Private Preschools' Managerial Risk and Solutions to Risk Management

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Abstract

The low birth rate and a big change of early childhood education revolution have created many challenges for preschools in Taiwan. Although many preschools attempt to change operational strategies, they are hesitant to do so due to a lack of appropriate risk management and assessment tools in the research field of early childhood education in Taiwan and other countries. This study attempts to construct indicators of measurement for risk management of preschools, in order to assist preschool managers in the identification and business risk management. The researcher combines three risk management models, HHM, ERM, and RM5, with the research results of relevant enterprise-related studies and preschool management studies to develop the measurement of preschool management risk. Based on the results of literature analysis and the Delphi expert consensus method, the results show the 10 aspects of managerial risk involve the quality of teaching, workloads and knowledge sharing, changing early childhood education policies, environmental facility safety, management and leadership, finance, challenges from neighboring competitors, a kindergarten's image, special characteristics and innovations, and human resources. The top 3 aspects in descending order of importance are: risk in human resources, risk in management and leadership, and financial risk. Three specific risk items in human resources top the chart, indicating that human resources are a high-priority item and preschool managers have to pay more attention to control, avoid, or solve risk in human resources. This study also indicates the 10 aspects of managerial risk can be detected through 53 specific risk items. Meanwhile, the corresponding risk management solutions are proposed in this study.

Keyword: Preschool, Risk Management, Risk Management Solutions

1. Background

Given the rapid change of modern society, enterprises must adjust business strategies in accordance with market needs and the direction of market development in order to remain competitiveness. In the field of education, many privately-owned preschools have perspicuous corporate characteristics. Business strategies are also valued in preschools founded by government sectors. However, as private preschools in Taiwan are undergoing a big change of early childhood education revolution, many preschools' managers wish to alter or adjust their business strategies, yet hesitate to do so, for fear that new strategies may cause managerial risk. In recent years, competition among private preschools becomes fierce and intense (Chen, 2013; Cheng & Chen, 2013). Thus, many researchers suggest that the preschool managers should apply the enterprises' business strategies in order to remain their competitiveness in the market, such as a low-cost strategy, a differentiation strategy, a focus strategy, a business diversification strategy, and forming a strategic alliance (Chen, 2015; Tsai, 2007).

However, there are many preschools that wish to apply the above-listed business strategies, yet do not have the courage to hastily employ such business strategies, as managerial risk are difficult to manage (Griffis & Whipple, 2012). Therefore, this study aspires to explore the managerial risk involved in running a preschool, as well as possible appropriate solutions to control these risk items. This study intends to conduct preliminary research, and develop the content of running the managerial risks of a preschool by collecting and organizing relevant literature, and using the Delphi expert consensus method. Furthermore, this study intends to use the Delphi expert consensus method to develop solutions for risk management in order to benefit preschool management. Meanwhile, the results of this study may provide pre-education institutions with references regarding managerial risk management.

2. Literature Review

After reviewing previous literature, the researcher found that three risk management models may be used as a foundation for developing the managerial risks of operating a preschool. These risk management models include: the ERM model (enterprise-wide risk management model), the HHM model (hierarchical holographic modeling), and the RM5 model (five risk management model). The ERM model is a risk management model that examines an organization's constitution (Lai & Lau, 2012). The ERM model is predominately employed to examine organizational strategies and resources to help maximize an organization's value (Lai & Lau, 2012, p. 667).

The HHM model carries out a comprehensive examination of an organization's intrinsic characteristics, which include risk management in the fields of economy, reputation, resources, business operation, environment, market, policy, management, and finance (Lai & Lau, 2012, p. 671). By employing a fusion of the ERM model and the HHM model, a preschool could conduct comprehensive examination of its intrinsic resources, special features, and possible threats to organizational business strategies. In addition, Rice (2010, p. 378-379) developed a business organization risk management model, called the RM5 model (five risk management model), as based on Michael Porter's five-force model.

The RM5 model (five risk management model) includes: managing an organization's internal risk, information risk, contractual risk, basic infrastructure risk, and possible influential risk factors. In this study, the researcher will combine the three risk management models (HHM, RM5, ERM) with relevant enterprise-related research results (Barki, Rivard, & Talbot, 2001; Lai & Lau, 2012; Longstaff, Chittister, Pethia, & Haimes, 2000; Quinn, 2003; Rice, 2010; Ting, Kwok, & Tsang, 2009; Yiannaki, 2012), and the research results in relation to operating a preschool (Chen, 2013; Chen & Cheng, 2012) in order to develop a draft of the aspects of managerial risks and specific managerial risks that are involved in operating a preschool. To verify a preschool's managerial risk and solutions for risk management, which are developed based on literature review, this study proposes to adopt the Delphi method to conduct expert validation, discussion, and modification, in order to establish practical managerial risk management solutions suitable for early childhood education.

3. Research Method

This study's research methods include documentary analysis and the Delphi method. Documentary analysis is mainly employed to collect and sort out relevant theories and research results, in addition to establishing the preliminary content of managerial risk and corresponding risk management solutions. The Delphi method is mainly for modifying and confirming the above- listed contents of risk and risk management solutions upon academic and industry experts' validation. As risk management is a new issue in the field of early childhood education, it requires a consensus opinion from academia and industries. The Delphi method is a research method that is adopted in unfamiliar or insufficient knowledge of a research issue, thus, collecting experts' consensus opinion is necessary (Skulmoski, Hartman, & Krahn, 2007).

The Delphi method is also a research method that facilitates a professional group's effective communication in a particular and professional field (Hsu & Sandford, 2007). As such, the Delphi method is suitable for this study. In order to adhere to the Delphi method's principles, this study's expert panel consists of 20 members in total, including early childhood education scholars and experts, and current early childhood education personnel. Bearing a resemblance to the most previous research (Custer, Scarcella, & Stewart, 1999; Hsu & Sandford, 2007; Ludwig, 1997), this study successfully gathered the necessary information, and had expert opinions reach a consensus after three rounds of the Delphi method.

The procedures for the development of the indicators of the risk management measurement are as follows:

(1) The items and sub-items are established on the basis of literature reviews. The Delphi technique is then applied for three discussions (by 20 experts) to modify the items and sub-items previously developed on the basis of the literature review. This step confirms the contents of the risk management measurement.

(2) The process of expert discussions on the basis of the Delphi technique also modifies the risk solution section of the risk items and sub-items. It is intended that the indicators can assist preschool owners to identify the risks, as well as control, remedy, and mitigate operational risks.

4. Research Results

(1). Based on the results of literature analysis, and employing the Delphi expert consensus method, the 10 aspects of managerial risk that a preschool must be aware of were confirmed. The 10 aspects of managerial risk involve the quality of teaching, workloads and knowledge sharing, changing early childhood education policies, environmental facility safety, management and leadership, finance, challenges from neighboring competitors, a preschool's image, special characteristics and innovations, and human resources. In particular, the top 3 aspects in descending order of importance are: risk in human resources, risk in management and leadership, and financial risk (see Table 1).

Table 1: The tabulated statistics of 20 experts' opinions on the aspects of preschools' managerial risk

Aspects of Risk	Number	Mean	Standard Deviation	Rank	Aspects of Risk	Number	Mean	Standard Deviation	Rank
A. The quality of teaching	20	5.0333	.58139	--	F. Finance	20	5.3083	.51092	3
B. Workloads and knowledge sharing	20	4.6125	.80898	--	G. Challenges from neighboring competitors	20	5.0250	.66836	--
C. Changing early childhood education policies	20	4.8800	.79047	--	H. A preschool 's image	20	4.9143	.69276	--
D. Environmental facility safety	20	5.1313	.85212	--	I. Special characteristic and innovations	20	5.0500	.49070	--
E. Management and leadership	20	5.4700	.54782	2	J. Human resources	20	5.5250	.37081	1

Note: Scores 1 to 6 are used to rate the importance of each risk item. 1 = the least important. 6= the most important.

(2). According to the results of literature review and the application of the Delphi expert consensus method, the 10 aspects of managerial risk that a preschool must be aware of were confirmed, and the 10 aspects can be detected through 53 specific risk items (see Table 2). Among the 53 specific risk items, the most important is "failure to recruit suitable teachers", the second is "insufficient human resources in teaching and administrative staff", the third is "preschool principals' lack of ability to lead teaching and administrative staff", the fourth is "teachers' unwillingness to stay at their jobs or high turnover rates", the fifth ones are " preschool principal leadership styles' failure in getting teaching and administrative staff's recognition", " comprised quality of early childhood education as a preschool fails to employ a sufficient number of teachers", and "sacrificed early childhood education philosophies in order to accentuate a preschool's special school characteristics. Three of the above-listed seven specific risk items belong to the category of risk in human resources, two belong to the category of risk in management and leadership, one belongs to the category of risk in special characteristics and innovations, and one belongs to the category of risk in the quality of early childhood education.

Table 2: The tabulated statistics of 20 experts' opinions on preschools' specific managerial risk items

Aspects of Risk	Specific Risk Items	Mean	Standard Deviation	Rank
The quality of teaching	A1. Current strategies make early childhood education personnel become fidgety in teaching, and therefore, engender risk.	5.10	.852	--
	A2. Current strategies may make early childhood education personnel compromise the quality of teaching to cater to parents' preferences, and therefore, engender risk.	5.10	.788	--
	A3. Current strategies may result in the problem of early childhood education personnel's inadequate professional competence in teaching or inability to demonstrate their professional skills, and therefore, engender risk.	5.00	.973	--
	A4. Current strategies may hinder early childhood education personnel from being wholeheartedly devoted to the teaching work, and therefore, engender risk.	4.70	.733	--
	A5. Current strategies may engender risk due to a preschool's outdated or inadequate teaching equipment and insufficient teaching support.	4.70	.865	--
	A7. Current strategies may engender risk because a preschool fails to hire enough early childhood education personnel, and thus, have compromised quality of teaching.	5.60	.598	4
Workloads and knowledge sharing	B1. Current strategies may engender risk because the strategies bring a heavy workload to early childhood education personnel's work in a preschool.	5.20	.834	--
	B2. Current strategies may engender risk because the strategies exacerbate the workload of classroom management and behavioral counseling for young children.	4.75	.851	--
	B3. Current strategies may engender risk because the strategies exacerbate early childhood education personnel's parent-teacher communication workload.	4.30 4.30	1.081	--
	B4. Current strategies may engender risk as the strategies trigger early childhood education personnel's self-protection mechanism, making them unwilling to share personal experience and tips with others.	4.20	1.152	--
Changing early childhood education policies	C1. Current strategies may engender risk as the strategies can possibly contradict with many philosophies of principles for providing early childhood education services.	5.10	1.165	--
	C2. Current strategies may engender risk as changes in early childhood education policies and decrees may cause a severe impact on a preschool's development.	4.85	.933	--
	C3. Current strategies may engender risk because it is hard for a preschool to keep up with rapidly changing early childhood education policies and decrees.	4.95	.999	--
	C4. Current strategies may engender risk as the strategies result in an intense relationship with a city (county) government's early childhood education authorities.	4.45	.826	--
	C5. Current strategies may engender risk when parents fail to understand new early childhood education policies that are advocated to them.	5.05	.887	
Environmental facility safety	D1. Current strategies may engender risk as a preschool's facilities fail to meet the standard of an evaluation.	5.35	.875	9
	D2. Current strategies may engender risk when a preschool is unable to improve its hardware facilities and environments and has inadequate safety equipment.	5.00	1.076	--
	D3. Current strategies may engender risk as the strategies make it hard for a preschool's facilities and equipment to meet safety standards.	4.80	1.005	--
	D4. Current strategies may engender risk as rates of injured young children stay high due to a lack of regular inspections and repairs and insufficient safety drills and facilities.	5.15	1.268	--
	D5. Current strategies may engender risk due to the failure to instantly update and respond to regulations and decrees in relation to current environmental facilities and equipment.	5.00	1.124	--

	D6. Current strategies may engender risk due to the failure to develop or fully implement a mechanism to handle accidents and emergencies.	5.40	.940	8
	D7. Current strategies may engender risk due to preschool buildings' safety issues.	5.30	.979	10
	D8. Current strategies may engender risk due to problems in escorting preschool children to school, picking up children after school, and safety issues.	5.05	.605	--
Management and leadership	E1. Current strategies may engender risk because preschool principals lack professional knowledge and skills to guild teaching and administrative staff.	5.65	.671	3
	E2. Current strategies may engender risk because preschool principals' leadership styles have difficulty obtaining teaching and administrative staff's recognition and support.	5.60	.598	4
	E3. Current strategies may engender risk because preschool principals are ignorant of business operations, which results in an organization without a system, makes systematized management impossible, and creates a loosely-constructed and ineffective organization.	5.55	.759	5
	E4. Current strategies may engender risk as an organization lacks the consensus of sharing weal and woe together, moving wheels by driving gears, being united as one, and psychological attachment to the organization.	5.45	.887	7
	E5. Current strategies may engender risk due to employee discontent, which arises when a preschool is over strict in managing early childhood education personnel.	5.10	.447	--
Finance	F1. Current strategies may engender risk as the strategies may result in a preschool's cost overruns each month.	5.50	.761	6
	F2. Current strategies may engender risk as the strategies may result in an increase in a preschool's monthly water and electricity expenses, rent payments, or general expenses.	5.05	.605	--
	F3. Current strategies may engender risk as the strategies may result in an increase in a preschool's monthly human resource expenses.	5.50	.513	6
	F4. Current strategies may engender risk as the strategies may result in a preschool's tight financial situation and capital.	5.45	.686	7
	F5. Current strategies may engender risk as the strategies may result in preschool's escalating debts.	5.05	1.099	--
	F6. Current strategies may engender financial risk as a preschool's accounting system, such as receiving and making payments or purchasing, may have loopholes and result in embezzlement of funds.	5.30	.733	10
Challenges from neighboring competitors	H1. Current strategies may engender risk due to the failure in distinguishing neighboring preschools' characteristics of business operations.	5.25	.786	--
	H2. Current strategies may engender risk due to the failure to stop other emerging and rival preschools.	5.25	.851	--
	H3. Current strategies may engender risk due to the failure to keep up with neighboring rival preschools.	4.70	.801	--
	H4. Current strategies may engender risk due to the failure to accentuate a preschool's strengths.	4.90	.788	--
A preschool's image	K1. Current strategies may engender risk as a mediocre preschool reputation leads to ineffective effects.	4.65	.671	--
	K2. Current strategies may engender risk as young children's unexceptional learning performance leads to ineffective effects.	5.05	.945	--
	K3. Current strategies may engender risk as the strategies make a friendly preschool-community relationship unlikely and affect a school's image.	4.75	.786	--
	K4. Current strategies may engender risk as the strategies, which do not comply with current laws and regulations, incur criticism of a preschool and affect the preschool's image.	5.15	.933	--
	K5. Current strategies may engender risk as ineffective decree enforcement would cause harm to a preschool's image.	4.85	.933	--
	K6. Current strategies may engender risk as the strategies do not comply with relevant laws and regulations, or were punished before, which would affect a	5.35	1.040	9

	preschool's image.			
	K7. Current strategies may engender risk as the strategies impair current early childhood education culture and characteristics.	4.60	.821	--
Special characteristics and innovations	L1. Current strategies may engender risk as the strategies are unable to bring out special early childhood education characteristics to attract parents.	5.05	.887	--
	L2. Current strategies may engender risk due to the shortage of an open and innovative team to conduct regular innovative planning.	4.90	.447	--
	L3. Current strategies may engender risk as some innovative gimmicks are over the top.	4.65	.489	--
	L4. Current strategies may engender risk because early childhood education philosophies are sacrificed to accentuate special school characteristics.	5.60	.754	4
Human resources	M1. Current strategies may engender risk as it is often hard to recruit suitable early childhood education personnel.	5.80	.410	1
	M2. Current strategies may engender risk because the strategies often make early childhood education personnel reluctant to stay at their jobs, which results in a high employee turnover rate.	5.65	.587	3
	M3. Current strategies may engender risk as a preschool is often unable to dismiss unsuitable early childhood education personnel, whose employment and labor rights are protected by law.	4.95	.510	--
	M4. Current strategies may engender risk due to insufficient human resources in terms of teaching and administrative staff.	5.70	.470	2

(3). Three specific risk items in human resources top the chart, indicating that human resources are a high-priority item, which contemporary preschools' should measure to prevent risks, and focus on avoiding a failure in recruiting suitable talent, minimizing a talent drain, and precluding insufficient human resources. Corresponding risk management solutions are proposed by this study. In terms of recruitment, a preschool should recruit suitable teachers through a variety of channels, such as human resources websites, social networks, and print media. In terms of employee retention, a preschool should be dedicated to improving teachers' job satisfaction, building a supportive and positive relationship, enhancing the comfort of a work environment, and give preferential treatments to specialized and acknowledged teachers. In terms of supplementing and enriching human resources, a preschool should examine its overall human resources deployment and give appropriate corresponding responses, such as adjusting work allocation, hiring new employees, improving employee skills training, etc.

5. Conclusion

This study aspires to explore the managerial risk involved in running preschool as well as possible appropriate solutions in controlling these managerial risks. The researcher intends to conduct preliminary research, and develop the content of managerial risks of preschools by collecting and organizing relevant literature, and using the Delphi expert consensus method. Furthermore, the researcher uses the Delphi expert consensus method to develop solutions in risk management in order to control the risks. Based on the results of literature analysis and the Delphi expert consensus method, the conclusion is as follows:

First, 10 aspects of managerial risk that a preschool must be aware of were confirmed. The 10 aspects of managerial risk involve " the quality of teaching", "workloads and knowledge sharing", "changing early childhood education policies", "environmental facility safety", "management and leadership", "finance risk", "challenges from neighboring competitors", "a kindergarten's image", "special characteristics and innovations", and "human resources". According to the opinion of Delphi experts in this study, the most important managerial risk is "human resources", the second is "management and leadership", and the third is "financial risk", so we can understand "lack of human resources" is a serious risk for preschool management. This result is different from other enterprise-related studies. Most of enterprise-related studies focus on "financial risk" (Lai & Lau, 2012; Yiannaki, 2012), not on "risk in human resources" and it indicates the specific characteristics of preschool management. Secondly, the 10 aspects can be detected through 53 specific risk items among which the most important one is "failure to recruit suitable teachers", the second is "insufficient human resources in teaching and administrative staff". These results show the importance of human resources for preschool management again, especially the preschool teachers' quality and quantity. According to the results of past studies, the high turnover rate of teachers is a serious problem in preschool management (Chen, 2009), so the researcher suggests the preschool managers should pay more attention to this issue.

According to the results above, human resources is the key risk in preschool management, so the corresponding risk management solutions are proposed in this study. In terms of recruitment, preschool managers should recruit suitable teachers through a variety of channels. In terms of retention, preschool managers should be dedicated to improving teachers' job satisfaction and giving preferential treatments to specialized and acknowledged teachers. In terms of enriching human resources, preschool managers should examine the overall human resources deployment and give appropriate corresponding responses.

Finally, the researcher hopes these results of this study can provide preschool managers a measurement to check their managerial risks and find the way to solve the risks, and expects this study can also be a criterion for other countries. I hope that in the future, there are more findings in this issue.

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