RISK MANAGEMENT ASSESSMENT OF MULTIMEDIA GROUP LIMITED

By

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DECLARATION

I, Sheila Agyeiwaa declare that I have undertaken this study herein under the supervision of Dr. Daniel Domeher and except portions where references have been duly cited, this dissertation is the outcome of my research.

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ABSTRACT

Risk management has become an inevitable part of doing business, especially since the business sector is related to conditions of uncertainty. This research was undertaken to gain understanding of the nature of risk, compliance to best standards and challenges faced in mitigating risk the media industry. In order to achieve the objectives of the study, data was collected through interview and questionnaires. Due to the fact that top-level management is directly responsible for risk management, the target groups included departmental heads and key employee.

This research found that the major risks facing the media are credit risk, operational risk and strategic risk. Of these risks, operational risk forms the most challenging risk. Risk is managed through talent management, protection of the internal intellectual property, bench for key programs, maintenance of audience trust and strict adherence to credit policy manual. The study also revealed that effective risk management helps retain key and experienced employees especially on air presenters, development and maintenance of good relationship with key stakeholders and ability to prudently manage the cash flow of the organization

The findings indicated that compliance to best standards facilitates the effectiveness of risk management. Some challenges faced in risk mitigation included lack of adequate tools for risk assessment and management, inadequate training programs, difficulty in identified risk data interpretation and analysis and inability to align risk management process with overall strategy.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Risk is an inevitable part of doing business. However, when the level of risk is too high, it can adversely affect the financial position and the health of the firm. Proactive risk management is therefore essential to the sustainability of every well-meaning organization as businesses operate under uncertain conditions.

The emergence of financial crisis resulting from factors such as bad debt has made risk management an important part of every business organizations. Failures in the financial sector are partly blamed on risk management practices, Rakesh (2009); such as in relation to granting of loans. Some reasons put forward include limited role of risk management in granting loans in most banks for the fact that, their considerations are subordinated to profitability and lack of capacity to adequately make timely and accurate forecast. In this regard, stakeholders should not only be interested in the returns made from their investment but also critically examine frameworks used in assessing and managing risks.

Risk management is applicable to all industries; ranging from financial services sector, to the media industry, to the construction and manufacturing industry. Business institutions are expected to identify the significant business risks they face be it social, ethical, as well as strategic and operational and to explain how they manage them. In the current global economic environment, identifying, measuring, analyzing and managing risk across an organization has become increasingly important to the success and longevity of any business. Individual organizations have unique set of risks they are exposed to.

The media industry of Ghana, one of the most free in Africa and influential companies as it directly connects with mass audience, has previously undergone periods of severe restrictions. Chapter 12 of the 1992 Constitution of Ghana guarantees freedom of the press and independence of the media while Chapter 2 prohibits censorship. FM radio began in 1988, Fuller (2004) and Television service was launched in Ghana on July 31st, 1965, with the goal to reflect and promote the highest national and social ideals of Ghana, Asante (1996). The Media Commission of Ghana was set up as an independent commission to receive complaints and monitor the activities of media organizations, Blankson and Murphy (2007)

The media industry is competitive and undergoing rapid transformation with changes. Most companies in the industry are changing in structure, generating and processing more data and providing increased content and services. The individual organizations face higher competition from existing competitors and new entrants in the future. The principal elements of competition include technical competence, pricing, quality, conformity to industry standards, reliability and customer service. These activities give rise to risk. These risks include the risk of losing key and experienced employees, reputational risks, credit risk and operational risks and therefore the need to manage them.

Risk is the likelihood that a decision will lead to a different outcome due to the fact that decisions are made under conditions of uncertainty. Effective risk management is an essential capability for every business organization. It can be the protection of internal intellectual property or the maintenance of consumer trust. According to Redja (1998), managing risks is to systematically identify and assess organization’s exposure to losses and to select and implement the most appropriate techniques for treating such exposures. The process of risk management includes identification, measurement, analysis and management of the risks. Bessis (2010) also adds that in addition of it being a process, risk management involves a set of tools and models for measuring and controlling risk.

Essentially, risk management occurs anytime an investor or fund manager analyzes and attempts to quantify the potential for loses in an investment and then takes the appropriate action given their investment objectives and risk tolerance. Inadequate risk management can result in sever consequence for companies as well as individuals. For example, the recession that began in 2008 was largely caused by the loose credit risk management of financial firms.

With the divers segments in the media industry, each performing and operating in environments that have unique range of drivers, the businesses are exposed to considerable level of risks. Risk must be managed in order to maximize profitability, net cash flow and market value of the firm. To ensure the continuation of competitiveness and continuous growth, there is the need to identify the risk associated with doing business and develop key strategies to mitigate the impact of these risks related to the business and industry at large and for that matter the need to assess the structure and components of risk management of the media industry to ascertain the adequacy of their systems, policies and procedures for managing risk and sometimes their relationship with current best practices.

1.2 Statement of Problem

The media was established to provide information, entertain and educate its audience. The success of every institution is largely dependent upon the effectiveness of the management of the credit system, operations, compliance to the laws and standards of the industry and country at large among other things. Risk management can facilitate the effectiveness of these systems.

Organizations in the media industry undertake various activities to manage the impact of risk. Most of them expect advertisers to make payments within 90 days (three months) after an execution of work. This however is not always the case.

Most organizations in the media industry do not have effective programs for identifying and assessing the risks they are exposed to. Even those who have risk management programs only focus on the major risk such as credit risk. They do not go far to identify other related risks such as compliance risk and operational risk.

Another problem is how identified risks are analyzed. There is sometimes lack of collaboration from all departments and stakeholders in managing risk. Selecting the appropriate technique for treating identified risks can also be a source of challenge. In related issues, there is inadequacy or non availability of tools for the assessment and measurement of risks. There is also lack of feedback, monitoring and review programs on risks management. Poor communication lines for effective risk management.

In view of the above it is imperative to undertake this study to assess the extent to which organizations in the media industry effectively manage risk with specific reference to Multimedia Group Ltd, Kumasi Radio.

1.3 Objectives of the Study

The main objective of the study is to assess risk management practices of the media industry, a case study of Multimedia Group Ltd.

Specifically, the study sought to achieve the following objectives;

1. To identify the nature of risks management in Multimedia Group Ltd
2. To assess whether risk management meet best standards
3. To ascertain the problems faced in managing risks

1.4 Research Question

1. What is the nature of risk management of Multimedia Group Ltd?
2. To what extent do risk management practices meet best standards?
3. What are the challenges encountered in managing risk?

1.5 Scope of the study

Risk management is very essential in optimizing the performance of organizations. Recognizing this importance, this research focused on risk management assessment of Multimedia Group Ltd.

The research was narrowed to Credit Risk, Operational Risk and Strategic Risk of Multimedia Group Ltd. Information for the research was mainly gathered from financial statements and annual reports of Multimedia Group Ltd. To this end, annual reports of the last three years; 2012, 2013 and 2014 is considered to reflect the most current picture of the organization.

Multimedia Group Ltd's risk management policy manuals such as credit policy manuals were source of other important information.

Multimedia Group Ltd is the biggest media organization in Ghana. It has 6 radio stations, two media sites and a free to air satellite television. Each of the group's media brands is positioned as a leader in its market. Due to time and information, the Kumasi Radio of the group, Luv Fm and Nhyira Fm were used for the study.

1.6 Significance of the Study

Risk management provides every institution the ability to handle inherent risks and uncertainties in its operations. An assessment of the risk management practices of Multimedia Group Ltd will expose the researcher to the kinds of risks the media industry is exposed to. Again, the study evaluated the stations' ability to comply with best standards developed by the researcher to ascertain the deviations from these standards to provide basis for alternative recommendations.

Since radio stations in Ghana do not differ significantly in terms of operations and structure, this study provided a land mark about the nature of risks and how they are managed in the Ghanaian media industry and the challenges faced thereof.

1.7 Organization of the Study

The study was organized into five chapters. Chapter one provided an introductory overview comprising the background of the study, statement of problem, objectives, research questions and the significance of the study. Scope of the study and how the thesis was organized are captured in this chapter.

Chapter two followed with the review of relevant literature on risk management where as chapter three presented the research design, population, sample and sampling techniques, methods of data collection, research instruments and data analysis procedures

Chapter four discussed the results obtained from the study and finally chapter five was devoted to summary of findings, conclusions and recommendations.

1.8 Limitations of the Study

To undertake this study, some limitations were encountered in the collection of the data. The response rate coupled with confidentiality and ethical challenges, financial constraint and time.

Every company considers most information, except those contained in their annual report and official releases, sensitive and for that matter detailed but relevant information was not available for use. Also, due to lack of adequate comparable data on other players in the Ghanaian media industry, the study was unable to provide a complete picture of Multimedia Group Ltd’s risk in relation to other radio stations and the industry at large.

In spite of all these challenges, the research was undertaken effectively to ascertain the objectives of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents theories and relevant articles on risk management from different perspectives. It starts from definition of concepts on risk and risk managements, followed by the importance of risk management and review on best standards. The media industry and its legal framework were also presented in this chapter. Key models or theories of risk management were also explained in this chapter.

2.1 Risk

Risk is an inevitable element of every organization and should be identified in order to avoid negative impacts on overall performance. Many challenges faced by organizations may be partly due to unmanaged risks from the earlier stage, Chapman and Ward (2003). This indicates how important it is to carry out accurate analysis especially in program or project development.

Risk is the probability that an activity will not yield expected results. That is the likelihood of the presence of losses present in the activities and unfavorable conditions in the economy; for instance: current power crises that may hinder an organization's ability to realize expected returns on investment. Risk is essential for growth; it is however imperative to balance the possible negative effects of risks against the potential benefits thereof.

Organizations' attitude to risk can be categorized into three: the risk-neutral firm which does not invest much in risk management but is aware of the most important risks; risk-averse firm, where no investments are made in order to reduce the probability of risk occurrence; and lastly the risk-seeker firm usually called the arbitrageur which takes opportunity in the risk for its advantage, Winch (2002). Webb (2003) attributed the different attitudes towards risk to cultural difference between organizations,

2.1.1 Type of Risks

Risk can be systematic or unsystematic, Al-Tamimi and Al-Mazrooei (200). Systematic risk also known as market risk is inherit risk to the entire system and cannot be avoided through diversification. On the other hand, unsystematic risk also known as specific risks are risks avoidable through diversification. Types of risks include the following:

2.1.1.1 Credit Risk

For institutions in the media industry, granting of credit is a major source of risk. According to Greuning and Bratanovic (2009), credit risk is the possibility that a debtor or issuer of a financial instrument be it an individual or a company will not repay principal and other investment-related cash flows according to the terms specified in the credit agreement. That is the possibility that payments by the obligator may delay; a change in the credit worthiness of a company or an individual that can cause an institution to suffer losses. It is worthy to note that, change in the creditworthiness usually does not imply a default, but rather the probability of a default increases.

A firm’s best defense against excessive credit is the initial sound credit granting process; sound standards and efficient and balanced approval process. Jorion (2006) stated that, credit risk may be controlled by credit limits on notional, current and potential exposures and credit enhancement features such as requiring collateral. To Greuning and Bratanovic (2009) formal laid down policies of a firm and implemented by management is vital in credit risk management. Credit risk management is a continuous process and therefore has to continue after credit has been granted because initial credit decisions can be undermined be inadequate monitoring.

2.1.2.2 Operational Risk

Operational risk is the potential exposure to loss resulting from failure of a manual or automated system to process, produce or analyze transactions in accurate and timely manner. The major causes of operational risk are the breakdowns in internal controls and corporate governance. Staff exceeding their authority or conducting business in an unethical manner also contribute to operational risk. Bessis (2010) reiterated that malfunctions of the information systems, reporting systems, internal monitoring systems and internal procedures designed to take timely corrective actions or conformity to the internal risk manual result in operational risks.

Considering the causative factors of operational risk, management must develop policies and procedures to effectively identify, assess, mitigate and monitor operational risks. The Basel Committee on Banking Supervision in its 2003 document provided that, banks should allocate capital for operational risk as a guide to managing it. It is however difficult to ascertain all the causative factors of operational risks and also how to develop standard tools and systems in its management. For effective mitigation of operational risks there may be the need for attitudinal and cultural change of staff and the firm at large.

2.1.2.3 Strategic Risk

Strategic risk refers to potential losses arising from top management’s strategic decisions. This risk emanates from an organization’s inability to implement appropriate business plan, strategies, resource allocation, decision making and the firm’s inability to adapt to changes in its business environment. With prominent attention given to financial risk and credit risks, the risks associated with management's implication of many corporate strategies and external market and industry uncertainties have received quite little attention, Miller (1992).

Strategic risk according to Slywotzky and Drzik (2005) is the array of external events and trends that can ruin a company's growth trends and shareholder wealth. Emblemsvåg and Kjølstad (2002) also stated that, strategic risk arises as a firm pursues its business objectives either by exploiting opportunities or reducing threats. It emanates from external occurrences and has impact on current and prospective earnings and internal business activities such as adverse decisions, improper implementation of decisions or lack of responsiveness to industry changes.

The common sources of strategic risks are competition through emerging industry rivals, shift in technology, shift in customer taste, over reliance on few customers, economic factors as well as regulations. In this sense, strategic risks encompass a wide range of uncertainties which may not be financial in itself but probably credit or operational related.

According to Slywotzky and Drzik (2005), strategic risks are highly unpredictable and of different forms; managers have not yet been able to thoroughly develop tool and techniques to deal with them. This due to the fact that most risk management processes and approaches remain focused on identifiable exposures and thus less suitable to deal with many of the unexpected economic and strategic events that characterize contemporary business environment in which strategic risks are embedded.

Strong communication channels, operating systems and managerial capabilities are necessary in dealing with strategic risk. It is important that management builds framework that will curb the negative impact of strategic risks.

2.2 Risk Management

Risk management has become an important area of development as far as doing business concerned. All business organizations must adapt to technological changes, evolving consumer demands as well as structural changes in the industry. In their quest to delighting customers, organizations face unique risks. Risk management has therefore become important for such institutions, especially because they provide their services in conditions of uncertainty.

Risk management is the process of identifying, analyzing and mitigating uncertainty in investment decision making. Essentially, risk management occurs anytime an investor analyses and attempts to quantify the potential of losses in an investment and then takes the appropriate actions given their investment objectives and risk tolerance. Inadequate risk management can result in severe consequences for individuals as well as organizations.

According to Anderson and Terp (2006), risk management is the process that seeks to eradicate, decrease and manage risks, enhance benefits and avoid detriments from exposures. It is how organizations actively select the overall level of risk that, given their risk taking ability, is optimal for them. The process of risk management involves: identification, measurement, management and monitoring of risks. The objective of risk management is to maximize the potential of success and minimize the probability of future losses.

Modern management of risks has changed from the traditional risk management which was basically identifying, measuring, managing and minimizing risk. Today, it has moved to efficient capital allocation and become more important. An organization can experience increase in profitability of the business venture by allocating resources and entrepreneurial attention to areas with high risk and return ratio.

2.2.1 The Risk Management Process

The risk management process is an important concept and consists of four (4) main steps; they are identification, analysis, taking action and monitoring risks, Cooper et al. (2005). They explained the process to be a systematic application of management policies and processes to the tasks of establishing the context, identifying, analyzing, treating and monitoring risks. Through the process, individuals in the team can comprehend and fulfill the business strategy and objectives.

Every stage of the risk management process has a number of techniques applicable and suitable for handling the risks. Below are the stages in the risk management process:

2.2.1.1 Risk Identification

According to Winch (2002), it is the first step and is usually informal and can be performed in various ways depending upon the organization. This step reveals and determines the potential risks which are likely to occur and those that occur frequently. The identification relies mostly on past experience as well as future expectations. That is, the potential of risk exposure is investigated by considering the organization's trend of activities in all directions and also envisaging the likely future exposures that may emanate from changes in internal and external environment.

Eliminating risks and other exposures can prove difficult but once they have been identified, it becomes easy to take corrective action to mitigate them. Identifying the risks does not only help to solve problems even in advance but also help prepare for potential challenges that are likely to occur. Losses can be minimized in this process and the possibility of opportunities to convert risks to the benefit of the organization may be available.

To identify risk is to obtain a list of potential risk inherent in an investment decision. Various techniques can be used to look out for potential risks. These techniques include information gathering (through interviews, questionnaires and brainstorming), documentation and research. Within this stage identified potential risk can be categorized into external or internal; further into monetary, political, environmental, legal or technological. According to Tcankova (2002), risk management becomes effective once risk is identified properly.

2.2.1.2 Risk Analysis

The risk analysis stage is the evaluation of possible loss identified and assessing the likelihood of a particular outcome's occurrence. According to Cooper et al. (2005), it is short listing risks likely to impact a project out of all exposure identified in the identification stage of the risk management process.

Two categories of methods can be adopted to analyze risks; qualitative and quantitative methods. The qualitative methods for risk assessment are used to describe the probability and impact of risk where as the quantitative method use numeric estimations to determine the possibility and severity, Winch (2002).

Certain factors will determine what method to choose to analyze a particular identified risk. These factors include the type of risks, past experience and standard for risk assessment. Lichtenstein (1996) outlined some factors that can affect the choice of the most appropriate method in risk analysis. Among the factors are listed below.

1. Cost of using the method, both the employment cost and the method itself

2. Adaptability, the need of adapting to the organization's requirement
3. Complexity, how limited and simple the method is
4. Completeness, the method needs to be feasible
5. Usability, the method should be understandable to use
6. Validity and Credibility, the results should be valid & reliable

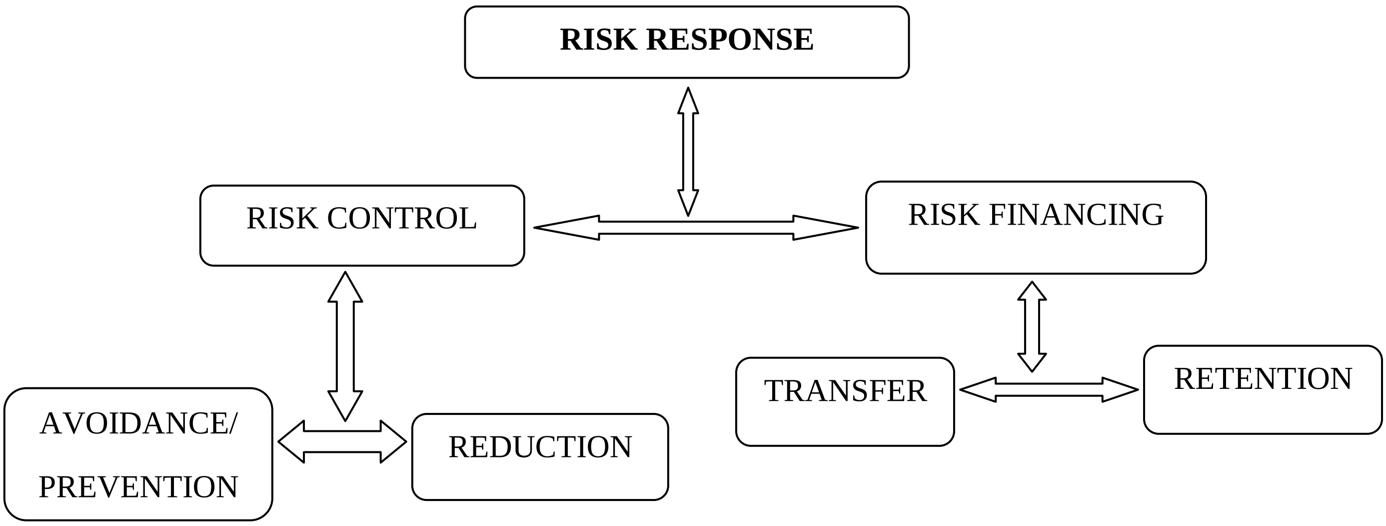
The risk assessment and analysis process must be anchored and integrated into the existing business process to make it more effective. The desired outcome of the analysis undertaken should be reliable irrespective of the method chosen to assess the identified risks, Lichtenstein (1996). Each firm must determine which of the factors is most appropriate for and develop the assessment accordingly.

2.2.1.3 Risk response

At the risk response stage, managers select the most appropriate techniques for treating loss exposures and identified risks. The technique to be selected may depend on factors such as the kind of risks, availability of information, possibility of the risk occurring and impact.

Winch (2002) says the lower the impact of risk, the higher the probability of its better management. The techniques for treating risks can be broadly categorized in risk control and risk financing. Most common strategies are prevention, reduction, transfer and retention, Potts (2008).

Figure 2.1: Risk response



Source: Fieldwork 2015

2.2.1.3.1 Risk Avoidance/Prevention

Risk avoidance and prevention technique means that activities that expose the organization to certain loss are abandoned as well as taking measures that reduce the frequency and severity of a particular loss. That is, if a decision will significantly impact the firm negatively, then forgo that particular decision. Potts (2008), a project can be exposed to a number of potential risks which can impact its success. It is therefore important to mitigate risk in a project's early stage rather than dealing with the damages after risks have occurred, PMI (2004).

According to Cooper et al. (2005), some activities that may help to avoid probable risks are detailed planning, alternative approaches, safety systems, regular inspection, frequent training of staff and preventive maintenance.

2.2.1.3.2 Risk Reduction

Loss reduction is a risk management measure that reduces the severity of a loss after its occurrence. Departments or areas of the organization that are more prone to risk exposures should be managed. For example, having warehouse with stocks at different locations; limiting the amount of cash on the company premise. By this way, potential risks may be minimized by mitigating their likelihood, Thomas (2009).

Strategies for managing loss include contingency planning, quality assurance, separation or relocation of activities and resources, contract terms and conditions, crisis management and disaster recovery plans, Cooper et al. (2005).

2.2.1.3.3 Risk Transfer

It will be best to transfer risk to a third party if the risk can be best managed by a third party as stipulated by Potts (2008). Risk transfer can be insurance or non insurance. Insurance is appropriate for loss exposures that have low probability of occurring but high severity. For non insurance transfers, pure risks and their potential consequences are transferred to third parties through contracts (contracts with a construction firm to build a plant can specify that the construction company takes care of all damages to the work being done) and leases.

Transfer of risk come with high cost. The insured company makes periodic payments called premium for the insurance coverage. It is worth to note that, risk is not eliminated; it is rather transferred to the party who is able to manage it, PMI (2004).

2.2.1.3.4 Risk Retention

In relation to risk retention, the firm retains part or all losses that come from a given risk. This option is appropriate if a particular risk cannot be avoided or transferred. According to Thomas (2009), when other options are uneconomical, retention is used. It is therefore essential to control risk to reduce the effects thereof, Potts (2008).

To determine which technique is appropriate, it is important to consider the risk appetite and tolerance of the organization and decide upon the acceptable and unacceptable risks.

2.2.1.4 Monitoring and Review

Risk Monitoring and Review is essential since all information obtained in on identified risk is collected and monitored, Winch (2002). The risk management program must be periodically reviewed by management in order for the program to be effective and ensure that objectives are achieved. Continuous supervision of the risk management process enables management to mitigate risk and identify new risks from the assessment, PMI (2004). Records on loss and loss exposures must be regularly examined to detect changes in frequency, probability and severity. Also, management must determine whether the overall firm's risk management policies, processes and procedures are adhered to and where there is support from all departments and individuals.

2.2.4 Importance of Risks Management

There indeed exist various reasons and significance in reality for managing risk. As stated by McNeil et al. (2005) most stakeholders, including shareholders, management, employees and regulators, have motivation in managing risk, since it is usually beneficial for every well meaning institution. Effective risk management does not only help organizations to avoid risk, but also provide greater and meaningful insight into the risks the firms face. Firms can better position themselves in the industry they operate and this can eventually lead to success.

Effective risk management yields increase control over the entire organization and more efficient problem solving processes. According to Cooper et al. (2005), risk management provides procedures that can reduce potential and sudden surprises. In that firms can better coordinate multiple risk responses and effectively address risks that threaten multiple business functions.

Risk management is an effective tool to reduce profit volatility that can eventually reduce shareholder wealth. According to Oldfield and Santomero (1995), the quest of managers to protect their interest and position, cost of potential financial distress and the possibility of stakeholders losing confidence in the firm’s operations are rationales for risk management.

Another relevance of effective risk management is its ability to help minimize foreign exchange losses, reduce cash volatility, increase profitability and ensure survival of the firm, Fatemi and Glaum (2000). For media organizations to operate in a sound risk environment, resources must be deployed efficiently and effectively. Effective risk management ensures that organizations achieve desired results. It should therefore be systematically and consistently performed throughout the firm to reduce the occurrence of negative events and their associated losses.

2.3 Media Industry

The Ghanaian media industry is influential industry as it is directly connected with mass audience. It plays key role in national identity, political discourse and social development. The main aim of the media industry is to provide information and generate public opinion. Among its various purposes are providing entertainment, education and advocacy. The media has sub forms and they include broadcasting with the help of Television and radio, entertainment with the use of audio visuals and publishing that includes books and magazines.

In order to be efficient and survive in modern times, in the era of a tremendous flow of information, media institutions should be consistent and manage risk effectively.

2.3.1 Historical Development

The media industry of Ghana has undergone periods of severe pressure. According to Asante (1996), the period before this current dispensation in Africa was characterized by press control mechanism especially in relation to state owned media houses. The emergence of the news media gave voice to popular campaigns for independence and democracy in service provision.

FM radio began in 1988. Foreign radio stations were allowed into the country such as Voice of America, Radio France Internationale and BBC broadcast. A staged public demonstration over the seizure of equipment of Radio Eye forced the then government to issue many frequencies to other private radio stations, Fuller (2004). Television service was launched on 31st July, 1965 with the goal of reflecting and promoting the highest national and social ideals of Ghana; the development of television in Ghana was crucial as types of programs shown educated citizens on the culture and ideals of Ghana, Asante (1996).

2.3.2 Legal framework

Media organizations across the world are regulated due to the perceptions that media industry activities, content and operations can significantly affect economies, social policies, political debate and most importantly human lives, James (2010). Media organizations are protected from government intrusion, control and harassment. They are however obliges to publish a rejoinder if their content stigmatizes any one.

The National Media Commission of Ghana mandated by the constitution to promote freedom and independence of the media was established in 1993, Blankson and Murphy (2007). It is in charge of monitoring and receive complaints about the media, ensure higher journalistic standards and to insulate state owned media houses from government control.

The National Communication Authority also has the responsibility of regulating the activities of the media industry. Among its responsibilities are to allocate frequency for broadcasting and ensuring that radio stations stay with the limit of the frequency issued to them.

These legal frameworks ensure that everyone has freedom to hold opinions without interference. They also ensure that media organizations operate in an environment suitable for growth and development as well as adhere to the highest standards of the land.

2.4 Best Standards in Risk Management

Effective risks management comes with adherence to best standards. Some authors refer to these standards as critical success factors. Adherence to best standards is critical to each unit of the firm and the organization's aim to achieve its objectives, Freund (1988). Various authors have given their take on the subject of best standards for effective risk management. Among them are:

Galorath (2006) acknowledging the importance of effective risk management noted that five key activities must be employed, they are:

1. Support from top management
2. Program management, procedures and processes
3. Individual Participation
4. Cultural essentials

5. Measurement patterns

NSW Department of State and Regional Development (2005) in its practical guide on basics of understanding risk management in small businesses provide that, firms must adopt the following standards for effective risk management

1. Set clear objectives and guideline for managing risk
2. Allocation of adequate resources
3. Appropriate training of staff
4. Ensure individual and departmental commitment
5. Risk monitoring and Review

The best standards adopted for the research are elaborated below:

2.4.1 Set clear objectives and guideline for managing risk

Setting objectives and guideline for risk management involves the design of framework and development of risk management policy. That is to set the context and define the parameters to be taken into account in risk mitigation. Some key factors are relevant in the context development, Standards Australia and Standards New Zealand (2004). These are the internal and external environment of the organization, the context for managing risk, development of risk of criteria for evaluating risk and the risk analysis structure.

The guidelines will establish the governance structure which will include, authority of management, organizational structure and the responsibility for decision making in the organization. The level of risk tolerance, procedures and strategies with which organizations establish and executes risk management strategy is contained in this guideline.

2.4.2 Allocate adequate resources

Effective risk management requires availability of adequate resource. Risk management cannot be effective without the provision of adequate resources. Among the resources needed to effectively manage risks are training, allocation of enough funds for team members and provision of tools for risk assessment and risk monitoring.

2.4.3 Effective Communication

Effective communication is an important tool as far as effective risk mitigation is concerned, Grabowski and Roberts (1999). Appropriate and relevant information should be available to the entire team. It clarifies who is responsible at each stage of the risk mitigation process; from identifying through to the assessment, treatment, monitoring and risk review. Individuals and departments should understand the basis for taking some decisions.

Managers must be effective communicators. There should be internal, external communication lines as well as reporting mechanisms. Team members clearly through communication understand their responsibilities and reporting lines. Management's ability to communicate effectively means that the same results will be achieved by different groups of people making the same decisions on the importance of risk mitigation, Carey (2001).

2.4.4 Commitment to risk management

For risk management to be effective there should be adequate commitment from all sections of the organization. Risk management requires acknowledgement that risk is a reality and individual and departmental commitment is needed to successfully mitigate risk, Galorath (2006). Since top management is in charge of formulating key objectives and seeing to their achievement, their commitment is key to managing risks, Henriksen and Uhlenfeldt (2006)

To ensure commitment of all sections of the firm, it is important to ensure staff is trained adequately to equip them with the appropriate skills to embrace the risk management process. Training helps shape and improves knowledge and attitudes of employees; this in turn builds their confidence and increase motivation, Fill and Mullins (1990).

Trust is an important prerequisite for cooperation and teamwork. According to Grabowsski and Roberts (1999), trust helps members of the organization to focus on the mission and undertake their responsibilities and roles effectively and that with trust co-operation is possible.

2.4.5 Continuous Monitoring and Review of Risks

Continuous monitoring plays a central role in the risk management framework. It is an ongoing awareness of the effectiveness of all systems for managing and mitigating risks. Media institutions work in changing environment and for that matter the need for continuous monitoring and review

An activity can be deemed to be successful when it yields desired results. The monitoring and review process ensure the extent of conformity and deviation of risk management activities from laid down processes and procedures. It encourages ongoing improvement and provides an informed basis for decision making and planning.

2.5 Challenges to Effective Risk Management

Though risk management helps to identify and address potential risks, inability to effectively manage risks and associated impact can lead to missed opportunities. A frequently encountered challenge according to Hillary (2001) to effective risk management is team members' resistance to adopt new procedures and change due to reasons such as job security fears, pride and unwillingness on the part of employees. Inertia can be dealt with through culture change and clear communication to the understanding of all. The communication should include the purpose, procedures and expected results and benefits of risk management process. Also the right persons must be engaged to ensure relevant input and attain meaningful results.

A difficulty to effective risk management is management's inability to align risk management procedures with overall strategy of the firm. Sometimes ignorance, lack of appreciation of the risk management principles and procedures within the organizations can be a challenge to effective risk management. The complex nature of business today has facilitated to this challenge. Lack of formalized risk management exercises in avoiding risks or exploiting opportunities give rise to this challenge. There should be adequate training of members of the firm to deal with this. Reference and consultative resources are also available from regulatory bodies and risk management specialists.

Sometimes there is difficulty in analyzing and interpreting the data gathered. Current losses and revenue are available. However future potential losses and benefits are only estimated. Getting the right data is one challenge and analyzing and interpreting is yet another challenge. This challenge emanates from managements' inability organize and manage volume and quality of assessment. Appropriate tools and techniques are necessary consistency in data capture, assessment and reporting.

Lack of support and cooperation from individuals and departments can be source of challenge as far as risk management is concerned. It is therefore important to clearly define objectives and process for risk management for the acceptance of all.

2.6 Enterprise Risk Management

Risk management is important as far becoming competitive and successful is concerned. The risk management framework must however be one that integrates the process of mitigating risk into the overall strategy, principles, standards values and culture of the organizations. Organizations should therefore consider managing risk enterprise wide and integrate it in their day to day operations of an organization. As note by DeLoach (2000), risk mitigation should be integrated into the business planning so that it becomes linked to entire business processes.

Integrate risk management according to Meulbroek (2002) involves identifying, analyzing and assessing all the risks a firm is exposed to collectively and implementing firm wide strategy to manage those exposures. It main purpose is to measure, control and manage the overall risks of the organization, Jorion (2006). Enterprise risk managementhas become relevant as it ensures that no material source of risk is ignored.

For effective accomplishment of this strategy, institutions have to adequately provided resources for risk management activities. This will strengthen the risk management process. Most firms have invested in risk management considering the benefits thereof.

2.7 Empirical Review

Risk management is vital for every firm’s survival and growth. Managing risk is not intended to prohibit taking risks entirely, but to understand the levels of risks and to properly engage risks into development and growth. It emphasizes the capabilities of a business to anticipate changes, not to avoid risk. Effective risk management on one hand can protect an organization from particular losses and on another deprives profit and might cause another risk, Biasi (2011).

The media industry is a key function to economic development. Petrozzello (1996) asserted that, radio stations efficiency and effectiveness in their organizational structure have improved due to benefits from economies of scale and risk management activities. Firms in the industry therefore have to manage the risk imperiling such systems in order to avoid negative consequences, which may eventually disrupt the normal functioning of the entire industry.For media companies, managing risk can be the protection of the internal intellectual property, the maintenance of audience and advertisers trust through programming and collection of cash with stipulated period to boost the health of the media company.

The risk management procedures and guidelines of CBC/Radio, (2012) spelt out that, risk identification and assessment must be integrated into the annual business plan process; the process must identify and effectively mitigate risk to achieve the business objectives and successfully execute strategies to meet set performance targets.

The common risks associated with organizations in the media industry are operational risk, credit risk, compliance and legal risk and strategic risks. These risks can arise from activities within the organization (risks of failing to achieve strategic objectives) or from external environment (external influences and matters outside of the organization's control but impacting its ability to achieve corporate goals).

Among the activities that expose media organizations to risk include events such as programming schedule performance, economic downturn/upturn or change in audience demographicsthat may result in a change in revenues; changes in the radio, television and media industry such as changes to copyright laws and changes in frequency level of coverage may affect the way the station does its business; and the ability to provide a safe working environment for employees impacts compensation liabilities, business reputation and other costs.

According to Ewelina and Mikaela (2011) in a study on risk management practices in a construction project concluded that many companies establish risk management procedure in their projects for improving the performance and increase the profits. The objectives of risk management are to reduce foreign exchange losses, avoidinstability of cash flows, increase profitability and ensure survival of the firm, Fatemi and Glaum (2000). For the media firms to operate in a sound risk management environment, where there is minimized effects of possible losses, managers need reliable risk measures to direct capital to activities with the best risk/reward ratios. They need estimates of the size of potential losses to stay within limits set through careful internal considerations and by regulators. They also need mechanisms to monitor positions and create incentives for prudent risk taking by divisions and individuals.

Saqib and Moli (2010) concluded in their study of financial risk management in an Integrated Framework that any company can generate value creation by mitigating and reducing the effects of losses associated with financial risks by implementing three steps of measuring, controlling and managing corporate-wide risks with applications of better capital adequacy regulations of Basel Accord and conventional practices of Value at Risk, insurance and derivative in an integrated framework.

A research undertaken by Prapawadee and Wariya (2009) on critical success factors for effectiverisk management procedures in financial industries in Thailand found a set of standards necessary to increase the effectiveness of risk management procedures. They are Commitment and support from top management, Communication, Culture, Information technology, Organization structure, Training and Trust. To them, these critical success factors are vital to increase project success.

A study by Gweyi (2013) on credit risk management strategies adopted by commercial banks in Kenya indicated that even though all banks had policies and strategies governing loan lending, most of the banks did not implement them effectively. The study also indicated that, there was over reliance on collateral as security for loans to the neglect of the strategies for preventing risks

Risk management in the media organizations should not be an individual program but integrated with other management processes: business strategy planning, human resources management, financial management and customer relationship management. However, the extent of efforts required for risk management depends on the complexity of the operational activities of the firm.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes the research design, sources of data, population for the study and the sample size. It also explained the data collection instruments and how collected was analyzed. The chapter also gives the organizational profile of Multimedia Group Ltd.

3.1 Research Design

The study design adopted was descriptive as well as exploratory. The study sought to clarify the understanding as well as give a clear picture on the nature of risks, compliance to best standards and challenges faced in mitigating risks. The research strategy adopted is a single case study of Multimedia Group Ltd as it is Ghana's biggest private media organization and managing risk is prerogative to avoid huge losses. The case study strategy is of particular importance as it helped the researcher to gain rich understanding of the context of the research and the processes that were enacted.

Both qualitative and quantitative methods of data analysis were employed through the use of primary data in addition to secondary data.The design pattern was aimed at techniques that will yield consistent results as well as finding indeed the nature of risks, compliance to best standards and challenges face in risk management in the media industry with MGL being the focus.

3.2 Source of Data

To be able to collect the suitable data for the study, different sources were used to answer the research questions and fulfill the objectives of the study; the research employed both primary data and secondary data. The primary data was largely collected through interviews and questionnaires.

The study accessed secondary sources from desk study, comprising review of relevant literature such as books and journals. Secondary data was also obtained from the annual reports and other reports issued by the radio stations and other organizations. Some of these external secondary data comes from the regulators and industry watchers. MGL‘s policy documentations and guidelines concerning the management of the various risks are also a major source of information for determining the nature of risk, compliance to best standards and challenges faced in risk mitigation. Even though secondary data was collected for a purpose other than what this study sought to achieve, it is the easiest means of gathering data; particularly it saves time and money; it can also provide comparative analysis. The data sources are reliable and relevant to the study because of the combination of information from different sources.

3.3 Population

The population for the study was made up of management and staff of the two business units of Multimedia Group Ltd, Kumasi radio and the corporate level. These were the individuals of interest to the researcher and they provided the needed information for the study.

3.4 Sample size and sampling techniques

Due to the fact that top-level management is directly responsible for activities and processes of risk management, the target groups were mainly management team and key staff. The management accountant of Multimedia Group Ltd was interviewed. In addition, ten (10) managers (Corporate level and Business unit) and five (5) key staff were selected to answer the questionnaires on the nature of risk, compliance to best standards and challenges faced in risk management.

The sampling technique adopted for this study was the purposive method of sampling. The crucial consideration of this technique was using the judgment of the researcher as to who can provide the most appropriate information to achieve the objectives of the study. The managers were selected because of their positions of authority and responsibility in this area. Respondents were free to answer the questions without undue stress which could have negative effects on the reliability of the study.

3.5 Data collection instruments

The primary sources were through interviews and questionnaires.

3.5.1 Interview

The use of interview as a tool helped to gather valid and reliable data relevant to the objectives of the research. The interview questions were developed on the nature of risks, compliance to best standards and challenges faced in risk management. The aim of the interview was to solicit the in-depth opinion about risk from the Chief Finance Officer to gain accurate and meaningful picture of events.The interview was done via phone because he is based in the head quarters of Multimedia, Accra. Data obtained were recorded by use of writing of notes.

3.5.2 Questionnaires

A written questionnaire was developed to obtain quantitative as well as qualitative information. Semi-structured questionnaires were employed to gather information about the objectives of the study. They were open ended and close ended. While the open ended questionnaires allowed the respondents to provide more accurate and complete information about the goals of the study, the closed ended questionnaires limited the respondents to some options.

The questionnaires were distributed to the respondents in hand by the researcher because of the nature of the topic. The completed questionnaires were collected by the researcher.

3.6 Data analysis

Both qualitative and quantitative data analysis procedures were adopted as far as this study is concerned. Appropriate tables, charts and graphs generated assisted in the explanation and interpretation of the data collected that helped to ascertain the nature of risk, compliance to best standards and challenges faced in risk mitigation. The analysis of the effectiveness of the risk management process was also relevant to the study.

Ms Excel was used to draw graphs and charts which provided diagrammatical representations of some of the analytical results. They provided a quick snap shot of the current situation of the station. They also facilitated comparison of performance over time and showed trend lines and changes in significant aspects in operations and performance.

The open ended questions were analyzed by the researcher by listing relevant and essential responses obtained from the respondents.

3.7 Ethical considerations

Ethics is made up of the standards of behavior that guide moral choices about our actions and relationship with others. The objectives of ethics in research is to ensure that no one is harmed or suffers any adverse consequences from the research activities, Cooper and Schindler (2001). Reliability is concerned with the question of whether or not a result is stable and Validity is concerned with the integrity of the conclusions that are generated from a piece of research, Bryman and Bell (2007).

To ensure a good research, conscious effort was made to ensure that, the objectives are achieved. The researcher was objective in his approach which also aided in its validity. Again the use of different sources of evidence has increased the validity of the project. Also, the choice to conduct the study at Multimedia Group Ltd also increased the validity of the research since it has provided us with a lot of information about the research area.

3.8 Profile of Multimedia Group Ltd

Multimedia group ltd is the largest private media organization in Ghana. It provides media content to people packaged in news, talk shows (Current Affairs and Social Talk), sports, music and entertainment, live events and social responsibility initiatives. What matters to the group most is not only the production of media content, but also the true economics of what is done being measured by how much is consumed. The core of its businesses is creating LARGE communities and selling the communities to advertisers through the creation of compelling content to relevant market segments.

The mission of MGL is to create compelling information and entertainment products and services that will attract large audience communities and deliver high value solutions to advertisers. The service is to both audience and advertisers and it is the delicate balance between these two groups that make it unique brand as a media organization.

The vision is to become a world class African media Group. Measurement of world class is not just by standards pertaining to the markets in which they operate, but by standards that measure up to highly commendable standards in every area of the world.

3.8.1 History

Multimedia Group Limited began operations in 1995, first as a single radio station, Joy FM and growing both organically and by acquisition to its current six (6) radio stations, several online sites with myjoyonline.com as flagship, and a free-to-air multiple-channel digital satellite television service, Multi TV.

3.8.2 Organizational Structure

Strategic management of Multimedia Group is done by the Senior Executive Team. This team is made up of six key individuals who are the Chief Executive Officer (CEO), Chief Operating Officer (COO), Business Development Manager (BDM), Human Resource Business Partner (HRBP) and the Chief Finance Officer (CFO).

Operational Management is undertaken at business unit level by functional managers and team leaders at different levels, representing Programs, Sales, Human Resources, Finance and Technology. Individuals in the team are empowered to uphold the values and principles of the organization.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

Chapter four (4) focused on the findings of the data collected. It talks about the presentation, analysis as well as discussions of the findings in relation to the nature of risks, compliance to best standards in risk management and the challenges faced in risk mitigation. The study was analyzed using Microsoft Excel and the findings presented in tables and figures followed by verbal discussions.

4.1 Background Information of Respondents

To enable the researcher find out the underlying features of the respondents, background information of respondents such as gender, department, rank, working experience in years and educational qualification were sought from respondents. These information were crucial as far as this study is concerned as it enabled the researcher to appreciate the various characteristics of the respondents and its direct or indirect relationship with the responses give. Table 4.1 gave the background information of respondents

Table 4.1 Background Information of Respondents

Demographic features		Frequency	Percentage (%)
Gender			
	Male	13	87%
	Female	2	13%
Department			
	Administration	7	47%
	Marketing and Sales	3	20%
	Programming	4	27%
	Engineering	1	7%
Position/Rank			
	Corporate Level Manager	3	20%
	Business Unit Manager	7	47%
	On Air Employees	2	13%
	Off Air Employees	3	20%
Working Experience (in years)			
	Less than 1 year	1	7%
	1 to 5 years	3	20%
	6 to 10 years	3	20%
	More than 10 years	8	53%
Highest Educational Background			
	Tertiary	7	47%
	Postgraduate	3	20%
	Professional	1	7%
	Others	4	27%
Total Number of Respondents (n) = 15			

The study targeted top-level positions and key employees of Multimedia Group ltd. It received responses from 15 respondents. It could be observed from the table that, out of the 15 respondents, 13 representing 87% were males and 2 (13%) were females.

The table further indicates the department of the respondents. 7 of the respondent were from Administration (Human resource department and Finance department), 3 were in the Marketing and sales department, 4 of the respondents from the programming department and 1 of the respondents was from the engineering department. These categories were necessary to further ascertain the risk associated with each department, how they are handled and the challenges faced in risk management.

Another relevant information obtained from respondents was their position or rank at their business unit. From table 4.1, the study revealed that, 3 of the respondents representing 20% were corporate level managers, 7 respondents representing 47% were business unit managers, 2 respondents representing 13% were on air employees and 3 respondents representing 20% were off air employees. Most of these respondents are directly involved in activities that expose the company to risk and are at the same time in the position to manage risks and their effects and challenges thereof. This was very necessary for the study because the information were obtained these high hierarchy employees who have experience about the issues addressed by this study.

The table also showed respondents work experience in years. It can be noticed that 1 (7%) respondent out of the 15 respondents has worked with Multimedia Group Ltd for less than 1 year, 3 respondents representing 20% have worked between 1 and 5 years. Also 3 (20%) had working experience ranging from 6 to 10 years. Finally, 53 of the respondents representing 53% had worked over 10 years. This question was asked to ascertain how knowledgeable respondents were in relation to the nature of their work and this will aide in the study of risk management assessment of Multimedia Group Ltd.

The last category is the educational background of respondents. From the table, 7 of the respondents had completed tertiary education, 3 had completed postgraduate education. It was also realized that 1 out of the respondents accounting for 7% had professional qualification and 4 of the respondents constituting of 27% stated other forms of qualification including certificate in journalism, diploma in information technology. Obtaining the education qualification of the respondents was very necessary for efficient and effective management of risk as risk management is a vital function of every organization.

4.2 Risk Awareness

The interview with the management accountant of Multimedia Group Ltd revealed that risks awareness in the company depends on the departments and on the position of each individual within a department. Due to frequent training and regular meetings with the entire team, most employees appreciate the concept of risk management. They are however limited to the department within which they work.

For Multimedia Group Ltd, risk is seen as both threats and opportunities. In case the risks are not severe and promise a change in future, they find a way to live with the risks and wait for chance to turn risks into developing opportunities. It is imperative that management acknowledge and understand risks and risk management within the business operation. However, how the employees are familiar with risk topics and the term risk management rather puts more significant influence to the result of risk management procedures.

4.3 Types of Risks Managed by the Organization

As gathered from the interviews and questionnaires, the risks associated with and managed by Multimedia Group Ltd, Kumasi Radio are put in table 4.2 below.

Table 4.2 Types of Risks Managed by Multimedia Group Ltd

Types of Risks	**Frequency**	**Percentage (%)**
Credit Risk	8	53%
Operational Risk	11	73%
Legal Risk and Compliance Risk	5	33%
Strategic Risk	6	40%
Exchange rate risk	1	7%
Interest Rate Risk	2	13%
Others	1	7%
Total Number of Respondents (n) = 15		

Table 4.2 presents the types of risks Multimedia Group Ltd, Kumasi Radio manages. The media and for that matter radio stations deal with a number of risks including credit risk, operational risk, strategic as seen in the table above. It can be seen from the table that 11 (73%) of the respondents indicated that operational risk is the major risk confronting the radio station. Credit risk followed with 8 respondents representing 53% as the second highest risks faced by the Multimedia. According to the study, Strategic risk had 6 respondents representing 40%. This is followed by Legal and Compliance risk which had 5 respondents representing 33%. Interest rate risk accounted for 13% of the results

whereas Exchange rate risk accounted for 7% of the data collected. Other forms of risks such as market risk, financial risk accounted for 7%-1 respondent.

The analysis above shows that, out of the various types of risks the stations are exposed to and deal with, operational risk is most important and needs more attention according to respondents. Operational risk is identified in the form of break down in transmission as a result of the major challenge in equipment and currently the energy crisis. This can lead to the company losing its audience to competitors; and eventually cause loss of revenue. It is also evidenced in loss of key employees to especially competitors. These employees are mostly on air employees who move crowed. An example is when NhyiraFm's Linsford Asare popularly known as Otwinoko left to Fox Fm. The share of audience as well as revenue fell drastically. Another example from Accra radio was when Adom Fm lost Abeiku Santana Aggrey to Okay Fm and Kojo Oppong Nkrumah moved on from Joy Fm. These were major shocks to the stations and caused the stations dearly.

Multimedia Group ltd is exposed to credit risk as the second highest. This is evidenced in non-payment for work executed and sometimes delays in payment. According to the credit policy, advertisers are expected to pay for all commercials in a maximum of 90 days (3 months).

Table 4.3 Details of Credit Risk Exposure

		Account Receivable Over 120days (%)	Days Sales is Outstanding (Days)
2012			
	LUV FM	32%	103
	NHYIRA FM	29%	85
	KUMASI RADIO (BOTH)	31%	94
2013			
	LUV FM	33%	126
	NHYIRA FM	37%	106
	KUMASI RADIO (BOTH)	35%	116
2014			
	LUV FM	51%	130
	NHYIRA FM	47%	125
	KUMASI RADIO (BOTH)	49%	128

Source: Fieldwork 2015

Below is a diagrammatic representation of the Credit risk Exposure

Figure 4.1 Accounts Receivables Over 120 days (%)

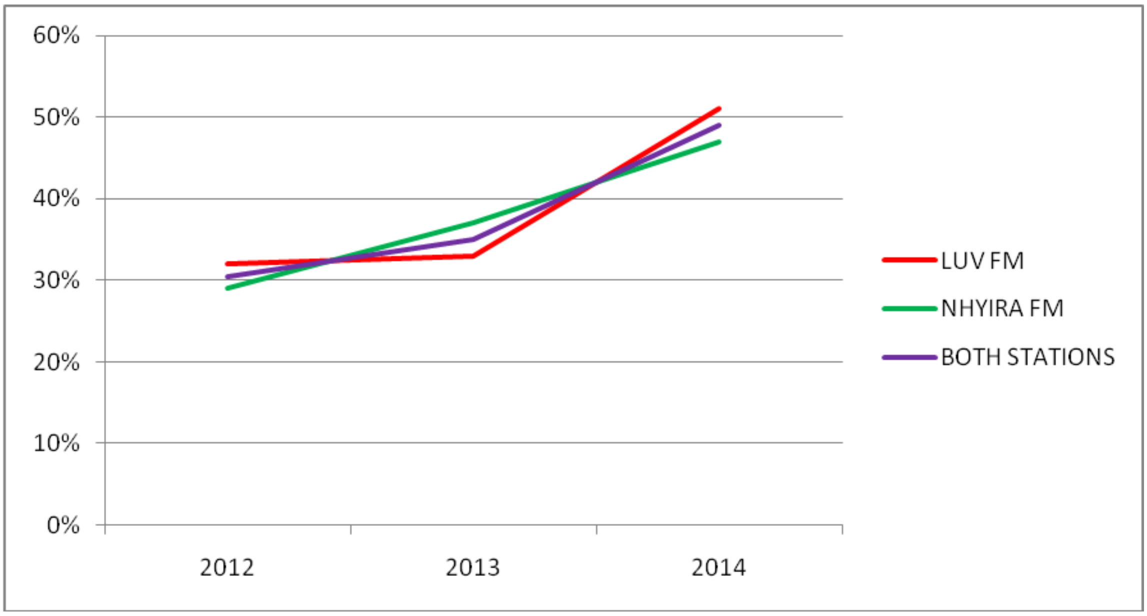
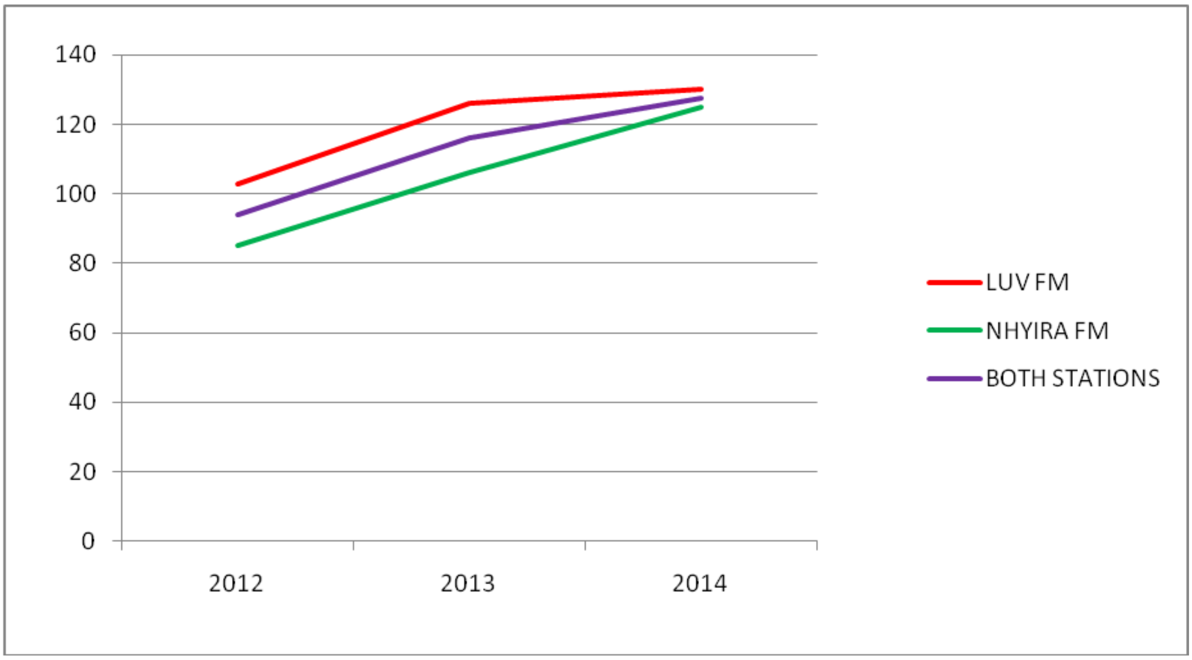


Figure 4.2 Days Sales is Outstanding (Days)



The annual reports of the organization shows that, in 2012 days sales was outstanding for Luv Fm was 103 days in 2012, 126 days in 2013 and 130 days in 2014; those of Nhyira Fm were 85 days as at December 2012, 106 days in 2013 and 125 days in 2014 as against the 90 days expected. Kumasi Radio (Luv Fm and Nhyira Fm) days sales was outstanding were 94 days as at December 2012, 116 days in 2013 and 128 days in 2014 as against the 90 days. The days have been increasing steadily, exposing the radio stations to risk.

The study also revealed that Accounts Receivables over 120 days as at December 2012 for Luv Fm was 32%, 33% for 2013 and 51% for 2014; that of Nhyira Fm was 29% as December 2012, 37% for 2013 and 47% in 2014. The study also indicated that Kumasi Radio Account Receivable over 120 days was as December 2012 was 31%, 35% in 2013 and 49% as at December 2014 as against expected of 20%. Apart from the stations' inability to achieve the set targets, their exposures continue to increase with rise in the rate of default and non payment for commercials.

Strategic risk is important as far as Multimedia Group Ltd is concerned. This risk arises as result of management decisions especially from a poor strategic business plan, decision, or from the inconsistent and inappropriate implementation according to the plan. Management pay attention to strategic risk as it poses threat to earnings, capital availability and company's viability.

The other risks Multimedia Group ltd is exposed to are Legal and compliance risk, Interest rate risk and exchange rate risk.

4.4 How Risk is managed in Multimedia Group Ltd

Risk management according to the study is important to management as it enables the business to achieve the objectives and goals of the organization. Multimedia Group Ltd has systems available for identifying and handling risk, some to the extent of handling the risk in advance, the study has revealed. The systems are structured to handle credit risk, operational risk and strategic risk which the stations consider as the major risks they are exposed to in their business activities. Below are the details of how the individual risks are managed.

4.4.1 Credit Risk

The responsibility for credit risk management in Multimedia Group Ltd rests on corporate resources. This has been done through the creation of a comprehensive credit risk management policies and procedures contained in the Credit Policy Manual. This credit manual contains procedures and criteria for granting credit. It expressly spells out who is in charge of credit granting approval, the length of time credit can be granted and to whom credit can be granted. It also indicates the level of credit granting tolerance.

Authority to approve credit has been delegated to credit officers at every business unit who have been equipped with the technical knowhow in credit granting. All credit granting businesses are duly scrutinized by the credit officer at the business unit. A thorough analysis or examination of the client is made in order to ascertain the strength of the client as well as the possibility of default. New clients are granted one month credit for any commercial to be run for the clients. Existing clients have up to ninety days to pay for any commercial or placement of an advert.

The accounts of clients running on credit are consistently monitored to ascertain the degree of conformance or deviation to the agreed terms of credit. Also, to ensure that credits are effectively managed, a collections team has been instituted to follow up on all monies owed by clients that are overdue especially those that are over 120days.

In addition to the above, monthly reports on accounts receivables are sent to management (corporate level) from every business unit of the group. This report can help monitor troubled exposures and credit process problems.

4.4.2 Operational Risk

Operational risk is very complex and diverse in nature. For the purpose of this study, operational risk comprise of operations, reputational risk, compliance risk and legal risk. In respect to operational risk, Multimedia Group Ltd has developed sturdy operational risk culture amongst its staff and has therefore committed significant resources to it. These include frequent training of staff and sensitization on how individual or collective attitudes and activities can result in operational risk and subsequently lead to huge loses and how to avoid such risks.

Departmental heads have been tasked with the key responsibility for the management of operational risk across the entire operations of Multimedia. They are responsible for ensuring that appropriate environment is provided for the entire staff and the necessary strategies and frameworks are adopted and implemented in order to deal with such risks.

These departmental heads take are in charge of preparing, testing and reviewing business continuity and disaster recovery plan for their department

To manage operational risk, there is the provision for satellite back up such as outside broadcasting. Talent management is of key interest to management to avoid losing these talents to competitors and all key program hosts have bench to serve as backups and replacement. The internal audit has been strengthened to identify and manage system breakdowns and any major shocks. Another means of managing operational risk is to continuously and systematically review existing systems of operation.

4.4.3 Strategic Risk

Understanding the strategies of the organization is an essential foundation for strategic risk assessment and management. Continuous reflection on its key goals and objectives supported by valid strategic risk profile and management communication and action plan is key as far as managing strategic risk by Multimedia Group ltd is concerned. These systems according to the study are systematic and anchored and driven directly by the organization's core strategies.

A strategic risk assessment is conducted and prioritized considering both internal risk and events. The monthly reporting system has been strengthened. Also the quarterly, semi annually and annual reviews are upheld to ensure that the organization's objectives are met. Management measure and monitor the organization's performance in relation to the key performance indicators (revenue, audience share, cash collections and account receivables).

4.4.4 Risk Management through Insurance

Insurance is relevant in managing risks. Firms may deal with risk through the implementation of strict measures, adhering to auditing practices and also the purchase of insurance. To some extent, the purchase of insurance can be less costly when it is compared to the benefit it will yield thereof. It should however be established by an appropriate body that buying insurance is better in minimizing risks of operations than other risks mitigating tools.

Multimedia Group Ltd uses insurance policy for managing some risks they are exposed to. All risks cannot be eliminated, either because they are outside of the station's control or because it would just be too expensive to do so. Luv Fm and Nhyira Fm's choice to continue the activities that expose them to risks means they are faced with the choice to either retain or transfer the risks.

The main objective for buying insurance according to Multimedia Group Ltd is to transfer the economic impact of the risks they are exposed to.

Management admits that there are challenges to the purchase of insurance. One of the limitations is that, it also exposes the station to counter-party risk in that the station cannot be certain that the insurance company will be able to make the payment in the event of loss and in event of its ability to pay, paying it on time may be questionable.

Insurance is valuable as it reduces the impacts of unexpected losses and helps firms to better manage risks. It is part of the sensible operational risk management for all radio stations. However, operational risks that arise because of frauds and negligence should be curtailed through better auditing and internal control systems of check and balances.

4.5 Rationale and Benefits of Risk Management

According to the study, effective risks management is a sure way to achieve the objectives and goals of the organization. It ensures for example that by managing credit risks, cash can be collected within the budgeted period which makes the organization healthy. Also by reducing the exposure and mitigating operational risks, management makes savings in terms of cost.

Effective risk management facilitates shareholder wealth creation. The study revealed that, inability to effectively manage risk can cause huge losses and that can subsequently affect shareholder value. Management of Luv Fm and Nhyira Fm therefore sees risk management as tool to protect the shareholders from major shocks and at the same time protect their interests.

Remaining competitive as well as gaining competitive edge ahead of competitors can be realized through effective risk management, according to the study. The confidence, trust and bond of cherished listeners of the radio stations must be guarded to ensure continuous patronage of the stations' services. Management admitted, competitive advantage is also gained through delighting advertisers by selling their products and services to the stations' audience. Audience share is increased and that helps retain existing advertisers are retained and attract new ones are. This boosts revenue and improves profitability.

There is elimination or minimization of legal suit against Luv Fm and Nhyira Fm that arise from defamation and false reportage of information, the study has revealed. Staff through legal appreciation training and other forms of training are equipped to aide in avoiding or minimizing the exposure and impact of risks. The systems repose confidence in staff to work effectively and efficiently.

Effective risk management according to the study helps identify risks and weakness in the system, sometimes before they occur. Its aids mitigate or reduce the impact of losses and also reduce the severity of adverse events.

4.6 Compliance of Risk Management Practices to Best Standards

Table 4.4 Level of Effectiveness of Best Standards in Risk

Challenges	Not Effective		Less Effective		Very Effective	
	n	**%**	**n**	**%**	**N**	**%**
Clear objectives and set guidelines for Risk Management	1	6.67	3	20.00	11	73.33
Allocation of adequate resource	6	40.00	5	33.33	4	26.67
Availability of tools for risk measurement and assessment	4	26.67	7	46.67	4	26.67
Effective Communication	1	6.67	4	26.67	10	66.67
Individual and departmental commitment to Risk Management	2	13.33	4	26.67	9	60.00
Availability of Risk Evaluation and Risk Response Strategy	5	33.33	4	26.67	6	40.00
Effective Risk Monitoring and Control	4	26.67	4	26.67	7	46.67
Continuous Review and Improvement	2	13.33	5	33.33	8	53.33
Total Number of Respondents (n) = 15						

Source: Fieldwork 2015

From Table 4.4, the researcher sought to find out the extent to which risk management practices of the media meet best standards considering their level of effectiveness. Among the factors that majority of respondents indicated as most effective standard included the availability of clear objectives and set guidelines for risk management 73.33%, Effective Communication 66.67% and continuous review and improvement 53.33%. The standards that are less or not effective according to the study are the allocation of adequate resources 26.67% and the availability of tools for risk measurement and assessment 26.67%.

The study showed the ranking of the best standards according to their effectiveness. The research revealed that, clear objectives and set guidelines for Risk Management is the most effective best standard complied by the media organizations. These guidelines involve the organization's internal pattern in relationships, formal lines of authority and communication. The respondents agree that their organization have documented policy for risk management and believed that the guideline supports the goals and objectives of risk management and the overall direction of the firm. The respondents understand the risk management guideline.

According to the study, respondents acknowledged communication as an extremely important factor. Other standards are individual and departmental commitment to risk management, Continuous review and monitoring and allocation of adequate resources. Provision of adequate resources and the availability of tools for risk measurement and assessment are less effective according to the study.

4.7 Challenges faced in Risk Management

Table 4.5 Challenges faced in Risk Management

Challenges	Most Challenging		Least challenging		Not Challenging	
	n	%	n	%	n	%
Team members resistance to change	3	20.00	5	33.33	7	46.67
Lack of commitment and cooperation	2	13.33	4	26.67	9	60.00
Inability to align RM process with overall firm strategy	6	40.00	5	33.33	4	26.67
Lack of appreciation of RM principles and procedures	3	20.00	4	26.67	8	53.33
Lack of adequate tools for risk assessment and management	9	60.00	3	20.00	3	20.00
Difficulty in identified risk data interpretation and analysis	7	46.67	5	33.33	3	20.00
Inadequate training programs	8	53.33	5	33.33	2	13.33
Others						
Total Number of Respondents (n) = 15						

Source: Fieldwork 2015

Table 4.5 showed the challenges faced in mitigating risk as far as the media industry is concerned. Among the challenges faced in risk mitigation, majority of the respondents assessed that the most challenging factors in risk management include lack of adequate tool s for risk assessment and management (60%), inadequate training programs on risk management (53.33%), inability to align risk management process with overall strategy and difficulty in identified risk data interpretation and analysis. The least challenging factors are team members resistance to change (20%), lack of appreciation of risk management principles and guidelines (20%) and lack of commitment and cooperation (13.33%)

4.8 Discussion of Results

Risk is an evitable component of every well meaning organization and Multimedia Group Ltd is not an exception. According to the study, management team appreciates the concept of risks management in terms of planning and assessing risks. The sales manager, for instance, is in charge of selling airtime and is aware the extent to which some clients default in the payment for commercials; an on air presenter is aware that, certain utterance can be defamatory and can lead to the company being sued, operational risk. This can cause huge loses to the company.

The study also revealed that the organizations in the media industry are face with credit risk, operational risk, strategic risk and compliance and legal risk. Multimedia Group Ltd however focuses attention on operational risk, credit risk and strategic risk neglecting the other risks it is exposed to. Risk is also managed at departmental level. Risk management is not wide in the organization. This is in contrast with the assertion made by DeLoach (2000) that risk management must be incorporated into the business planning and strategic management.

Credit policy manual has been developed as a tool to managing the exposure to credit risk, the research has revealed. This is consistent with what Greuning and Bratanovic (2009) said that laid down procedures of the firm and implemented by management is a great tool for credit risk management. Through training programmes, frequent meetings, strengthening of the internal audit unit and reporting lines operational risk and strategic risk exposures are minimized.

Effective risk management improves the profitability of the firm and in turn facilitates shareholder wealth creation; it is evidenced from the study. It is also a cost savings mechanism as it reduces cash flow volatility, increase profit and ensure the survival of the organization as asserted by Fatemi and Glaum (2000) and Saqib and Moli (2010).

Table 4.4 indicated the level of effectiveness and compliance of risk management practices of the media industry to best standards. The organization adheres to these standards making it effective. The availability of guidelines and policies on risk management supports the objectives of risk management and the overall direction of the firm. The study revealed communication as an important factor for effective risk management. Communication bridges the gap between management and employees. Different means of communication are adopted by media organizations and they include e-mail, meetings and telephone calls. The importance of communication as providing clarity and helps improve systems supports Carey (2001) assertion that communication provides opportunities for clarification; for making sense of an organization’s progress, and for members to discuss improvement to an organization and the impact of using different risk mitigation strategies.

A collaborative and corporate organizational culture supported by teamwork, open communication, risk taking is a tool for effective risk management. Top level support was acknowledged to the extent that it yielded effective decision-making to manage risks. Trust is an important prerogative to building strong desire to create effective cooperation within organizations as also stipulated by Grabowski and Roberts (1999).Compliance to these standards for effective risk management is consistent with what Prapawadee and Wariya (2009) concluded in their research that these critical success factors are vital to increase project success.

The inadequacy of the resources needed for effective risk management revealed is in contrast with NSW Department of State and Regional Development (2005)'s assertion that allocation of adequate resources is a necessary tool for effective risk management.

Team members resistance to change is less challenging as far managing risk in Multimedia Group Ltd is concerned according to the study. This contradicts Hillary (2011)'s assertion that, the most frequently encountered challenge to effective risk management is team members resistance to adopt new procedures. The most challenging factors in managing risk are lack of adequate tools for risk assessment and management and inadequate training programmes.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter gives summary of the findings or results revealed in the study. It also contains the conclusion the study draws from the findings as well as provides recommendation.

5.1 Summary of Findings

For media companies, effective risk management is an essential capability. The major risks reveled in the study are credit risk, operational risk and strategic risk. Of these risks, operational risk forms the major risk the media is exposed to (73%). The operational risk include break down of transmission, loss of audience share and loss of key talents to competitors. It is managed through talent management, protection of the internal intellectual property, bench for key programs and maintenance of audience trust. The study also revealed that, within the period of the study (2012 to 2014), the risk associated with the level of default and non payment for commercials have increased. This was evidenced in Account Receivables over 120 days and Days Sales was Outstanding which increased from 31% to 49% and 94 days to 128 days from 2012 to 2014 respectively. Credit risk is managed by strict adherence to the company's policy manual. The strategic risk emanates from management and board decisions that adversely impact the organization.

According the study, effective risk management is relevant as it facilitates shareholder value creation by avoiding or minimizing losses; it enables the organization to remain competitive by maintaining existing audience and gaining new ones; it eliminates or minimize legal suits against the organization arising from defamation and false reportage of information. In effect, effective risks management can result in:

1. The ability to retain key and experienced employees especially on air presenters
2. The development and maintenance of good relationship with key stakeholders
3. The ability to prudently manage the cash flow of the organization
4. Continuous Improvement in programming, products and services

The findings indicated the following factors as best standards ranked according to importance, the level of effectiveness with the most effective on top and descending thereof:

1. Clear objectives and set guidelines for Risk Management
2. Effective Communication
3. Individual and departmental commitment to Risk Management
4. Continuous review and improvement of the Risk Management process
5. Risk Monitoring and Control
6. Availability of Risk Evaluation and Risk Response Strategy
7. Availability of tools for risk measurement and assessment
8. Allocation of adequate resource

The most challenging factors as far as the study is concerned lack of adequate tools for risk assessment and management, inadequate training programs, difficulty in identified risk data interpretation and analysis and inability to align risk management process with overall strategy.

5.2 Conclusion

The findings briefly discussed above give rise to some conclusion to be drawn from the analysis. It is evidenced from the finding that, about 73.33% of the radio stations' maximum exposure is derived from their operations, systems and activities followed by credit risk and strategic risk.

Management has however adopted systems to reduce the impact and the probability of risk exposures by adopting credit risk policy manual, although partially effective, organizing training programs and strengthening the internal audit unit and the reporting system of the organization.

With management's adherence to the critical success factors of risk management, exposure can be minimized and most of the challenges faced in mitigating risk can be managed to the benefit of the organization. The objective of risk management is not to avoid risks entirely, but to ensure that risk management is consciously taken in full knowledge with clear purpose and understanding so that it can be analyzed and managed.

5.3 Recommendation

The findings reveal that more needs to be done as far as risk management of the media industry is concerned. The following recommendations are therefore provided

5.3.1 Development of Integrated System

A key to meeting today's risk-management challenges lies in consolidating programs from the business process, through the infrastructure development. There is the need for the media to build an integrated system for comprehensive and systematic approach to risk mitigation. The risk management process must be embedded in business processes and its culture.This system must include the development of appropriate environment for managing risk including firm governance structure with clear responsibility and lines of authority in terms of procedures, systems and techniques for the treatment diverse risks.

5.3.2 Paying Attention to Information Technology

Information technology plays a major role as far as risk management is concerned. It will be difficult for members to communicate and share information without information technology infrastructure. It enables quick access and retrieval of data and supports the organization's communication system. This information systems infrastructure can help ensure adequate and consistent identification, measurement, monitoring and controlling as well as reporting on the various risks the media is exposed to. Management should therefore pay attention

5.3.3 Provision of adequate resources and tools for risk analysis and assessment

Management must allocate adequate resources and provide the necessary tools for risk analysis and assessment. These include funds for team members, tools for assessment and monitoring

5.3.4 Provision of Regular Training

The ability to respond to changes in the working environment largely depends on provision of adequate training. Risk management is a good business practice and should include training staff appropriately. This education and training will ensure that the members are comfortable with the system and increase the expertise and knowledge level of the members. It will improve knowledge, skills and attitudes that in turn increase confidence, motivation and job satisfaction. Employees can better handle their job to minimize exposures to risks.

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APPENDIX 1: INTERVIEW GUIDE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS

INTERVIEW GUIDE

Interview with the Management Accountant of Multimedia Group Ltd

Research Topic: Risk Management Assessment of Multimedia Group Ltd

1. Kindly give me an overview of Multimedia Group Ltd

2. How is the term risk management familiar to you and the management team?

3. How about your staff? How well do they understand the risks your organization is exposed to?

4. What are the common types of risks Multimedia is exposed to?

5. How are these risks managed in your business unit? Do you outsource third party the services?

6. Which of these risks named above do you think would need more attention?

7. Does your organization have risk management policy manual?

   Yes [ ]   No [ ]

8. How does your organization embrace enterprise risk management?

9. What are the rationales for managing risk in your institution?

10. What are the challenges faced in risk management?

11. Any remark as far as risk management is concerned in your organization?

Thank you for your answers.

APPENDIX 2: QUESTIONNAIRES

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS

QUESTIONNAIRES TO MANAGEMENT AND KEY STAFF

The following questions are to elicit views on risk management assessment of Multimedia Group Ltd. The researcher would be grateful if you could provide responses to the questions. The research is for academic purpose. Respondents are therefore assured that the information collected will be held confidentially in accordance with the ethics of research.

Section A

Background Information

1. Sex Male [ ] Female [ ]

2. Business Unit…………………………………………………………

3. Department

Administration [ ] Marketing and Sales [ ] Programming [ ] Engineering [ ]

4. Position/Rank

Corporate Level Manager [ ] Business Unit Manager [ ] On Air Employee [ ] Off Air Employee [ ]

5. How long have you worked with this institution?

Less than 1 year [ ] 1 to 5 years [ ]

6 to 10 years [ ] More than 10 years [ ]

6. Highest Educational Background

Tertiary [ ] Postgraduate [ ] Professional [ ] Others (specify)……………

Section B

Nature of Risks

1. Regarding the role you play in the organization, which main risks are you exposed to?

Credit Risk [ ] Operational Risk [ ] Legal Risk & Compliance Risk [ ] Strategic Risk [ ] Exchange Rate [ ] Interest Rate [ ] Others (specify)……….

2. Are there systems in place to identify risks?

[ ] To a great extent [ ] Somewhat

[ ] Very Little [ ] Not at all

3. If there are available systems to identify risks, are they structured to monitor and identify risks in advance?

[ ] To a great extent [ ] Somewhat

[ ] Very Little [ ] Not at all

4. How do you identify risks in your organization?

a. As an individual? …………………………………………

b. as an organization?
……………………………………………………………………………………

5. After risks have been identified, how are they handled (methods and techniques)

……………………………………………………………………………………

6. How effective are the risks handling methods and techniques?

[ ] To a great extent [ ] Somewhat

[ ] Very Little [ ] Not at all

7. Does your organization have systems for evaluating the impact of the risks it is exposed to?

[ ] To a great extent [ ] Somewhat

[ ] Very Little [ ] Not at all

8. What is your approach to risk management?

[ ] Bottom-up [ ] Top-bottom [ ] Inter-departmental

9. What benefits in your opinion does effective risk management yield to the organization?
……………………………………………………………………………………

Section C - Best Standards in Risk Management

Please indicate the level of effectiveness or non-effectiveness to which risk management practices in your organization meet best standards where 1 represent not effective, 2 less effective and 3 represent very effective by ticking [√] the appropriate option.

	Standard	1	2	3	Remarks
1	Clear objectives and set guidelines for Risk Management				
2	Allocation of adequate resource				
3	Availability of tools for risk measurement and assessment				
4	Effective Communication				
5	Individual and departmental commitment to Risk Management				
6	Risk identification, measurement and assessment				
7	Availability of Risk Evaluation and Risk Response Strategy				
8	Risk Monitoring and Control				
9	Continuous review and improvement of the Risk Management process				

Section D
Challenges faced in risk mitigation

In order of severity, kindly rank the following challenges faced by your organization in risk mitigation, with 1 being the most challenging, 2 least challenging and 3 being the not challenging by ticking [√] the appropriate option

	Challenges	1	2	3
1	Team members resistance to change			
2	Lack of commitment and cooperation			
3	Inability to align RM process with overall firm strategy			
4	Lack of appreciation of RM principles and procedures			
5	Lack of adequate tools for risk assessment and management			
6	Difficulty in risk data interpretation and analysis			
7	Inadequate training programs			
8	Others (specify)			