EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

for the Near - and Long - Term

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Transform. Protect. Respond: Building the capabilities for higher education's next chapter

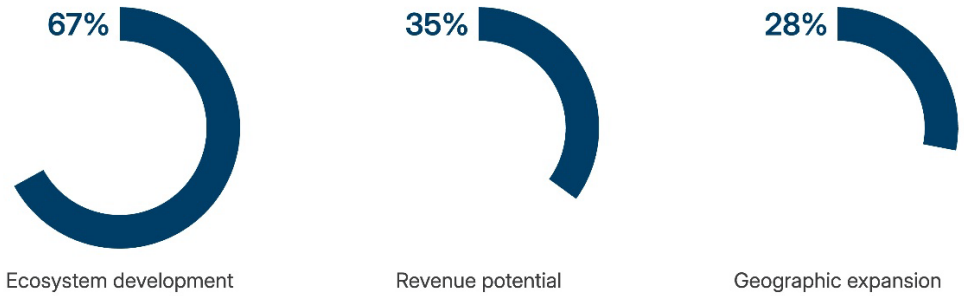
Higher education leaders are entering 2027 with no shortage of opportunities, but far less certainty about how quickly they can capitalise on them. AI, emerging technologies and expanded partnership ecosystems are opening new paths for growth and value creation, even as demographic shifts, funding pressures and rapid disruption continue to reshape the landscape.

Protiviti's 2027 ***Executive Perspectives on Top Risks and Opportunities Survey*** *reveals a sector well aware of the need to transform while remaining conscious of the risks. The question for institutional leaders is not whether change is necessary, but whether they can build the capabilities to transform, protect institutional value and respond to change with agility and confidence.*

Key findings at a glance:

- Strategic partnerships represent the sector's most significant growth opportunity.
- AI is emerging as both a transformative opportunity and a growing source of risk.
- Workforce capability is becoming the key enabler of AI value realisation and institutional adaptability.
- Cybersecurity remains foundational to innovation and institutional trust.
- Greater organisational agility may help institutions move more confidently from ambition to action.

Where do leaders in higher education see the greatest opportunities for their organisation over the next two to three years?



Ecosystem development = new paths for growth

Growing pressure to deliver modern, career-aligned learning experiences and greater educational value is driving institutions to expand their ecosystem of partnerships with technology providers, employers, research organisations and community stakeholders. The top-ranked opportunity for a second consecutive year, these collaborations can enable industry-sponsored research hubs and incubators, strengthen digital capabilities and create work-based learning experiences that meet rising student expectations. At the same time, increased reliance on third parties heightens the importance of strong oversight and governance to safeguard institutional value, intellectual property and culture.

Revenue growth: a multi-strategy approach

With only 35% of leaders expressing confidence, protecting and growing revenue is less an aspiration than a necessity. Demographic shifts and declining enrolment are forcing institutions to broaden revenue sources and rethink academic portfolios, operating models and student acquisition strategies. Attracting non-traditional learners, developing workforce-relevant credentials, improving retention and completion rates, and demonstrating clear return on educational investment can help strengthen financial sustainability while maintaining relevance to changing student populations.

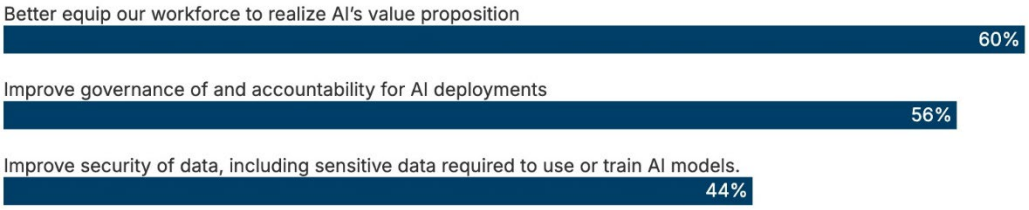
Digital vs geographic footprint

Fewer than one-third of leaders view geographic expansion as an opportunity. Instead, institutions are looking to digital learning, virtual collaboration and technology-enabled service delivery as ways to expand their reach without capital expenditures.

67%

of respondents agree that strategic partnerships represent the biggest opportunity for higher education institutions in 2027.

What priorities do leaders see as most important to maximising the value of AI deployments?



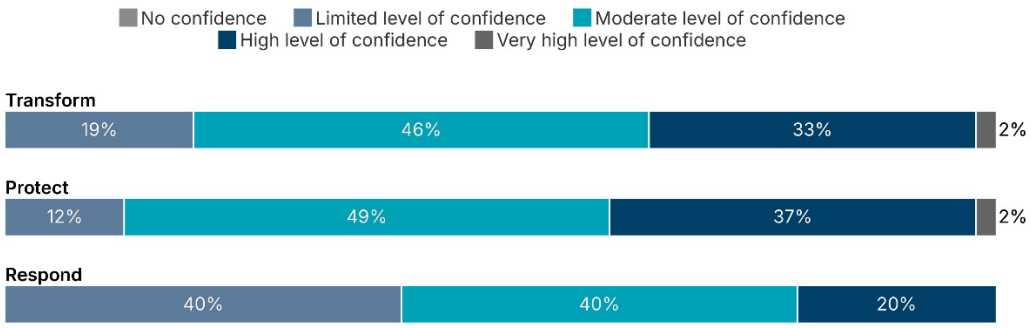
If AI strategy was played on an athletic field, workforce readiness would be the offence, while governance and data security would be the defence. Higher education institutions need strength on both sides to turn their growing AI investments into institutional value.

Ranking workforce as the top priority reflects a clear recognition that AI can only deliver meaningful outcomes when faculty, staff and student workers know how to use it responsibly and effectively. For many institutions, that starts with identifying high-value use cases, providing role-based training, establishing clear guardrails and building confidence across teaching, research, student services, administration and decision-making. As adoption matures, the focus will shift from AI literacy to new work organisation, role redesign and targeted skill development needed to embed AI into academic and administrative processes at scale.

Governance, accountability and data security play a crucial role in that strategy. Governance is enabled by clear ownership, decision rights and oversight of AI tools. These structures are even more important as third-party platforms, cloud providers and software vendors embed AI into applications already used across campus. Without guardrails, unsanctioned AI use can proliferate, accountability can blur and isolated experimentation can create institution-wide risk.

Institutions are also aware that AI systems may draw on sensitive student, institutional and research information, elevating this concern into the top three. Weak privacy and data protections can quickly turn a promising AI initiative into operational, regulatory or reputational exposure, eroding institutional integrity and stakeholder trust.

We asked leaders in higher education three specific questions about their ability to (1) transform the institution, (2) protect institutional value, and (3) respond with agility to market opportunities and risks. What did they tell us?



The confidence findings suggest a sector with moderate confidence in its ability to transform and protect, but far less confidence in its capacity to respond quickly to opportunities and risks. Building that confidence represents one of the biggest opportunities in higher education.

The findings reflect the reality facing higher education institutions today. Leaders are navigating demographic shifts, funding pressures, evolving workforce needs, changing student expectations and rapid technological disruption while operating within governance, budgeting and academic planning cycles designed for a far more predictable environment. They are increasingly pressured to make decisions and commit funding before they have sufficient time to evaluate the long-term implications. The challenge is not simply responding to multiple pressures at once but doing so with enough information and at a pace that matches the velocity of change.

The survey's other findings reinforce this agility challenge. AI-related risks, disruptive innovation, legacy infrastructure constraints and growing dependence on third-party ecosystems all increase the premium on institutional agility. The question for leaders is whether they can build the workforce capabilities, organisational structures, operating models and leadership fortitude needed to act on opportunities before they become urgent necessities.

4 out of 10

leaders express limited confidence in their institutions' ability to respond with agility to new risks and opportunities.

What are the most significant near-term concerns on the minds of higher education leaders?

Risk description	2027*
Cyber threats	4.09
Emergence of new risks from implementing artificial intelligence	3.82
Skills and talent acquisition and retention, leadership development and succession challenges	3.72
Heightened regulatory change, uncertainty and fragmentation	3.63
Economic conditions, including inflationary pressures	3.58

**Average values are based on a 5-point scale where 1 reflects 'No impact at all' and 5 reflects 'Extensive impact'.*

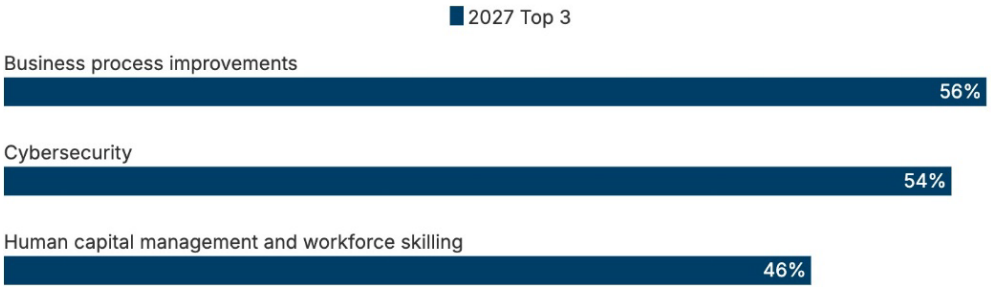
Cyber threats return as the top near-term challenge this year, reflecting the continued appeal of learning institutions to cybercriminals. Decentralised digital environments, large user populations and valuable student, financial and research data make them particularly attractive targets. Frontier AI models are amplifying the risk by helping threat actors scale phishing campaigns, automate vulnerability discovery and create convincing impersonation attacks targeting faculty, staff and students.

The rise of AI-related risks to second position highlights another opportunity-risk dichotomy. As institutions rely more heavily on cloud and technology partners for AI capabilities, concerns around academic integrity, model governance, data privacy, intellectual property and ethical AI use grow in parallel. That dependence also increases exposure to cyber, operational and data disruptions originating outside the institution's walls.

Workforce-related concerns persist but are evolving in nature. Skills acquisition, talent retention and leadership development rank higher than labour availability, suggesting that the workforce challenge is increasingly about attracting a particular type of talent, not just any talent. Institutions need visionary leaders who can navigate a changing demographic, funding and collaboration landscape, manage technology-enabled change and translate AI investments into measurable institutional value.

Regulatory uncertainty remains a top-five concern, though ranked lower compared to last year. This may reflect a growing acceptance of regulatory fragmentation for the foreseeable future. Economic concerns, meanwhile, have moved up, driven by global economic volatility, inflation and the sector's persistent revenue pressures.

Given these near-term risk issues, where do organisations plan to invest most?



The investment priorities in higher education are aligned to the challenges highlighted in other parts of the survey. Business process improvement, including administrative modernisation, emerges as the leading investment area, suggesting that institutions are focused on improving efficiency, reducing administrative burden and creating the operational foundations needed to support broader transformation initiatives. Given the concurrent rise in AI-related priorities and risks, many of these investments are likely tied to process modernisation efforts that can enable more effective use of data, automation and AI-enabled capabilities.

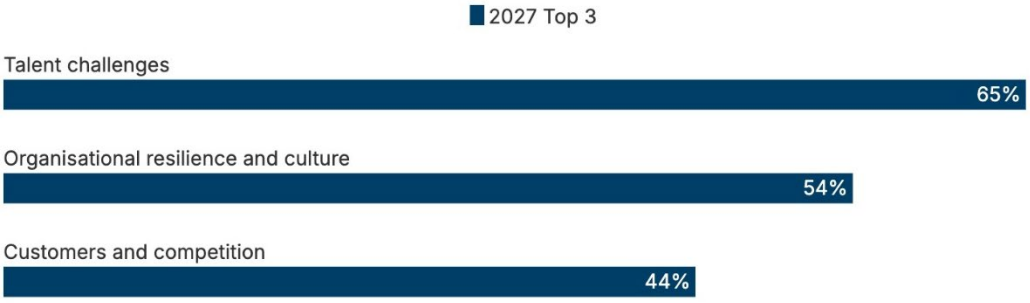
Cybersecurity is a near-equal investment priority, consistent with cybersecurity's return to the top position among near-term risks. It suggests that institutions view cyber resilience as a foundational capability, allowing them to maintain trust while pursuing innovation.

Investment in human capital management and workforce skilling reflects a recognition that institutional ability to transform ultimately depends on people's ability to adapt and manage change. As institutions modernise processes, adopt new technologies and navigate a more complex ecosystem of partners and risks, they will need the skills, leadership capacity and organisational structures required to adapt quickly and execute effectively. Capabilities related to governance, vendor oversight and risk management are becoming increasingly important as digital dependencies grow. Collectively, these investments suggest that higher education leaders are building the organisational capacity needed not only to transform, but to thrive and respond with greater agility and confidence to future opportunities and disruptions.

'Realising value from AI requires institutions to rethink processes, redesign work and enable people to operate in new ways. Business process transformation is the foundation from which to start.'

– Eric Groen, Protiviti

How do leaders in higher education view the 10-year risk outlook for their organisation?



The universities that thrive over the next decade may not necessarily be the largest or best funded. The winners may be the institutions whose leadership can develop and retain talent, build cultures that embrace change, align resources to opportunities, leverage technology responsibly, and build trust among students, employees and partners.

Education's people-and-culture focus over the long term reflects this emerging reality. Talent challenges dominate the long-term outlook, bringing together concerns raised throughout the survey and reflecting a recognition that workforce skills, leadership strength and institutional capacity for continuous change are becoming long-term sources of advantage.

Organisational resilience and culture represent another long-term focus. While talent provides the capacity for change, resilience is the capability to execute under stress. As disruption becomes a permanent feature of the higher education landscape, strengths such as agile governance, data-driven decision-making, cross-functional collaboration and adaptability may become increasingly important competitive advantages.

Stakeholders and competition will continue to drive adaptability. Students increasingly expect tangible, real-world value for their tuition, along with personalised, responsive and technology-enabled experiences comparable to those they encounter outside education. Many institutions are responding with business-relevant curricula, job-aligned programmes and practical approaches to teaching and learning, supported by the ecosystem partnerships needed to deliver them. Institutions that combine data, technology and innovation with a culture of curiosity and adaptability will be best positioned to attract learners, strengthen retention, improve post-graduation outcomes and enhance institutional reputation.

Top 10 near-term risks for higher education

Risk description	Average*	2026 rank	YOY movement
1. Cyber threats	4.09	2	↑
2. Emergence of new risks from implementing artificial intelligence	3.82	10	↑
3. Skills and talent acquisition and retention, leadership development and succession challenges	3.72	3	-
4. Heightened regulatory change, uncertainty and fragmentation	3.63	1	↓
5. Economic conditions, including inflationary pressures	3.58	7	↑
6. Ensuring privacy and compliance with growing identity protection regulations and expectations	3.56	8	↑
7. Rapid speed of disruptive innovations enabled by emerging technologies and/or other market forces	3.51	14	↑
8. Talent and labour availability	3.47	4	↓
9. Operations and legacy IT infrastructure unable to support performance expectations	3.46	11	↑
10. Third-party risks	3.46	19	↑

**Average values are based on a 5-point scale where 1 reflects 'No impact at all' and 5 reflects 'Extensive impact'.*

Third-party risks are a rising concern

The appearance of third-party risks in the top 10 is particularly noteworthy this year. As institutions become more dependent on external providers, leaders increasingly recognise that responsibility for data privacy, compliance, instructional quality and intellectual property remains with the institution, regardless of who delivers the service. In an interconnected ecosystem, institutions may outsource services, but they cannot outsource accountability or reputation.

The prominence of third-party risk highlights the dual nature of ecosystem development. The partnerships that create new opportunities for growth, innovation and efficiency also expand the institution's risk surface, increasing the need for governance, oversight and risk management.

Calls to action: What should leaders do now?

The following actions can help institutions address the risks, maximise the opportunities and increase their level of confidence across the three areas:

TRANSFORM

- **Align mission, growth and risk decisions.** Evaluate partnerships, programmes and initiatives based on their contribution to mission, student success, financial sustainability, cyber resilience and institutional trust.
- **Modernise the administration.** Simplify processes and use automation, AI and analytics to increase agility and redirect resources to academic, research and student success priorities. Refocus on the mission.
- **Build AI-enabled workforce capabilities.** Move beyond AI awareness by equipping faculty and staff with role-based training, practical guidance and the skills needed to adapt processes, roles and ways of working as AI adoption matures.

PROTECT

- **Strengthen AI governance and data foundations.** Establish clear accountability and safeguards while improving data quality, security and trust.
- **Make cybersecurity an enabler of innovation.** Embed cyber resilience and privacy into modernisation efforts so innovation can advance without increasing exposure.
- **Govern the extended institutional ecosystem.** Apply consistent due diligence, accountability and resilience standards across technology providers, employers, research partners and other third parties.

RESPOND

- **Increase organisational agility.** Modernise governance, planning and operating models to act earlier on emerging risks and opportunities while preserving appropriate consultation and academic input.
- **Build strategic ecosystem capacity.** Work with employers, technology providers, research collaborators and community organisations to accelerate innovation, expand capabilities and respond more rapidly to emerging student needs.

About the survey

Our 15th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,330 board members and C-suite executives around the world regarding their views on:

- Ability to transform and protect the enterprise and respond to market opportunities and risks;
- Opportunities for growth considering the current environment;
- Priorities perceived as most critical to maximising the value of AI deployments;
- The top risks on the horizon for the near term (two to three years ahead) related to 30 specific risks across three dimensions (transform, protect and respond);
- A discussion of their organisations' near-term strategic investment priorities, given the opportunities and the risks they face; and
- The long-term horizon based on 11 risk themes that encompass the 30 near-term risk issues.

Our survey participants shared their views through an online survey conducted in June and July 2026. This paper offers specific insights into these issues from the perspective of higher education leaders.

About the author



Eric Groen is a Managing Director with over 25 years of experience in compliance, internal audit, external audit and risk management. As the Higher Education industry leader with Protiviti, Eric works with organisations to identify, prioritise and evaluate risks and to develop future-state recommendations. Eric has presented on various topics, including compliance and internal audit, at trade organisations such as ACUA and NACUBO. He is a Certified Public Accountant, a Certified Internal Auditor, a member of The Institute of Internal Auditors, and is QAR certified. He is also a former President and Board Member of the Phoenix Chapter of The IIA.

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