



**WOLKITE UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**Assessment of risk management practice in ehtio telecom (in case of  
wolkite branch)**

**A research paper Submitted to the Department of Management in Partial  
Fulfillment of the Requirement for the Bachelor of Art (B.A) in Management**

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## Declaration

This is to declare that this paper in title lead “the assessment of risk management practice in ethio telecom in case of wolkite branch” submitted to wolkite university college of business and economics through the department of management for the awarded of the bachelor of art degree in management study’s done by mikias ababey.

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## ABSTRACT

The researches of this study assess risk management practice in the Ethio telecom eastern Ethiopia wolkite city. The researcher used both primarily and secondary data. The primarily data was collected from the employees of the organization through answers and questionnaires. The secondary data was also gathered from internet, books, documents and libraries. Researcher has used simply random sampling techniques in order to gather the essential data.the researcher in the study uses theoretical and empirical review which was conducted in the previous research. Finally, the necessary recommendation was for awarded to the organization.

**Key terms:** risk management, handling risk and risk transfer

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# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 BACKGROUND of THE STUDY

Risk affects every aspects of the organization. The effect of the risk is not confined within predictable boundaries. A single event can easily influences several areas of the organization of ones and reducing consequences of the immediate impact expose. (Pandey 2003).

Risk affects organization not to achieve their goals by creating number of obstacles in them on the other side failure of the organization in achieving their respective goals influence on the country economy development. Such thing gain affects the people of the country at large. Hence, the enemy of the organization should be properly managed so as to prevent its strategic impacts in every aspects of the organization. (Pandey 2004).

The risk potential losses some things of values can be gained or lost when talking risk result from a given action or inaction. "When we take a risk we are hitting on an outcome that will result from decision we have made, though we don't know for certain what outcome will be." (Peter Bernstein 2001)

Risk management practice is the best way to manage and a way which helps the organization to pooled back is succeeding their objectives by assessing and identifying the risk occurred on them. (www.irmi.com)

Risk management is used by the organization and business to asses' problems that either have or will occur. After the risk the business or organization then takes step to reduce the risk and illuminate it completely. (www.non profit risk organization.com)

Risk managed by various controlling the techniques such as risk avoidance, loss controls, risk retention, risk transfer & loss reductions. (Gordon and wise man (1999))

The existence of the organization without management techniques was meaningless. The risk management practices are required handle the risk that occurs in the organization. (George E.Rejda 2004)

Risk management refers to the identification measurements and treatment property, liability and personal pure risk exposure. It's the generally management functions that seeks to asses and addressed the cause and effective uncertainty and a risk in an organization (Williams 2004).

Risk management was the continuing process to identity, analyze, evaluate threat loss exposure and monitor Risk control and financial resources to minimize the adverse effects of loss. (www.irmi.com).

It's important to maintain the organization with use up date employee's technologies and machines for its productivity and effective performance. The organizations which use these must manage the risk properly. For the development and effective risks handling purchasing insurance and giving training to the employees of the corporation plays the greatest role of the activities of Ethio telecom. In order to achieve the organization goals through the minimum use of man power. Technologies and machines purchasing insurance and training to the workers are absolutely essential for any organization. In order to enhance the operational performance management efficiency to satisfy their employees, local community, shareholders, customers & other stock holders. Operational risk management typically to covers broad range of the risk that are internal to an organization (Corrigan 1999).

While it would be impossible to list all risk confronting an individual was business we briefly line the nature of various risk that create financial in security such as personnel risk, property risk and liability risk. (Tekle George Aseffa 2004).

Hence the purpose of the study is to identify the major type of risk management practice, to assess the risk management policy and procedure to identify the perception of manager about risk management practice and finally to indicate the way of overcoming those problem.

## 1.2 BACKGROUND OF THE ORGANIZATION

Wolkite telecom is one of the branches of Ethio telecom. It's is one the services provide of our country Ethio telecom the office is in Wolkite a city the number of the workers were 44. Among these worker's 41 males and 3 were female the company has seven different section department these are networks under these fixed asses network operations and maintenance, residential marketing and sales under. This direct and indirect channels business partner under this human resources, legal logistics and facility, finance and security.

The company can be providing services 70 of customers like broad band & dial up mobile, fax & fixed telecom services.

### **1.3. STATEMENT OF THE PROBLEM**

Ethio telecom is monopoly institutions that provide telephones services to its customers. The risk managing practices are the most important activities for the organization reach its goals objectives as well as to maintain its competitive advantages.

The risk management can add value to all most any situation where the possibility exists for services or catastrophic outcomes. The steps used to manage risk can be used at different levels of detailed and with varying degrees of formality. Depending on the key to using the process is computing each step in the most practical way provide the information.

The information about possibility for one or more unrelated out comes separate risk based decision from traditional decision making. However risk management practices are affected by so many factors. Such as lack of skilled manpower, budget deficits, lack of infrastructure like electronic, material structured and conductive policies concerned risk (Green 2003).

Another problem related to the process of Ethio telecom in Wolkite branch which hinders or affected by risk management practice due to lack of employees training, inefficiency administrative staff, inadequate knowledge, lack of modern information system, poor communication network & lack of effective risk controlling policy. Therefore, the study would address the following basic questions such as:

### **1.4. Research question**

1. What are the risk exposures of the telecom?
2. What kinds of preventive techniques and controlling procedures of the risk management?
3. What types of methods are available to improve the risk management?
4. How the organization control or prevent the risks?

## **1.5. OBJECTIVES of THE STUDY**

This study would have two objectives these are general and specific objectives.

### **1.5.1. General Objectives**

The general objective of the study would be the asses risk management practice in the Ethio telecom in Wolkite branch.

### **1.5.2. Specific Objectives**

Specifically the objectives of the study would be:-

1. To identify the major the exposure of risk and risk management.
2. To investigate types of risk management practice applied by the organization.
3. To determine the best possible techniques and tools of the risk.
4. To forwards appropriate recommendations based on the finding of the study.

## **1.6. Significance of the study**

The study would benefit at the organization from the researchers points of view this study helps the researcher to increase from the thinking capacity and problem solving. Another significance of the study is the following points:

Primarily, this research would conduct as requirements in partial fulfillment to acquire BA degrees in management.

1. To provide information regarding to the risk management of the corporation.
2. It's can serve for the researcher as guidelines
3. Its services as a source of note for students and teachers fields of study in the future.
4. It initiates other researcher to conduct their study in these areas or another area.

## **1.7. Scope of the study**

The scope of the study is geographically, conceptually, and time frame dimension. Geographically the study was conduct at wolkite town, conceptually the study would be use to

show the assessment of risk management practice in Ethio telecom and timely the researcher would be use the most recent data of the organization because recent data are more suitable.

## **1.8 Organization of the study**

The study would be organized into five chapters. The first chapter is an introduction part of the study in which background of the study, statement of the problem, research question, and objective of the study, significance of the study, scope of the study. The second chapter deals with related literature review of the study. The third chapter is about methodology of the study. Chapter four analyzes the data and presentation of findings. The last chapter will be the summary of findings, conclusions, and recommendations part.

## CHAPTER TWO

### 2. LITERATURE REVIEW

#### 2.1. Theoretical literature review

This chapter would try to indicate relevant facts about risk management. It looks that the nature of the risk and the various classification in to which it can put the first step. The business risk management is identifying the loss and second is to measures the loss. After identity and measuring the loss or risk facing by the firm. The next step is deciding how to handle them.

#### 2.2. The Concept and Meaning of Risk

Risk is uncertainty regarding loss & poses problem to business and individual in an early every work of life. Risk is a condition is which there a possibility of deviation from a desired outcome is. (George E. Rejda 2004).

Risk is uncertainty concerning the occurrence of the loss and it's the chance of loss it means they probability an event will occur. Risk management is process that identifies. Loss exposure faced by an organization selects the most appropriate techniques for treating such exposures. Based the terms risk is ambiguous and has different meanings. (Markh's.Dorfmon.2009).

#### 2.3. Basic Categories of Risk

Many classification of risk are put forward by authors. Among them the most important categories are the following.

- Financial and non-financial risk
- Pure and speculative Risk
- Fundamental and particular Risk
- Objectives &, subjective risk

.Static & Dynamic risk

##### 2.2.1.1. Financial and Non-financial Risk

In its broadest context, term risk includes all situations in which there is an exposure to adversity. In the same cases this adversity involves financial loss, while in others it does not. There are some elements of risk in every aspect of human endeavors & many of these risks have no only in detail/financial consequences.

### **2.2.1.2. Pure and speculative risk**

1. Pure Risk: - pure risk refers to the situation in which there are only the possibilities of loss or no loss. Pure risk are further classified into three categories.

#### **Types of pure Risk**

A. **Personal risk:** - this refers to the possibility of loss to a person death, disability and loss of earning power.

b. **Property risk:** - this refers to the associated with the ownership of the property such as destruction of the property by fire, lightning, tornadoes, wind storm and numerous other causes.

C. **Liability risk:** - refers to international or UN international damage to the other persons or their property one could be legally obligated to pay for the damage he influenced upon other person or properties.

### **2.2.3. Fundamental and Particular risk**

Fundamental risk: are essentially group risks. The condition which causes them has no relation to any particular individual. It's a risk that affected the entire economy or large number of persons or groups within the economy. Most fundamental risks are economic, political or social. It's usually beyond the control of individuals. The responsibility for tackling those risks is there for left to the society itself.

E.g. include rapidly inflation, cyclical unemployment, war, famines; flood recently the risk of a terrorist.

Particular risk: - is a risk that affected only individuals and not the entire community

The individual has ascertained degrees of control over their cause. Its responsibility of individuals. They are dealt with purchasing insurance policies and other techniques.

E.g. include car thefts, bank robberies and dwellings fires.

#### **2.2.4. Objectives and Subjective Risk**

Objective risk:-Is defined as the relative variations of actual loss from expected loss. Objective risk or statistical risk applicable to mainly groups of object expected to losses refers to variations that occur when actual losses differ from expected losses. E.g. Assume that property insurance has 10,000 house insured over long period and average one percent or 100 houses to burn each year. However it would rare for exactly 100 houses to burn each year. In the same years as few as 90 houses may burn while in another years. As many as 110 may burn. Thus there is variation of 10 houses from the expected number of 100 or variation of 10 houses 10 present. This relative variation of actual loss from expected losses of 100 is known as Objective Risk. (Williams 2005).

Subjective Risk:-is defined as uncertainty on person mental condition or state of mind. Subjective risk has been measured by different psychological tests, businesses widely accepted or uniform tests of prevent reliability have been developed. It affects decision making because different managers have different attitude about the same risk. (Basis 2003).

#### **2.2.5. Static and Dynamic Risk**

Dynamic risks:-are those results from change in the economy. Change in price level, consumer test, income and out technology may causes financial cost to member the economy. These dynamic risks may normally benefits society over the longer run; since they're since they are the result of adjustments to misallocation of resources. Those are less predictable than static risks. (Reichmann and James1998).

Static risk involves these losses that would occur even if there were no change in the economy. These losses arise from cause other than change in economy, Such as the perils of nature & dishonestly of other individual. Unlike dynamic risks, static risks are not a source of gain to society. (J.Triechmann&Castavosanded.G 2000 8th ed.p.5.).

### **2.3. Sources of the Risk**

Source of the risk are the sources of factor or hazards that may contribute to positive or negative outcomes. Source of risk can be classified in several ways .for instance, the following source of the risk represent one list.

- ✓ Political Environment: - with in the single country the political environment can be important source of risk anew part can move the nation in to a policy direction that might have dramatic effect on particular organization (new stringent regulations on toxic waste disposal).
- ✓ Legal environment: - the expected law and direction may be issued by the government which may render risk environmental to the business operating in the country. In the international domain complexity increase because legal standard can vary dramatically from county to country.
- ✓ Physical environment: - is a fundamental source of the earth quakes. Excessive rain fall or drought can all feed to loss. The ability to fully understand our environment and the effect we have on it as well as those it has on us it a central aspects of the sources of risk. (George E.Redaj.2009).
- ✓ Social environment: - changing traditions and values human behavior, socio- cultural and in situation.
- ✓ Operational and environmental: - process and procedures of an organization generated risk and uncertainty. A Formal procedure for promoting hiring or firing employees may generate a legal liability. The manufacturing process may out employees at risk of physical harm. The international business may suffer risk or I uncertainty due to the in reliable transportation system. (Hailuzeleke, 1991).

### **2.4. Risk Management Definition**

Risk management refers to the identification measurement and treatment property liability personal pure risk exposure. It is a general management functions that seeks to asses and address the cause and effect uncertainty and risk in on organization (will ROMs 2004).

Risk management is also defined as a systematic process for the identification and evaluation of pure loss exposure faced an organization or individual and for the selection and implementation of the most appropriate technique for testing such exposure.it is a specific approach to detailing with pure risk by anticipating possible accidentals losses and designing implementing that minimizes the occurrence of loss as the financial impact of the loss that does occur. As a general rule the risk manager is concerned only with management of pure risk not speculative risk

## **2.5 Objective of risk management**

Risk management had several important objectives that can be classified in to two categories.

1. Pre-loss objectives: Affirm or organization has several risk managements objectives prior to the occurrence of a loss the most important including economy the reduction of anxiety and meeting external imposed obligation.
2. Post loss objectives: This contains survival of the firm survival means that after a loss occur the firm can at least resume potential operation with in some reasonable time period it is choosing to do so (George E.Rejda 6th.ed.p.41).

## **2.6. Steps in Risk Managements Process**

Whether the concerned is with a business or an individual situation the general steps can because to systematically analyze and deal with the risk known as risk management process the four steps. The processes are the following:

1. Identify risk: There are many potential risks that control individual and business the risk management process is concerned primary with the identification of relevant exposure to pure risk. (William Jr.L. 5 MTh risk management and insurance 2004).
2. Evaluate risks : For each source of pure risk can be categorized to how often associated losses are likely to occur in addition to this evaluation of loss the Quincy an analysis of size or severity of loss is helpful consideration should be give both to the most provable size of any that may occur end to the maximum possible losses that might happen as part of the overall risk evaluation it may be possible to measure degree of the risk in meaningful way in some situation(George.e.rejda 2004).
3. Select the Appropriate Technique for managing Risk or Loss exposures

Risk Control tools such as: -Avoidance, Loss prevention and reduction, separation, combination and diversification.

Risk financing tools such as; Retention, Insurance & Non-insurance transfer.

#### 4. Implement and review decision

Following as decision about the optimal methods for handling identified risk the business or individual must implement the techniques selected however risk management should be an arguing process in which priores decision are review regularly.

Some times less risk exposure arise or significant changes in the expected loss the Quincy or severity occurs (George E.Rejda 6th.ed p.42).

## **2.8. Measurement of potential Risk loss**

Risk measurement is the process of potential loses to its size and their probability of occurance.After the risk, manager has identified the various types of loss faced by his or her firm. This exposure must measure in order to, determine their relative importance and obtain information that will help a decide upon the most durable combination of risk management tools. (Williams FR and R.M.Heinz 4th ed.p.56).

### **2.8.1. Dimension to be measured**

Information is needed concerning two dimensions of each exposure

- 1.the frequency or no of loss that will occur and
2. The severity of loss. For each of two dimensions it would be desirable to know at least the value in an average period and variation in the value from one get period to the next.

### **2.8.2. Loss frequency measures**

Loss frequency refers to the probable number of loss that may occur during some given time period. It is the probability that a single unit suffered one type of loss from a single peril. Richard proudly the risk manager of the large business suggested about 25years ago that instead of using numerical estimates of the risk manager might be expressing this type of probability as (1)."Almost null "meaning in the opinion of the risk manager that event would not happened. (2). "Slight" meaning that enough possible that the event has not happened to the present time &

likely occur in the future (3). "Moderate" meaning that it has happened once in a while and can be expected to occur sometime in the future. (4). "Define" meaning that it has happened regularly and can be expected to occur regularly in the future. Through not as precise as the probably. The Risk manager should also recognize that though the probability may be below more than one unit may be involved in a single occurrence. Those causing the loss potential to increase instead is depend upon the no of occurrence. The loss can included all types of loss from perils and exposure unit included in the analysis

#### 1. Loss frequency

One measure of loss frequency is the probability that a single unit suffer one type of loss from a single peril during the coming year, the risks manager can the some estimate the probability that the unit will suffered that types of loss from many peril, like winds form and expansion as well as file. The probability will be higher because of the additional possible cause loss. (George E.Rejda 20003)

#### 2. Loss severity

In determining the loss severity the risk manager must be careful to include all types of loss that might occur s as a result a given events as well as their ultimate financial impact upon the firms. (George E.Regda 2002)

#### 3. Pouty measure of severity

Measurement of severity of risk essential for ranking risk based on severity. One of the system used to measure severity of the risk the poverty measure of severity. The two commonly measure, the severity suggested by richer poverty

1. The maximum possible and

2. The maximum probable loss.

### **2.7. Selection of risk management tools**

The selection discussed some approach that may be sued in selecting risk management tools.

## **2.9. The two model are discussed**

### **1. Expected unit model**

It emphasis in the risk manager attitude towards risk. This means that the model takes into account different in risk attitude of risk manager. Risk manager are riley assign carrying utility point to a given mental loss. As a result their decision are particular situation are likely to differ under this model. Therefore, the Risk manager taking a decision on the basic expected loss of utility. (Williams 2001).

### **2. The worry factor model**

This model tries to assign a monitoring value the mental street or worry that manager experience because of grievance of risk. Consequently the monitor values assigned to the worry is treated as part of the cost of managing risk.(WONDEWOSEN SIYUM 2004).

### **2.9.1. Tools of Risk management**

Risk can be handled in several ways. In generally these are two basic tools of risk management.

#### **1. Risk control tools**

#### **2. Risk financing tools**

##### **2.9.1. 1. Risk control tools**

There are designed to reduce the firm expected losses and make to annual loss experience more predictable. The objective of risk control is to reduce frequency. Risk control efforts individuals and organization avoid risk. Prevent loss reduced the amount of damage if the loss is occur or reduce undesirable effect if risk on an organization. The risk control tools including the following;

Avoidance:-Avoidance of risk exist when the individual or organization free from itself the exposure abandon accept & refuse as to accept the risk from the very beginning to avoid individual or the organization need to avoid poverty person or activity with which the exposure is associated Avoidance is an effective approach to the handling of the risk the company can avoid the uncertainty the company experience. However the company loss benefit might have been disorder from this risk. (Williams 8th ed 1998).

#### ❖ Advantage of Avoidance

Avoidance is that the chance of loss reduced to zero if the loss exposure is not acquired in addition to existing loss exposure is abandoned the possibility of loss is either eliminated or reduced.

#### ❖ Disadvantage of Avoidance

- ✓ It is impossible to avoid loss
- ✓ Avoidance is that it may not be practical or possible to avoid the exposure. Some characteristics of Avoidance.
- ✓ Avoidance may be impossible to avoid Risk

The potential benefits to be gained from employing certain persons owning a piece of property or engaging in some activities. Avoiding risk may create another risk. (Williams 8th ed 1998).

- Loss control

Loss control activities are intended to reduce both frequency and severity of loss. Loss control measures effects of risk by lowering the chance that a loss will occur by reducing its severity if it does occur. Loss control has the unique ability to reduce risk for the individual or society. (Pandey 2004).

- Loss reduction

Loss reduction measures try to minimize the severity of loss once the perils happened. (Williams 8th ed 1998).

- Separation

It reflects to secreting or spreading the firm's property exposed to the risk to different places. Separate firm of the firm exposure to loss instead of concentrating it at the one location where there might be involved in some losses (Wondewosenseyum 2012).

- Diversification

Diversification is another risk handling tools. Most speculative risk in the business can be deals with diversification. However, has limited use in dealing with pure loss. (George.E.Rejda 8th Ed 1098).

### **2.9.1.2. Risk financing tools**

This is the Asian methods of handing risk .The person of the firm consciously or unconsciously decide to assume the risk loss to be borne by the person or firm and specific measures are taken to transfer the risk George E.Regida 8th ed 1998)

#### ❖ Non-insurance transfer

This is the method of transferring risk from the individual to the group. There are two types of non-I nsurance transfer (Trieckmann and Marks G Sandra Gaston 10th ed1998).

##### A) Neutralization or handling

It is the process of balancing the chance loss against the change of agar.

##### B) Hold harmless agreement

#### ➤ Insurance

Insurance represents s contractual transfer of risk. Insurance is appropriate for loss exposure that how probability of loss but the severity of loss high.

If the risk manager uses insurance to treat certain loss exposures, the risk manager emphasized five key areas.

- Selection of insurance coverage
- Selection of an insurer
- Negotiation of terms
- Dissemination of information concerning insurance coverage
- Periodic review of the insurance programming.

## **2. Periodic Review and Evaluation**

The insurance program must be periodical review. The entire process of the obtains insurance must be evaluated and reviewed periodically (George.e.Rejda 8th ed 1998).

### **2.10. Risk Policy of Ethio-telecom**

In order to success fully handle the risk that occurs in the organization the Ethio telecom has implemented two policies. These are:- (Hailu 2002).

- Insurance policy
- Marine insurance policy

Ethio telecom has insurance coverage in the following insurance policy

- Motor vehicles policy

In this policy have Ethio telecom insurance in the premium payment of in areas. It covers for Ethio telecom as a limit out of premium for damage of third earth property or vehicles the payments.

### **2.11. Marine Insurance Policy**

It covers the accident cause during the transaction and transpiration of purchasing materials and equipment in different form of transportation such as transport. Ships and land transportation until reaches its desalination. (Pandey 2000).

### **2.12. Training Policy**

The training policies proposed by the institution for the effectiveness of training system are the following (TekleGeorgisAssefa. 2004).

- Individual working in Ethio telecom should undergotraining for at least every year.
- Training should be market oriented.
- Training should be focused towards solving risk of Ethiotelecom mainly in technical fields.
- Training must cores and introduces multi skilling and ability.

## 2.13 Empirical Literature Review

Regarding ethio telecom, different research studies have been undertaken in diverse titles. But risk management challenges and practice of ethio telecom had not yet assessed. However, various studies had been conducted in the areas of risk management in various sectors, mostly in Construction and financial sectors. Risk Management Process, though a very vital component of project management process, is not given a due attention. Regarding this idea (Yimam, 2013) as quoted by Bereket N. (2017:19), stated that the practice of risk management in Ethiopia is very little and undeveloped and (Getachew, 2014) as quoted by Bereket N. (2017:19) cited that the practice of construction risks management through insurance in the Ethiopian federal road projects revealed that formal risk management is not practiced well. (Emphasis added) Straw (2015), stated as quoted by Bereket N. (2017:18), that the area of risk and uncertainty is particularly important in project management and is a natural element of projects. (emphasis added). That is why risk management can be justified on almost all projects.

Endawek M. (2015) has examined Risk Management and Its Impact on Financial Performance of Commercial Banks in Ethiopia. Balanced fixed effect panel regression was used for the data of eight commercial banks in the sample covered the period from 2002 to 2013. Descriptive statistics was also used to make analysis on primarily collected data. Four risk management variables that affect banks performance were selected and analyzed. The results of panel data regression analysis showed that credit risk management indicator 36 (NPLR), Liquidity risk management indicator (LIQR) and operational risk indicator (CIR) had negative and statistically significant impact on banks performance. In general, the researcher concludes that banks with good risk management policies have a lower risk and relatively higher return on asset. In her study of an assessment of project management competency: the case of ethio telecom, Kalkidan A. (2017), found that project risk management was categorized as hard competencies of Ethio telecom project managers. The study concluded that risk management is one among weaknesses or hard competencies for the company. Detail explanation about which any component of risk management process was, unwell implemented. Plus detail mitigation strategies and developing requirements were not recommended. This may be due to the focus of the study objective.

Frezewd A. (2016) examined the practice of project risk management in Batu and Dukem town water supply project. Purposive sampling was used and data collected through questionnaire was analyzed descriptively. The study concluded that there is no policy or guideline that is designed on how to manage risks in the projects. However, in the case of Ethio Telecom, risk management program is incorporated in TEP Charter. (TEP Charter, 2014). Frezewed A.(2016: xii) explains the risk management practices in detail as follows: ‘‘Even though, relevant stakeholders are involved in the planning process of the projects, thorough planning is not performed. Risk identification and analysis is performed for the projects and it is done based on expert judgmentKalkidanA.(2017).

### **2.7 gap of the study**

Most Studies focus on the risk management practice by using other frameworks, strategic risk management, management of property risk, relationship between risk management practice and financial performance on ethio telecom. There are limited studies providing risk management practice of ethio telecom. Even if the issue of risk management is equally important for all country, it is less focused and only few studies are conducted. However, as per the researcher’s knowledge no study is conducted to assess the risk management practice of ethio telecom in Ethiopia. Hence, this study aims to fill the gap in the literature by focusing on the components to assess the practice of ethio telecom in Ethiopia to manage risk.



## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

#### 3.1. Research design

The study would focus the assessment of risk management practice in wolkite town. The research would be descriptive research design because descriptive study concern with arranging summarizing and presenting numerical data in the form of table that the reader can understand easily.

#### 3.2. Sources of data

The necessary data would gather from primary sources such as employees, managers, etc. And also it is gathered from secondary sources such as documents, references within the organization. The primary data would gather from filled questionnaires and also the secondary data which would collect from documents and records that are related with risk management of the organization.

#### 3.2 Target population

The target population for this study employees of ethio telecom of wolkite town branch had a population of 44 employees. Since the population below one handed the researchers use census of them.

#### 3.3 Sampling Techniques

To collect necessary data and to conduct the study use census method would use carry out the study the reason for the researchers to use census method sampling it's easy of assembling sample and faire way of select sample from a given population.

#### 3.4. Data collection techniques

The researcher would use both primary and secondary sources of data. The primary source would be collect by distributing questionnaire to the employees that includes both open ended question and closed ended question. It have very convenient for collecting factual data and is usually easy to analysis. The secondary sources of data include books, internet and record files, other published and unpublished documents.

### **3.6. Method of data Analysis**

The researcher would use both quantitative and qualitative methods to analyze data. The researcher would use qualitative method to analyze the opinion and response of employees in the form of narration and quantitative method also use to analyzed the data in the form of tabulation, percentage and frequency; this helps to understand and interpret easily. The method of presenting data the researcher would use table because of its simple to understand and appropriate for comparison.

## **Chapter four**

### **4 Conclusion and suggestion of related literatures**

#### **4.1 conclusion**

The main objectives of study were to assess the risk management practice & effective controlling mechanism of Ethio telecom. The conclusion that can be reached from that the data is that physical inspection commonly used method for identifying the risk of the organization. The organization practice both risk control & risk financing tools. Loss prevention & reduction among the risk financing tools the organization practiced self-insurance methods.

In order to handle successful, the risk that occurs in organization Ethio telecom has implemented two policies. Insurance policy and training policy, motor and marine policies. Therefore, here the conclusion for risk management practices of Ethio telecom. The company's effort through developing risk management policy and manuals to guide staffs and section in handling of unexpected future uncertainties is found to be encouraging. When the program develops their risk management plan requires to be more systematized and to allow involvement of relevant stakeholders but the program lacks this aspect when performing risk management planning.

Each section/ department identifying the potential risk is expected to provide list of risks along with the response plan, hence it will lack consideration for availability of resource, schedule and budget. In the meantime it will also miss the concept of tiding risk response strategies with the goal and objectives of the program.

Monitoring is done in a continual base in terms of keeping track of identified risks, monitoring residual risks and ensuring execution of risk plans to evaluate their effectiveness with the involvement of higher official or steering committee all in all risk monitoring practices of the program is encouraging.

It's commonly observed challenge in the program's risk management implementation processes, lack of skilled manpower leading the risk management team, low level of

awareness and unsupportive culture of the organization is the other factor having the potential impact in the risk management process of the program. Risk management has been considered as a task of the assigned personnel alone and seeing risks only from the down side is a common practice observed. Other challenges related to absence of transparency of stakeholders, Lack of organizational support and lack of support from top management, were also exist at the organization and at the program level.

In general, the company is showing progress in managing risks by their own way. At the program level cost and schedule impacts that come as a result of risk were also minimized to a great extent by forming the steering committee that is in charge of monitoring the risk management progress through having continues follow-up. But still the little attention given to proper risk identification created high and negative cost, schedule and quality impacts in the program. Despite, such challenges the overall progress and performance of the program's risk management implementation effort is found on an encouraging status.

## 4.2 suggestion

Based on the finding of the study the researchers try possible recommendations;

- The company should use the available methods that are used for identifying the risk of the organization which are physical inspection and incident reports.
- The company should implement both risk controlling and risk financing tools, especially risk financing tools which includes loss prevention and reduction.
- The company should effectively measure the potential risk to determine the relative importance and obtain information that will be the risk manager to decide on the most desirable combination of risk management.
- The company should implement risk financing mechanisms and it should strive to achieve financial sustainability.
- Organizations may find difficulty to get skilled manpower internally as ethio telecom suffer from lack of risk management expertise, and the company must see other alternatives like hiring a consulting firm on contractual bases or permanent bases and transferring potential risks to other party through contractual agreement or insurance.
- Risk management must not be the concern of a department and personnel assigned to handle the process but it should be everybody's concern, in this regard the company must take a practical action to enhance the level of risk awareness among members of the program in particular and in the company as a whole through arranging awareness creation program. Keeping the good practice of recording lesson learning document have to be continue in more systematized way; hence it will serve as a stepping stone in the future risk management endeavor.

- Finally, the researcher recommend that the company can take the study as a stepping stone for further investigation and shall make an exhaustive survey in all projects and must take action to benefit from managing its risk, company should incorporate and overall policy regarding to the risk management activities in the organization must participate objectively rather than subjectively.

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