Risk Management Guide for College Students

An Honors Thesis (HONR 499)

by

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Abstract

Colleges implement risk management programs to help keep their students safe, but they cannot protect against all risks. The students can also play a major role to protect themselves against these risks. This thesis guides students through the steps of the risk management process to help them implement their own risk management treatment methods that fit their day-to-day campus life. Students will be able to play a more active role in their safety and have a greater understanding of how risk management can be implemented in every aspect of their life.

Acknowledgements

I would like to thank Dr. Zhixin Yang for advising me through this thesis. Her support, encouragement, and guidance have been essential to the completion of this difficult task.

I would like to thank my parents for their continuous support over the past four years. They have taught me to always do my best and to never doubt myself. I would not have been able to complete this thesis without their encouragement, advice, and belief in me. I would like to give special thanks to my mother for putting in the time and effort to review multiple drafts of my thesis and for her great feedback.

I would like to thank the Honors College for giving me opportunities to think about ideas in different ways and to explore interests outside of my major. My Honors courses have been an influential part of my education.
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Process Analysis Statement

When coming up with an idea for my thesis topic, I reflected on what I had learned and experienced while at college. I realized that I was fortunate to have made it through about three and a half years of college without any major hazardous incidents. Having a minor in Risk Management and Insurance has opened my eyes to methods in which I could manage risks in my own life. While looking into risk management as a possible thesis topic, I was surprised when I wasn’t able to find extensive information on how to manage all of the risks people encounter on a daily basis. This led me to the idea of a risk management “how to” guide for college students.

It was difficult to find useful research on my topic because risk management is primarily focused on uses for organizations. I had to try to connect these ideas that apply to organizations back to use for people. One of the difficulties with this thesis was making sure that my ideas could be easily implemented. Risk management is not typically considered fun, but it is important. Using resources available to college students for the risk management process would make risk management seem less difficult. I used this project to help other students have a successful college experience by implementing what I have learned.
Introduction

We live in a world where we are surrounded by risks. From an early age we are taught not to talk to strangers, to look both ways before you cross the street, and to use the buddy system if you are breaking off from the group. Whether we realized it or not, our parents were using their own form of risk management in order to try to keep us safe. Going away to college is typically a teenager’s first time being completely independent from their parents for long periods of time. The responsibility of risk management falls on the students to make sure they are not putting themselves in harm’s way in their day-to-day lives.

Risks are everywhere and can happen at any time. The purpose of risk management is to manage and minimize the uncertainty of exposures that can adversely affect an organization’s assets and financial statements (Rejda & McNamara, 2014). An exposure is a situation, practice, or condition that may lead to an adverse financial consequence (Rejda & McNamara, 2014). Risk management is typically viewed as a method used for organizations, but the Risk Management Process can be adapted to work for people’s daily risks. The Risk Management Process consists of: identifying loss exposures, analyzing loss exposures, examining and selecting risk treatment methods, and implementing, monitoring and revising the program (Rejda & McNamara, 2014). The most important part of the Risk Management Process is identifying loss exposures. If exposures are not identified, the other steps in the process are not able to be completed. Some of these risk treatment methods include avoidance, prevention, retention, and transfer. Avoidance refers to keeping away from the risk. Loss prevention is implementing methods that stop the risk from arising. Retention is the process of absorbing the consequences of the risk. Transfer refers to the transferring of risk to another person through a contract or to a professional risk bearer, such as an insurance company.
Table 1. Risk Management Matrix

<table>
<thead>
<tr>
<th>Type of Loss</th>
<th>Loss Frequency</th>
<th>Loss Severity</th>
<th>Appropriate Risk Management Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Low</td>
<td>Low</td>
<td>Retention</td>
</tr>
<tr>
<td>2.</td>
<td>High</td>
<td>Low</td>
<td>Loss Prevention</td>
</tr>
<tr>
<td>3.</td>
<td>Low</td>
<td>High</td>
<td>Transfer</td>
</tr>
<tr>
<td>4.</td>
<td>High</td>
<td>High</td>
<td>Avoidance</td>
</tr>
</tbody>
</table>

Note: Reprinted from Principles of risk management and insurance (12th ed.). Copyright 2014 by Pearson Education, Inc.

It is not always easy to figure out what technique to use in order to manage a risk. Table 1 does a good job at laying out which technique to use depending on the frequency and severity of that risk. Loss frequency refers to the probable number of losses that may occur during a given period of time (Rejda & McNamara, 2014). Loss severity refers to the size of the losses that may occur (Rejda & McNamara, 2014). Let's assume the student plays basketball as their form of cardio. If the student rolls their ankle once a year, they should retain that risk by buying a brace to wear after that occurs (retention). If the student rolls their ankle every time they play, they should wear a supportive brace every time they play (loss prevention). If the student breaks their leg once in the four years of college, they should make sure they have health insurance to pay for it (transfer). Finally, if the student breaks their leg every time they try to play, they should not keep trying to play basketball (avoidance). There is not always a standard value for when frequency or severity change from low to high, it depends on where the student is comfortable with loss and what is typical for their normal life. It is really up to the student to figure out how tolerant they are to risk and where they want the cutoff of low and high to be.

Universities understand that there are a lot of risks and that they may not be able to control all of those risks. Universities do the best that they can to provide services to help students risk manage. Ball State University provides services through a health center, learning
center, student affairs, counseling center, and many more. Universities may not know which students need which services, but they have them available for students who need them. While there are many ways in which colleges and other organizations can manage risks for students and customers, there are also many ways in which college students can risk manage on their own to ensure they have a successful college experience. The purpose of this research paper is to identify and analyze common risks among college students and determine risk management methods that college students can implement in their day-to-day lives. Just one option will not work for everyone, but this thesis will allow students to understand the steps of the risk management process and be able to implement methods that fit their day-to-day campus life.

Risk Management Process

Identification of Risks

The risks that impact college students can be divided into the categories of physical health, psychological health, academics, and safety. These categories all have specific definitions, but some risks such as bullying and abuse can fall under more than one category. Physical health is a state of complete well-being in which a person is totally fit to perform their daily routine activities without any hindrance (Faheem, n.d.). Physical health risks are easier to comprehend because they can usually be seen or felt. It is pretty easy to see the connection between the risks and their consequences. An improper diet can cause muscle weakness, anemia, obesity, fatigue and other long term consequences (Donatelle, 2016). With so many options at college dining halls, it is easy to overlook the broccoli to have a hamburger. Making sure they are eating well-balanced meals will leave students feeling better and will help prevent any weight gain. Something that is concerning about physical health risks are the long term consequences
that students may not see until years later when the damage is irreversible. While a student may not notice gaining a couple pounds, gaining a lot of weight can increase their risk of chronic diseases, such as heart disease which can be serious. The advantage of physical health risks is that the student has direct control over all of these. Making smart choices will minimize these risks, whereas ignoring the risks can lead to very negative consequences. Not all risks are as easy to see.

Psychological health is the sum of how we think, feel, relate, and exist in our day-to-day lives (Donatelle, 2016, p. 22). A lot of the psychological health risks can be difficult to see because they are internalized by the student. Unless the student decides to open up about how they are feeling, their friends, family and peers may never know that there is a problem. Psychological health risks are not nearly as clear cut as physical health risks. Psychological risks will affect people in different ways. Not every risk is the same because no two people are the same. There can be different severities and symptoms with each of these risks. Due to all of these variations, there is not just one way to fix all cases of a certain psychological risk. The student will have to do a lot of self reflecting and maybe even some trial-and-error to figure out what works best for them. Symptoms of major depression are characterized by interference with work, study, sleep, appetite, relationships, and enjoyment of life (Donatelle, 2016, p.36). For some people medication helps with controlling their symptoms. Others rely on plans with friends or frequent exercise to get them out of the house and away from their symptoms. Sometimes talking with a professional can help with figuring out how to alleviate these symptoms. Most campuses have counseling centers that students can utilize for many of these psychological risks. Psychological risks are not the only risks that can interfere with a student’s studying.
Academics is defined as the courses or subjects of learning ("Academics", n.d.).

Academic risks are easy to recognize because their outcome is measurable. Attending class, completing homework, taking clear notes in class, and preparing for tests will all have an impact on the grade a student will receive for the course. All of these grades impact the overall grade point average of the student. College is different from high school because there are large lecture classes, just about any club imaginable, and the students are living in a community surrounded by friends, and other distractions. The student is most likely completely independent for the first time in their life. It is up to them to make sure that every aspect of their life and academics are being managed. In college, students have to reach out to professors and other students if they are struggling. The success of the student is completely in their own hands. College can be a lot of fun, but there needs to be an emphasis on academics if the student plans on graduating with a high grade point average. Employers look for well-rounded students, but too many social activities may hurt their grade point average. A low grade point average may lead to missing out on job opportunities.

Safety is the condition of being protected from danger, risk, or injury ("Safety", n.d.). These risks are different than those associated with physical health because they are primarily out of the student's control. There is a lot that a student can do to prepare themselves for dangerous situations that are not always avoidable. Students, especially those who are far from home, will do a lot of driving if they have a car on campus. Unsafe driving can cause injury or death to the student or to someone else. It is best to ensure that student is as prepared as possible when getting in the car. It is not only their duty to be a safe driver, but to also report any unsafe drivers they may come across. The student may be a good driver but they are usually not the only
driver on the road so accidents can still happen. There is not always one right answer, but it is best for the student to minimize their impact and be prepared.

Risks need to be identified in order for the rest of the risk management process to be completed. Identification of risks is the most important step. Daily life involves many risks with new risks constantly arising. It is important to identify your own personal risks frequently. The identified risks list should include risks that directly affect the student at that point in time. Below is a list of risks common among college students. Not all of the risks apply to every student and this is not a comprehensive list. This list is an example of just how diverse these risks can be. The student will need to be thorough in order to determine all of the risks that impact them.

Table 2.

<table>
<thead>
<tr>
<th>Physical Health Risks</th>
<th>Psychological Health Risks</th>
<th>Academics Risks</th>
<th>Safety Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diet</td>
<td>Anxiety disorders</td>
<td>Grades</td>
<td>Walking on/off campus</td>
</tr>
<tr>
<td>Exercise</td>
<td>Mood disorders</td>
<td>Stress</td>
<td>Theft</td>
</tr>
<tr>
<td>Sickness</td>
<td>Support system/relationships</td>
<td>Sleep</td>
<td>Assault</td>
</tr>
<tr>
<td>Body shape</td>
<td>Self-efficacy/self-esteem</td>
<td>Extracurricular Activities</td>
<td>Drugs/Alcohol</td>
</tr>
<tr>
<td>Cancer</td>
<td>Emotions</td>
<td>Time Management</td>
<td>Construction</td>
</tr>
<tr>
<td>Eating disorders</td>
<td>Spirituality/values</td>
<td>Working</td>
<td>Debt</td>
</tr>
<tr>
<td>Smoking/Alcohol/Drugs</td>
<td>Eating disorders</td>
<td>Attending Classes</td>
<td>Social Media</td>
</tr>
<tr>
<td>Sexual Practices</td>
<td>Bullying</td>
<td>TV/Internet/Netflix/Video Games</td>
<td>Driving</td>
</tr>
<tr>
<td>Abuse</td>
<td>Discrimination</td>
<td>Change in major/wrong major</td>
<td>Study abroad</td>
</tr>
<tr>
<td>Hygiene</td>
<td>Socio-economic status</td>
<td>Bullying</td>
<td>Spring break</td>
</tr>
<tr>
<td>Abuse/Neglect</td>
<td>Learning Style/Learning Disorders</td>
<td></td>
<td>Terrorism</td>
</tr>
<tr>
<td>Traumatic experiences</td>
<td>Ineffective Teachers</td>
<td></td>
<td>Natural Disasters</td>
</tr>
</tbody>
</table>

Note: This table was created by the researcher and does not include all possible risks.
Analysis of Risks

For the typical college student, it is easy to pick out multiple risks from Table 2 that they should be able manage better. When it comes to implementing a behavioral change to improve risk management, it is best to focus on one risk at a time to ensure completion of the behavioral change. The student will have to decide which risks are of higher priority in order to figure out where to begin. Using Table 1 is helpful when deciding on which risks to manage first. Risks that are high frequency, high severity, or both should be managed before the risks that have low frequency and severity. The student should use Table 1 to figure out which risk management technique to implement as their behavioral change. Once deciding on a risk and a technique, the student should do research to determine the change they want to make. It is both important for the student to analyze their risks and to analyze their capability to implement the behavioral change. If the student is not committed to make the behavioral change, the process is not likely to be successful. Once the student has decided on implementing a behavioral change, they need to examine and select risk treatment methods to help them achieve their goal.

Examining and Selecting Risk Treatment Methods

Risks can be split up into two main divisions by whether their outcome is numerical or categorical. There are different methods for managing numerical risks and categorical risks. Academic and physical health risks are numerical because their outcomes can be measured. Psychological health and safety risks are categorical because the outcome cannot be clearly measured. The student is either managing the categorical risk or not managing it.
**Numerical Risks.** For numerical risks it is easier to see if the risk management techniques are working because the progress can be tracked numerically. The student can track grade point average for academic risks. With physical health risks the student can track different variables such as weight or number of steps taken per day. As long as the student finds a way to record the significant values, they should be able to see changes over time. If the changes are not quite what the student would like them to be, that is when the risk management method could be revised in order to achieve the set goals.

College students live in a world where they are always on the go because of classes, clubs, study sessions and other activities. They are also growing up in a technology based world where the majority of these students have a smart phone. The smart phone is usually with them at all times. The easiest way to keep track of the physical health changes that students are trying to implement is to keep it simple. The newest versions of iPhone software come with a built-in Health app that tracks the students' steps and allows them to enter some of their own data points such as weight, water intake, workouts, heart rate, sleep analysis and more. From this app, students can find suggestions for other apps that may be better at helping them track data. There are apps that can help students do just about anything so why not help them manage physical health risks? Since the data would be on their phone, the student would have access to the information whenever they have their phone with them. Students can even work together to reach their goals by making their risk management a friendly competition.

With clubs, social activities, and everything else that happens on a college campus, it is easy for students to become distracted from the real purpose of going to college: to learn. The hope of students going to college is to find a subject they love, study that subject, and graduate from college with a degree in that subject which will lead to a career. While not the only
deciding factor, grade point average is one of the important pieces of information that a company will look at when deciding between candidates for a position. All of the academics risks listed in Table 2 can have a negative impact on a student’s grade point average. If these risks are not managed, this can cause grade point average issues for the student while in college and after graduation. Ball State University has a grade point average requirement for certain fields of study. The Teachers College requires students to meet certain grade point average requirements in order to move on to upper level courses which would enable the students to become licensed ("GPA Policy", n.d.). The Honors College has grade point average requirement to stay enrolled ("What are the requirements", n.d.). Scholarships that students earn can require their grade point average to be at a specified level in order to continue receiving the financial support. While these are a few examples, there are many more reasons in which keeping a strong grade point average during college can benefit the student. Risks such as extracurricular activities, social events, and working during college can all be very important. It is necessary to have a balance between school requirements and the rest of the student’s schedule. Knowing that failing a test, can lead to a lower class grade, which can lower a student’s grade point average is an important connection to understand.

**Categorical Risks.** Categorical risks may not be as easy to see progress or know when to revise the risk management methods. The student may not see the impact of managing safety risks until they are put into a situation where they are in danger and need to implement an already thought out plan. Psychological health risks are managed on a person by person basis because what is normal for one person may not be the same for everyone else. The progress of these risks require the student to evaluate their current situation and be honest with themselves on what methods work and which ones do not.
Adjusting to the changes that come along with going to college can be difficult for anyone. It can be even more difficult for students struggling with their psychological health. The best way to manage psychological health is through Table 1 above because each case is different and can change with changing of circumstances. Since the terms low and high are dependent on the student's situation, the student has a lot of control over how they are able to tolerate their symptoms and when they need to manage better. This method also helps make it easy to figure out which risk management technique to use when frequency and severity change. The difficult part is figuring out what forms of retention, loss prevention, transfer and avoidance work for each student. It may not be easy to find what works for the student and sometimes it will be a combination of methods working together to help manage the risks. The best first step is for the student to talk to a doctor about how they are feeling and try to figure out which method to try first and communicate with the doctor about the process. It is not always easy to talk about struggling with psychological health, but doctors have your best interest in mind and are more knowledgeable on the subject.

One of the big changes of going away to college is being on your own and being completely in charge of your own safety. When on campus, Ball State University has measures put in place in order to help ensure the safety of the students. The campus provides sprinkler systems, fire alarms, call boxes across campus, swipe system to enter dorms, text and email alert system, and many more. Students should be aware of additional ways that they can contribute to their own safety. One of the best things a student can do is be informed of the dangers that can occur and be prepared for those situations if they arise. Besides just being able to ensure safety, there are situations that the student can put themselves in that puts them more at risk. Drugs and alcohol are common at parties and can inhibit decision making which puts the student in danger.
Moving off campus can cause risks on its own, depending on where they move, because they do not always have the same security put in place as the dorms on campus. One of the more difficult things about managing safety risks is that the student is not in full control of the situation.

Implementing Risk Treatment Methods

Students are able to apply the risk treatment methods by changing their behaviors. Drs. James Prochaska and Carlos DiClemente came up with the transtheoretical model of behavioral change that, if followed, will greatly increase the student’s chance of keeping that change (Donatelle, 2016, p.9). The stages of the transtheoretical model are precontemplation, contemplation, preparation, action, maintenance, and termination (Donatelle, 2016). The precontemplation stage is when the student has no intention of changing. If the student has analyzed their risks and determined what change they will make first, they will already fall into the contemplation stage (Donatelle, 2016). Once the student has picked their behavioral change, the student should research the change they want to make. After researching their target behavior the student should assess their motivation and readiness to make a change. For the preparation stage, the student will set a goal, anticipate any barriers to change, and create a contract that they will sign (Donatelle, 2016). The contract is a great way for the student to hold themself accountable by setting short-term goals. Target dates and rewards support the completion of the behavioral change. The student begins to follow their plan during the action stage. Once reaching their goal, the maintenance stage is utilized until the goal becomes a permanent part of their life (Donatelle, 2016). The termination stage finally occurs because the change is permanent (Donatelle, 2016). The plan of action will be different for each category of risk.
An example of managing a physical health risk would be if a college student decides that they want to live a healthier lifestyle by exercising more. They should set some goals for themselves and rewards for when they reach those goals such as going to a concert with a friend or buying those headphones they have been wanting for a while. With exercising, it is not always easy to go straight from a primarily sedentary lifestyle to working out four times a week so it is best to take things slow. Start walking everywhere on campus instead of taking the bus and take the stairs instead of the elevator. Use the health app on the iPhone to track how much the number of steps taken daily has changed between before and after. Now that the student is comfortable walking everywhere, the student can continue with that and start adding in workouts once or twice a week. They can utilize apps and websites that help with ideas on workouts and will track their progress. Once they are comfortable with that, the student can aim for Donatelle’s recommended physical activity for health with "150 minutes per week of moderate intensity cardio plus muscle strengthening activities for all the major muscle groups at least two days per week" (2016, p. 228). While attempting to reach their goals, the student will begin to fall into a routine which will make working out seem like more of a natural part of their week. The app will be able to show the student’s progress over time and will help them remember what exercises they liked and which ones they would like to change for better results.

A student that is struggling with keeping their grade point average up because of all their other responsibilities, should get a planner or calendar to manage their academic risks. They need to plan out all of their time to include meetings, study sessions, and time with friends. With so many things going on it is easy to forget about papers that are due in a month or to study more than a day in advance for a test. The planner is critical to help keep things organized. The student will be able to add reminders the week before the project is due and will be able to block out
time to study. With grade point average being so important, it would be unfortunate for the student to not meet their grade point average goals because they missed a few too many assignments or were not able to put enough effort into their final project. It is easier to remember to study for three hours on Saturday if it is blocked off on the calendar, than if they just plan to study on Saturday when they get to it. The student will still be able to do everything that they want to do but a planner will help ensure that they complete all of the required school work.

Anxiety disorders are one of the risks that can affect psychological health. There are many different ways to incorporate the matrix method as a risk management method. The low severity and low frequency case uses retention. Retention can be anything from deep breathing exercises to just letting the feelings take their course. This is when the symptoms are most under control so it involves the student letting the symptoms happen until they pass and trying to make themselves as comfortable as possible. High frequency and low severity is when the student would implement loss prevention. In this situation, the anxiety attacks happen more often than the student would like them to so they need to implement methods that can help with lowering the frequency. Loss prevention can take many forms including exercising regularly, doing a creative project, and meditation. The goal of loss prevention is to find something that the student can do regularly that will help minimize the number of incidents. Exercising regularly can be a good choice because when a person exercises their body releases endorphins which trigger a positive feeling in the body. Transfer should be used when there is low frequency but high severity. Transfer can be implemented through the student talking with someone about their feelings and coming up with ways to work through their symptoms when they occur. When the severity is high, it is usually best to not try to tackle this on their own. The final situation is when there is both high frequency and high severity. Avoidance is the best risk management method for this
Avoidance can be accomplished through figuring out if there are specific triggers and avoiding them or from something such as medication to manage the anxiety. No matter what the situation is and if the student believes they can handle it on their own, it is best to talk to a professional about their methods and progress.

There are a lot of risks that are added when the student moves out of the dorm that influence the student's safety. A lot of the safety measures that the university has on campus do not apply to students when they are not on campus property. They will most likely be walking off campus a lot more so they will need to figure out the best streets to take, the best times to cross a busy street, and the best times to be walking alone. Their new housing may not have as many safety features in place so they may need to add extra locks, a security system, and exterior sensor lights. The student will need to develop their own procedures for a fire or a natural disaster because they will not have a plan provided for them by the university. It would be recommended to buy a renters insurance policy. The student will not be able to predict if their upstairs neighbors' pipe will burst or if a neighboring apartment might catch on fire. The student will be doing more driving around to go to the grocery store and run other errands which could increase their chances of getting in an accident even if they are a great driver. When risk managing for safety it is important to be prepared for all of the outside influences that are out of the student's control.

Conclusion

Risk management is traditionally viewed as a process that organizations implement to protect themselves from situations that could lead to a loss. The risk management process has five essential steps that help with determining the right method to protect against any risk. Even
though organizations and humans have different risks, the steps to managing these risks are still the same. It is not always easy to manage risks but it is worth the effort in the long run.

College is a major life event for people so it makes sense to start implementing risk management techniques during this time. This thesis is a resource that can be used by students to guide them through the college risk management process. It was specifically designed using Ball State University's current academic and risk management information but could easily be updated to represent any college's information. Risks are always changing and being created, so risk treatment methods will need to be changed and be updated with the risks.
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