risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

About the Executive Perspectives on Top Risks Survey

We surveyed 1,215 board members and executives across a number of industries and from around the globe, asking them to assess the impact of 32 unique risks on their organisation over the next two to three years and over the next decade, into 2035. Our survey was conducted online from mid-November 2024 through mid-December 2024. For the near-term outlook, each respondent was asked to rate 32 individual risks on a five-point Likert scale, where 1 reflects “No Impact at All” and 5 reflects “Extensive Impact.” For each of the 32 risks, we computed the average score reported by all respondents and rank-ordered the risks from highest to lowest impact.

We also asked executives to share their perspectives about long-term risks (over the next 10 years – 2035) by selecting the top two risks from each of the three dimensions (macroeconomic, strategic and operational). For each of the 32 risks, we calculated the percentage of respondents who included that risk as one of their two top risks for each dimension.

Read our *Executive Perspectives on Top Risks Survey* executive summary and full report at www.protiviti.com or <http://erm.ncsu.edu>.

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