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Strategic Risk Management to Increase Profitability of Companies in the Tele-Communications Industry in Kenya

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Abstract

Purpose: The main purpose of this study is to establish the effect of strategic risk management and its role in increasing profitability in the tele-communications industry in Kenya.

Methodology: The study used descriptive study design. Statistical package for social science (SPSS) aided data analysis. Regression model was fitted to check the relationship of the variables and presented in the form of frequency distribution tables, graphs and pie charts that facilitated description and explanation of the study findings.

Findings: Results of the study showed that 57.9% of variation or change in the profitability of the firm is explained by; explained by the risk identification, risk assessment and communication, risk monitoring and evaluation and organization structures. This implies that these factors are very significant (since the p-values< 0.05) and therefore need to be considered as a strategy in implementation of profitability of the firm.

Policy recommendation: The study recommends a standard risk assessment criterion through the implementation of well-defined policies. The study further recommends that the risk monitoring and evaluation should be a continuous process. Indeed a department should be set up for the role of risk monitoring and evaluation.

Key words: *Risk identification, risk assessment, profitability, organizational systems factors, risk monitoring and regulation*

1.1 Background to the Study

Telecommunications has weathered the downturn and subsequent economic uncertainty and volatility relatively well compared to many other sectors. As a result, the sector is quite solidly positioned as a defensive "safe bet" in the eyes of investors (Ernst& Young Report, 2012). The Government recognizes that the provision of modern telecommunications infrastructure and information networks is key to rapid economic and social development of the country. Telecommunications is a critical component for the development of the ICT industry. The overall Government objective for the sector is to optimize its contribution to the development of the Kenyan economy as a whole by ensuring the availability of efficient, reliable and affordable telecommunication services throughout the country. A key element of the new telecommunication policy is attracting and stimulating investment.

The telecommunication industry in Kenya has been characterized by declining voice revenues, increased regulations, technological advancements and changing consumer needs. This has led to industry players formulating sound innovations strategies to ensure they create a competitive advantage over their competitors in order to survive and grow in the ever competitive market. However, in spite of the crucial role played by innovative strategies to ensure competitive advantage, some companies with innovative strategies have not translated them to competitive advantage. De Wit and Meyer (2008), argues that Strategy formulation and Strategy evaluation; on Suitability (would it work?), Feasibility (can it be made to work?), and acceptability (will they work it?) are very important. Strategy formulation and evaluation are followed by strategy implementation and follow up. However, Chandler (1962) saw strategy as given. He recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Interactions between functions or between departments were typically handled by a boundary position, that is, there were one or two managers that relayed information back and forth between two departments. Chandler also stressed the importance of taking a long term perspective when looking to the future. Chandler showed that a long-term coordinated strategy was necessary to give a company structure, direction, and focus. He says it concisely; structure follows strategy (Chandler, 1962).

Strategy is the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (Johnson et al. 2008). Strategy refers to the determination of long-term goals and objectives, the adoption of courses of action and associated allocation of resources required to achieve goals. Strategy is concerned with long-term direction of an organization and strategic decisions are mainly concerned with the scope of an organization‘s activities. it is the direction and scope of an organization over the long-term which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stake holder‘s expectations.

Mintzberg (1987) says Structure is a fundamental, tangible or intangible notion referring to the recognition, observation, nature, and permanence of patterns and relationships of entities. This notion may itself be an object, such as a built structure, or an attribute, such as the structure of society. Structure, whether formally or informally defined, has two aspects. It includes, first, the lines of authority and communication between different administrative offices and officers and second, the information and data that flows through the lines of communication and authority (Chandler, 1962). It is at once formal distribution of roles and the administrative mechanisms that facilitate the control and integration of the different activities performed. The strategy of a firm must align itself to the remote and operating environment. Environmental forces are so powerful for a single firm, even a constellation of firms, to influence. Therefore, astute firms must adapt and adapt to the environmental change, dynamism and turbulence. Environmental forces constitute a big driver to change in organizations. Once the environmental forces have directed strategy, then strategists identify a structure to match with the strategy. This is referred to as the strategic alignment'- aligning the strategy and the structure to the environment. This is followed closely to the matching of the strategy and structure to the capability of the firm, an exercise called matching'. Alignment and matching are very key processes that firms must consider when embracing strategic management. The fit between strategy, structure, the environment and the firm capability that must be cultivated to break the ice (Johnson, Scholes & Whittington, 2008).

There is a lot of risk in the telecommunication business. In the process of providing communication and financial services, they assume various kinds of risks. Over the last decade the understanding of the place of telecommunication industry within the financial sector has improved substantially. Over this time, much has been written on the role of telecommunication industry in the financial sector, both in the academic literature and in the financial press. Market participants seek the services of these communication institutions because of their ability to provide market knowledge, transaction efficiency and effective communication capability. In performing these roles they generally act as a principal in the transaction. As such, they use their own balance sheet to facilitate the transaction and to absorb the risks associated with it (Santomero, 1997).

Strategic risk management is focused on the most consequential and significant risks to shareholder value. Attributes for strategic risk management contained in the 2008 announcement by Standard & Poor's include: "Management's view of the most consequential risk the firm faces, their likelihood, and potential effect; the frequency and nature of updating the identification of these top risks; the influence of risk sensitivity on liability management and financial decisions.

Strategic Risk Management is a process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit an organization's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value. It is a primary component and necessary foundation of Enterprise Risk Management (Frigo &Anderson, 2009). It's a process for identifying, assessing, and managing both internal and external events and risks that could impede the achievement of strategy and strategic objectives; the ultimate goal is creating and protecting shareholder and stakeholder value. It's a primary component and necessary foundation of the organization's overall enterprise risk management process. It requires a strategic view

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of risk and consideration of how external and internal events or scenarios will affect the ability of the organization to achieve its objectives. A continual process should be embedded in strategy setting, strategy execution, and strategy management. Organizations can adapt the definition and principles of SRM in developing their action plans for strengthening ERM and focusing it on strategic risks.

According to the 2012 Ernst& Young, Report on the telecommunications industry 2012, Strategic risk relates to risk at the corporate level, and it affects the development and implementation of an organization's strategy. In developing a strategy, an organization makes an assessment of market conditions today. It then goes on to forecast the various changes that will occur in the market over a period of time. The strategic risk element applies in terms of whether or not that strategic decision was correct. Strategic risk includes risk relating to the long-term performance of the organization. This includes a range of variables such as the market, corporate governance and stakeholders. The market is highly variable and can change at relatively short notice, as can the economic characteristics of the country or countries in which a given organization is operating The corporate governance risk of the organization includes risk relating to the reputation of the organization and the ethics with which it operates. Stakeholder risk includes the risk associated with the shareholders, business partners, customers and suppliers. Shareholder attitudes can change quickly if dividends fall.

There are various tools that can be used in strategic risk management. Needles, Powers and Frigo (2008) identified Return Driven Strategy Framework: This framework is used to analyze the elements of an organization's strategy. It provides a systematic way and a common language for articulating and clarifying that strategy. It also provides a lens for seeing how various elements of the strategy link together and drive value creation, and it offers perspective on identifying risk areas in the strategy. Strategic Risk Management Framework**:** This framework is used to assess strategic risk and has been vetted by directors, management teams, and thought leaders in ERM and GRC (governance, risk, and compliance). It provides a way to identify, link, and prioritize an organization's strategic risks, which can encompass a broad spectrum, including customer risk, innovation risk, operations risk, brand and reputation risk, partnering risk, supply chain risk, employee engagement risk, fraud risk, governance risk, financial markets risk, financial reporting risk, sustainability risk, and unique capabilities at risk. Strategic Risk Maturity Diagnostic: This diagnostic is based on several streams of leading practices in risk management and provides a way to assess the maturity and development of risk management processes and capabilities in an organization. It includes diagnostic questions for self-assessment. Strategic Risk Management Alignment Guide: This guide provides a way to determine how well risk management is covered within an organization, allowing for identifying where gaps and redundancies exist.

1.2 Statement of the Problem

Following the events in the global financial system during 2008, all organizations are increasingly paying more attention to risk and its management. The current globally linked economy is notable for increasing levels of environmental turbulence brought by consumer sophistication and competition. Consequently, a premium has been

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placed on the ability of organizations to maintain competitive advantage through the management of risks (Saunders & Cornett, 2014). Strategic risk management benefits the organizations. In Kenya, few players who are struggling to maintain a competitive advantage and retain the customer base dominate the tele-communications industry. By taking a proactive model for risk management, the industry will be able to achieve improvements in three areas: Operations will become more efficient because the events that bring obstacles to business development will be identified in advance and timely actions taken to reduce these event will reduce the damage caused by them in company operations; Processes will be more effective, because the selection of processes and risks associated with options presented is considered. Also, changes in processes through specific projects will be more effective and safer; The strategy will be more efficient in that the risks associated with different strategic decisions will not be acceptable for organizations and organizations do not want to be found in positions where unexpected events lead to financial loss, interruption of normal operations, delay in projects completion and loss of market share. Despite rising to greater prominence in many companies, risk management has not generally attracted significant financial investment over the past year. Less than one-half of companies have invested in risk processes, while less than one-quarter have allocated funds to headcount or training of managers in the central risk function. Ongoing cost constraints and company-wide budget freezes are undoubtedly helping to curtail investment. Some local studies have focused on risk management and product innovation. These studies were too broad and did not address the problem of this study. These studies were too broad and thus did not address the problem of this study which is to find out the role that strategic risk management plays in the decision making of to increase the profitability of organizations in the tele- communications industry.

1.3 Objectives

1. To analyze the effect of risk identification in increasing profitability of firms in the telecommunication industry in Kenya.

2. To determine the effect of risk assessment and communication in in increasing profitability of firms in the telecommunication industry in Kenya.

3. To analyze the effect of risk monitoring and regulation in increasing profitability of firms in the telecommunications industry in Kenya.

4. To analyze the effect of organizational systems factors affecting strategy in increasing profitability of firms in the telecommunication industry in Kenya.

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LITERATURE REVIEW

2.2 Theoretical Review

2.2.1 Decision Theory

The study will be based on decision theory as stated by Blass Pascal deals with methods for determining the optimal course of action when a number of alternatives are available and their consequences cannot be forecast with certainty. The simplest decision problems can be resolved by listing the possible monetary consequences and the associated probabilities for each alternative, calculating the expected monetary values of all alternatives, and selecting the alternative with the highest expected monetary value. The determination of the optimal alternative becomes a little more complicated when the alternatives involve sequences of decisions.

In some problems, it is possible to acquire often at certain cost additional information about an uncertain variable. This additional information is rarely entirely accurate. Its value hence, also the maximum amount one would be willing to pay to acquire it should depend on the difference between the best one expects to do with the help of this information and the best one expects to do without it. More often than not consumers are not rational and the decisions they make are influenced by other factors other than the existing information and the expectations of future events including an increase in the interest rates. Strategic management is a field that deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their external environments (Pearce and Robbins, 1994). It entails specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programs. Strategic management provides overall direction to the enterprise. In the field of business administration it is useful to talk about strategic alignment between the organization and its environment or strategic consistency. According to strategists, there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context (Nag, Corley & Gioia, 2007).

2.2.2 The Strategy Execution Model

The study will also adopt the Strategic Risk Management Action Plan it considers how risk assessment and risk management can be integrated into strategy execution processes. This would include integrating risk management into strategic planning and performance measurement systems. The Kaplan-Norton Strategy Execution Model by Robert S. Kaplan and David P. Norton, The Execution Premium, Harvard Business Press, 2008) described six stages for strategy execution and provides a useful framework for visualizing where risk management can be done;

Stage 1; Develop the Strategy: This stage includes developing mission, values, and vision; strategic analysis; and strategy formulation. At this stage, a Strategic Risk Assessment could be included that could use the Return Driven Strategy framework to articulate and clarify the strategy and the Strategic Risk Management framework to identify the organization’s strategic risks. Stage 2;Translate the Strategy: This stage

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includes developing strategy maps, strategic themes, objectives, measures, targets, initiatives, and the strategic plan in the form of strategy maps, balanced scorecards, and strategic expenditures. The Strategic Risk Management framework would be used in developing risk-based objectives and performance measures for balanced scorecards and strategy maps. It would also be useful for analyzing risks related to strategic expenditures.

Stage 3; Align the Organization: This stage includes aligning business units, support units, employees, and boards of directors. The Strategic Risk Management Alignment Guide and Strategic Framework for GRC would be useful for aligning risk and control units toward more effective and efficient risk management and governance and for linking this alignment with the strategy of the organization. Stage 4; Plan Operations: This stage includes developing the operating plan, key process improvements, sales planning, resource capacity planning, and budgeting. In this stage, the Strategic Risk Management Action Plan can be reflected in the operating plan and dashboards, including risk dashboards.

Stage 5; Monitor and Learn: This stage includes strategy reviews and operational reviews. Strategic Risk Reviews would be part of the ongoing Strategic Risk Assessment, which reinforces the necessary continual, closed-loop approach for effective Strategy Risk Assessment and Strategy Execution. Stage 6; Test and Adapt: This stage includes profitability analysis and emerging strategies. Emerging risks can be considered part of the ongoing Strategic Risk Assessment in this stage. The Strategic Risk Assessment can complement and leverage the strategy execution processes in an organization toward improving risk management and governance.

2.3 Conceptual Framework

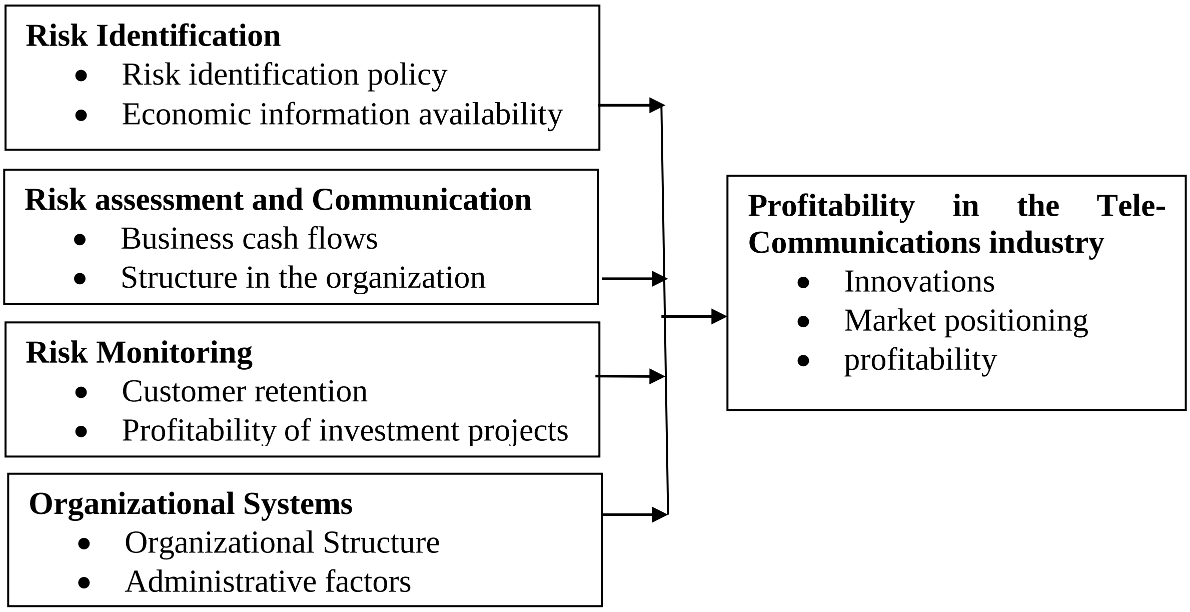

Figure 1: Conceptual framework

2.4 Empirical Review of Literature

A study by Oginda and Kesenwa *et al.,* (2013) on the effects of Strategic Decision Making on Firm`s Performance: A Case Study of Safaricom Limited, Nairobi, Kenya. It focuses only on the firms offering money transfer services. The study considered potential performance effects associated with strategic decision-making. Enhancement of an organization`s communication capabilities may influence performance through improved strategic decision making, better coordination of strategic actions and by facilitating learning from strategic initiatives. Accordingly, the purpose of this paper is to investigate effects of strategic decision making on firm's performance: A Case study of Safaricom Limited, Nairobi, Kenya. These relationships were tested in four mobile phone money service providers to assess effects of strategic decisions on performance.

A paper by Katarina, 2007dealt with problem risk and decision-making process, risk management, risk in decision-making process and risk control. Current business environment is defined by quite big amount instability and possibilities of unforeseeable changes. Base upon environment characteristics above, the structure of decision-making is decision making under condition of safety, risk and uncertainty. Risk management represents the process of risk identification, estimation of its potential impact and finding the most effective methods of control or reacting to those risks. The paper did not focus on any sector and looked at risk management in the general form.

A study by Keter (2015) on the challenges of strategy implementation in the telecommunication industry in kenya: a case of safaricom limited The objective of this study was to examine the challenges of strategy implementation in the telecommunication industry in Kenya. The study revealed that a number of internal organization challenges faces the strategy implementation in Kenya. These included the organization structure, administrative systems as well as the organization leadership. This is an indication that indeed all the organization factors affected the strategy implementation process. It was also revealed that indeed there are government factors that affect strategy implementation in the telecommunication industry in Kenya.

RESEARCH METHODOLOGY

This study adopted a descriptive research design. The study targeted five telecommunications firms. Simple random sampling technique was used to select 5 top management staff from each of the five telecommunications firms. Primary data was collected using a questionnaires. Pilot tests and reliability were conducted to ascertain the adequacy of the research instrument. The data from the completed questionnaires was cleaned, coded and entered into the computer using the statistical package for social sciences (SPSS). A regression model was fitted to check to what extent the changes in the independent variables explain variations in the dependent variable.

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RESULT FINDINGS

4.1 Demographic Characteristics

The researcher presented the questionnaire to various employees and was split in male and female respondents. The results are shown in figure 2.

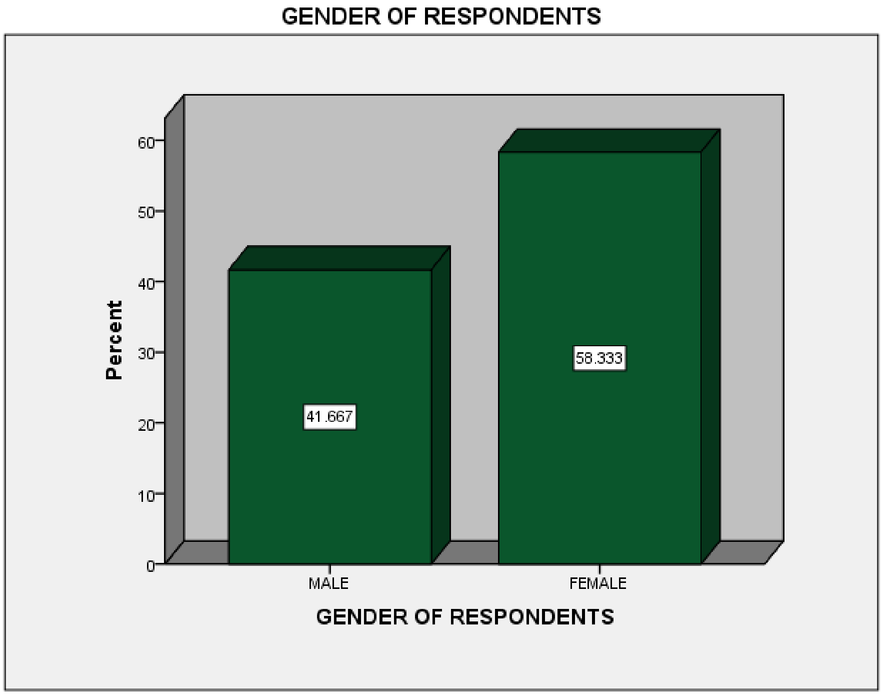

Figure 2: The Gender of respondents

As shown in Figure 1, 58.33% of the respondents were female while 41.667% of the respondents were male. The female respondents were more than male respondents.

Table 1 Demographic Characteristics

Characteristic		**Frequency (f)**	**Percentage (%)**
Education	Secondary	0	0
	College	3	14.28
	Graduate Degree	12	57.14
	Post Graduate Degree	6	28.58
Length of Service	<3years	5	23.80
	3-6years	9	42.85
	6-9years	6	28.57
	>9 Years	1	4.76

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Table 2 presents that of the all the respondents had a college degree and above with most of the respondents represented by 57.14% of the respondents having a degree and 28.58% of the respondents having a postgraduate qualification. Of the respondents 42.85% had 3-6 years of experience in the respective companies, 28.57% of the respondents 6-9 years, 23.80% of the respondents less than 3 years while 4.76%

4.2 Descriptive results

4.2.1 Risk Identification

The study sought to determine the influence of risk identification on the profitability of the players in the telecommunications industry. The respondents were presented with statements with factors that affect the risk identification and the findings are presented in Table 2

Table 2: Risk Identification

Statement	Mean	Standard Deviation
Risk identification reduces exposure risks	2.95	.486
Accessibility of products and services	1.98	.408
Offering technical support	4.02	.462
Well formulated risk identification procedures increases the profitability of the organization	4.07	.593
Encouraging customer feed back	4.12	.324
Encouraging staff feedback	3.95	.213
Product and service design and uniqueness	2.95	.486

Table 2 presents that the respondents were neutral on the statement that risk identification reduces exposure risks with a mean of 2.95 and standard deviation of 0.486. The respondents were of the opinion that accessibility of products and services does not reduce risk with a mean of 1.98 and standard deviation of 0.408. the respondents agreed that offering technical support, well formulated risk identification procedures increases the profitability of the organization and encouraging customer feedback increases profitability with a mean of 4.02,4.07 and 4.12 respectively. The respondents were neutral on the statement that encouraging staff feedback helps in risk identification with a mean of 3.95 and standard deviation of 0.213. The respondents were of the opinion that product and service design and uniqueness helps in risk identification with a mean of 2.95 and standard deviation of 0.486.

4.2.2 Risk Assessment and Communication

The respondents were asked to indicate the extent to which Risk Assessment and Communication affected performance of telecommunication firms. Result findings were presented in table 3.

Table 3: Risk Assessment and Communication

Statement	Mean	Standard Deviation
Hierarchical structures in the organization	2.95	0.486
Structures put in place to assess risks	4.02	0.462
Use of environmental analysis in risk assessment	2.16	0.949
The prevailing economic conditions	3.98	0.152
The business cash flow	4.07	0.457
The capacity to pay obligations on time	1.91	0.526
Hierarchical structures in the organization	4.12	0.324
Well laid assessment procedures	2.93	0.258
Communication costs	4.74	0.848

Table 3 presents that the respondents were neutral on the statement Hierarchical structures in the organization affect risk assessment and communication with a mean of 2.95 and standard deviation of 0.486. The respondents agreed that the structures put in place to assess the risks help in the risk assessment and communication with a mean of 4.02 and standard deviation of 0.462. the respondents disagreed with: Use of environmental analysis in risk assessment and Well laid assessment procedures affected risk assessment with a mean of 2.16 and 2.93 respectively. The respondents however agreed that; the business cash flow; Hierarchical structures in the organization and Communication costs affected risk assessment and communication with a mean of 4.07, 4.12 and 4.74 respectively.

4.2.3 Risk Monitoring

The respondents were asked to indicate the extent to which risk monitoring affected performance of telecommunication firms. Result findings were presented in table 4.

Table 4: Risk Monitoring

Statement	Mean	Standard Deviation
Conformance to regulation	4.95	0.213
Technological innovations	3.07	0.258
Product replacements	4.77	0.527
Anti- competitors campaigns	4.02	0.266
Reduction of costs	2.02	0.408
The timeliness and delivery of products	3.23	0.649
Withdrawal of existing capital projects, products and services	4.88	0.448

Table 4 presents the responses related to risk monitoring and performance with the profitability the respondents were of the opinion that the Conformance to regulation,

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Product replacements, Anti- competitors campaigns, Withdrawal of existing capital projects, products and services affected the risk monitoring with a mean of 4.95, 4.77,4.02. and 4.88 respectively. On whether technological innovations and the timeliness and delivery of products affected risk monitoring the respondents were neutral with a mean of 3.07 and 3.23 respectively.

4.2.4 Organizational Structures

The respondents were asked to indicate the extent to which organizational Structures affected performance of telecommunication firms. Result findings were presented in table 5.

Table 5: Organizational Structures

Responses	Mean	Standard Deviation
Strategy execution is dictated by the organization structure	4.31	1.254
The organizational structure positively influences the strategy execution process	4.08	1.156
The organization always makes realignment to the organizations structure to always have a competitive advantage	3.96	1.298
The administrative system facilitates strategy execution	4.27	1.207
The administrative system is effective in enhancing coordination among various departments in the organization	3.28	1.009
There is a business strategy to enhance strategy execution	4.20	0.087

Table 5 presents that the respondents agreed that: Strategy execution is dictated by the organization structure; the organizational structure positively influences the strategy execution process; The administrative system facilitates strategy execution There is a business strategy to enhance strategy execution with a mean of 4.31, 4.08, 4.27 and 4.20 and standard deviation of 1.254, 1.156, 1.207 and 0.087 respectively. The respondents were neutral on the statements that; the organization always makes realignment to the organizations structure to always have a competitive advantage; The administrative system is effective in enhancing coordination among various departments in the organization with a mean of 3.96 and 3.28 respectively.

4.3 Inferential Statistics

The study carried out the correlation and regression analysis which was used to fit a model.

4.3.1 Co-efficient of Correlation

Table 6: The Co-efficient of Correlation

		Risk identification	Risk assessment and communication	Risk Monitoring	Organizational Culture
Profitability	Pearson Correlation	.705**	.860**	.457**	.890**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	21	21	21	21

There is a positive correlation between the profitability of the firm in Kenyan telecommunication sector and all the independent variables. There is a positive correlation between profitability of the firm and risk identification as shown by positive correlation of 0.705; the relationship is also significant as shown by the P-Value of 0.000. There is a positive correlation between Profitability of the firm in and risk assessment and communication as shown by positive correlation of 0.860, the relationship is also significant as shown by the P-Value of 0.000.There is a positive correlation between Profitability of the firm and risk monitoring as shown by positive correlation of 0.457, the relationship is also significant as shown by the P-Value of 0.000. There is a positive correlation between profitability of the firm and organizational culture as shown by positive correlation of 0.890 the relationship is also significant as shown by the P-Value of 0.000.

4.3.2 The Co-efficient of Determination

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637[a]	.579	.453	0.18306

The R-squared is 0.579, 57.9% of the variations in the profitability of the firm in Kenyan parastatals can be explained by the risk identification, risk assessment and communication, risk monitoring and evaluation and organization structures.

4.3.3 The Fit of the Model

Regression coefficients represent the mean change in the response variable for one unit of change in the predictor variable while holding other predictors in the model constant. This statistical control that regression provides is important because it isolates the role of one variable from all of the others in the model. The regression co-efficient after fitting the model is presented in table 8.

Table 8: The Fit of the Model

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	.262	.597		.439
	Risk Identification	1.724	.279	1.388	6.183
	Risk Assessment and Communication	.133	.178	.232	.749
	Risk Monitoring and Evaluation	.541	.178	.378	3.046
	Organizational Structures	.262	.597		.439

Performance of telecommunication firms =0.262 +1.721 Risk Identification +0.133 Risk Assessment and Communication +0.541 Risk Monitoring and Evaluation +.262 Organizational Structures

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Major Findings

The female respondents were more than male respondents that of the all the respondents had a college degree and above. of the respondents having a degree and 28.58% of the respondents having a postgraduate qualification. Of the respondents 42.85% had 3-6 years of experience in the respective companies, 28.57% of the respondents 6-9 years, 23.80% of the respondents less than 3 years while 4.76%. There is a positive strong relationship between risk identification and the profitability of the firm in Kenyan telecommunication sector as shown by the Pearson's co-efficient correlation which is significant as indicated by the P-value at 95% level of confidence. There is a positive strong relationship between risk assessment and communication and the profitability of the firm in Kenyan telecommunication sector as shown by the Pearson's co-efficient correlation which is significant as indicated by the P-value at 95% level of confidence. There is a positive strong relationship between risk monitoring and the profitability of the firm in Kenyan telecommunication sector as shown by the Pearson's co-efficient correlation which is significant as indicated by the P-value at 95% level of confidence. There is a positive strong relationship between organizational structures and the profitability of the firm in Kenyan telecommunication sector as shown by the Pearson's co-efficient correlation which is significant as indicated by the P-value at 95% level of confidence. The respondents agreed that: Strategy execution is dictated by the organization structure; the organizational structure positively influences the strategy execution process; the administrative system facilitates strategy execution there is a business strategy to enhance strategy execution.

5.2 Conclusion

Looking at the variables collectively, it's evident from the table that 57.9% of variation or change in the profitability of the firm is explained by; explained by the risk identification, risk assessment and communication, risk monitoring and evaluation and organization structures. The study concluded that risk identification, risk assessment and communication, risk monitoring and evaluation and organization structures affects performance of telecommunication firms.

5.3 Recommendations

Risk cannot be mitigated unless identified. The study recommends a standard risk assessment criterion through the implementation of well-defined policies. The policies should be communicated to the relevant persons when clearly outlined. The study further recommends that the risk monitoring and evaluation should be a continuous process. Indeed a department should be set up for the role of risk monitoring and evaluation. Finally, the study recommends that organization factors that contribute to strategy implementation indeed play a vital role in the success of any organization.

5.4 Areas for Further Research

The study recommends the need for future researchers to look at the challenges faced by other telecommunication companies in the specific sectors when they strive to implement their strategies.

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