



**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND**  
**ECONOMICS**  
**DEPARTMENT OF PROJECT MANAGEMENT**

**ASSESSMENT OF RISK MANAGEMENT PRACTICE**  
**IN THE PROJECT OF IMPORTING AND**  
**DISTRIBUTION OF NEW PHARMACEUTICAL**  
**PRODUCT: THE CASE OF ETHIOMED**  
**PHARMACEUTICALS PLC**

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**ADDIS ABABA, ETHIOPIA**

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**BY  
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**A RESEARCH PROJECT WORK SUBMITTED TO  
ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
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ADDIS ABABA, ETHIOPIA**

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## **DECLARATION**

I, the undersigned, declare that this research paper is my original work, prepared under the guidance of Dr. MAHIR J.. All resources and materials used herein have been properly acknowledged. I further confirm that the project work has never been presented either in part or in full to any other university for the purpose of earning any degree.

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**DATE:** \_\_\_\_\_

## Acknowledgement

God is good, all the time. I am a living proof of it so shall I always kneel for your greatness. St. Mary (ቅድስት ድንግል ማርያም) whose name gives me strength at my weakest point, who gave me love with the sound of her name, blessing to you from your loyal servant.

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Just realized how lucky I am

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## **List of Abbreviations**

RMP - Risk Management Practice

RP - Risk Planning

RI - Risk Identification

RA -Risk Analysis

RP - Risk Response

RMC- Risk Monitoring and Control

## *Abstract*

*The purpose of this study is to assess the current risk management practices of importing new pharmaceutical products in Ethiomed Pharmaceutical PLC. The practice is assessed in regards of the risk management process that include risk planning, identifying, analyzing, responding, and controlling. The study design used was descriptive research design, incorporating qualitative and quantitative research approaches. The target population was the staff members of Ethiomed Pharmaceutical plc and primary data was collected from 34 respondents out of the total population of 46 which are selected using non-probability purposive sampling and the data collected was analyzed using SPSS version 19. Semi-structured interviews were also conducted from 3 managers and the CEO of the company. The data collected was analyzed qualitatively by integrating secondary data obtained from articles, reports, previous research, and the Ethiomed company manual. Findings from the study show that the risk management practice is at a fairly medium level of maturity with still requirements for improvement in every process involved in it. Even If the findings show that the risk management system is treated as a continuous process when importing new pharmaceutical products, documentation and policy of any kind are not in place to guide the practice. The project lacks a clear view of planned strategy to respond to risks faced and options for identification and response methods are limited. The study recommends a defined and tangible guideline in practising risk management while importing new pharmaceutical products in the company that provides clear conduction of actions towards risk. Moreover, the importance of examining other options in the identification of risk and response methods is recommended as a solution to improve the practice. Documentation of previous risk assessments can prove to be decisive and used as a reference, therefore it is recommended highly throughout the study.*

# Chapter One

## Introduction

*This chapter discusses the background of study, background of the company that the study revolves on, statement of the problem the study is concerned with, objective of the study that is intended to be achieved, research questions that are required to be defined, significance of the study, scope of the study, organization of the paper and lastly definition of terms involved.*

### 1.1 Background of the study

A fundamental human right, access to medications, has political, economic, and social components and is not only the responsibility of health professionals. Ineffective management of pharmaceutical products prevents access, which leads to waste and health catastrophes.(Jaberidoost et al 2013; Management Science for Health [MSH], 2012). Proper manufacturing and distribution of pharmaceutical products is overseen by the pharmaceutical industry. The pharmaceutical industry deals with the creation, production, and distribution of pharmaceuticals by both public and commercial entities. (VanDyke, 2019)

The pharmaceutical industry is a knowledge- and technology-intensive industry playing an irreplaceable role in the health of populations. The need for medicines and medical devices in Ethiopia is mostly met through imports. As a result, guaranteeing timely access to quality and inexpensive medical items continues to be a challenge. (Teshome, 2022) Pharmaceutical import is a business that deals with importing medicines and medical equipment from specific nations based on their quality or cost and distributing it to suppliers and pharmacies so that customers can utilize it. The majority of Ethiopia's medications come from Germany, the Netherlands, and India(Medicine Imports in Ethiopia - Import Data With Price, Buyer, Supplier, HSN Code, 2023).

From the projects handled in the pharmaceutical import business, import of new pharmaceutical products can be mentioned as the most important example. This project is filled with constraints which include a promotion, price, place, and product that can bring a set of ambiguity (Hailu et al., 2021). A particular aspect of ambiguity is risk. A risk is an unforeseen circumstance that, if it materializes, might have either a favorable or unfavorable impact on one or more project

objectives. Threats and opportunities are the terms used to describe positive and negative risks respectively. Since they are individual endeavors with variable degrees of uncertainty, all enterprises carry risks. (PMI, 2021) Risk is often described as a variable deviating positively or negatively from its expected value. Risk is typically exclusively considered in terms of loss. In the meanwhile, possibilities are taken into consideration when defining risk. Risks that are not acknowledged also cannot be evaluated or managed. It is, nevertheless, difficult to completely cover all potential dangers. (Schieg, 2006) Generally, it can be broadly defined as any issue that can impact the objectives of a business entity and the potentiality that both expected and unexpected events may harm capital and earnings. Risk must be embraced for a firm to grow and expand, but success also depends on the capacity to manage risk effectively and prevent as much bad luck as possible. (Gwangwava et al, 2014)

Risk management is a formal discipline whose sequence rarely runs smoothly in practice; sometimes simply identifying a risk is the critical problem, while at the other times arranging an efficient economic transfer of risk is the skill that makes one risk manager stand out from another. (Gwangwava et al, 2014) Project Risk Management includes the processes of conducting risk management planning, identification, analysis, response planning, response implementation, and monitoring risk on a project. The objectives of project risk management are to increase the probability and/or impact of positive risks and to decrease the probability and/or impact of negative risks, in order to optimize the chances of project success. (PMI, 2017)

Risk management practices nowadays are implied in most of the industries as it has become an essential part of project management structure. An organization must have a systematic risk management method in order to enhance the chance of acquiring a successful project completion. Risk and decision making go hand in hand as one is the reason for the other. It is therefore essential to analyze how an organization handles risks facing its project and ways it monitors and controls them eventually to actions on prevention and elimination of those risks. Most organization's risk management systems include identification of potential risks, analyze those potential risks, develop response to those potential risks, monitor and control and finally perform risk knowledge data.

Importing and distributing new pharmaceutical products into the pharmaceutical market can be influenced by many constraints. Major constraints that bring ambiguity are the product that is brought, the price of the product in regards to the market, promotional issues involved, place of

marketing, packaging of the product befitting the market need, positioning of the product in the minds of the customers and finally the fulfillment of the people need by the product. These constraints will make the project full of risk and require the need for risk management practice. (Gandalf, 2010)

## **1.2 Background of the Company**

Ethiomed pharmaceuticals plc, as an import and distributor, was established in 2019 located in the capital city of Ethiopia, Addis Ababa. Originally, the company was created to perform wholesale activities where the organization buys products from pharmaceutical import companies and conducts retail sales but with enough capital and accumulation of enough skilled and unskilled manpower. However, it converted itself into a pharmaceutical company in 2019. It is a shared owned company with a starting capital of 2.5 million at the start of the initiation and currently grossing a capital of 5.3 million. (Ethiomed pharmaceuticals plc company profile)

The company has a wide range of staff members and teams in order to have a harmonious and purposeful working environment. Under the CEO of the company, there are four departments who answer directly to the CEO that include five managers of their own. The company has made importing drugs and medical products as its main core for business while also purchasing local medical products has been taken under time to time. At initiation of the organization, three main visions were set as a standard for it: envision becoming a renowned business company with pride to its customers, owners, employees, society and other stakeholders by making customer expectation and satisfaction its center of radiation, improving quality of performance continuously while complying to the rules and regulations set out by national and international bodies in the area of its operation and last contribute its part in the health sector development of the country and fill the gap between supply and demand. (Ethiomed pharmaceuticals plc company profile)

The company mostly performs the import of medical products from Spain and India. The first product that was imported was Atorvastatin, known by its brand name Mabostatin. Atorvastatin is a drug used to lower bad cholesterol and fat in addition to a proper diet. It was imported from Spain with the hopes of improving the market of the drug by introducing some adjustments that differentiate it to other drugs of similar kind like efficiency of the drug(since it is an European product, it has been certified under European standard), size of the pill and masking of taste and many others by making customer complaint its main reference. Moreover, the company has

brought drugs from India such as Amoxicillin suspension (treats infection caused by bacteria), Doxycycline (antibiotic used in the treatment of number of types of infections caused by bacteria and protozoa) and last Omeprazol (medication used in the treatment of indigestion, heartburn and acid reflux). (Ethiomed pharmaceuticals plc company profile, 2022)

### **1.3 Statement of the problem**

In the pharmaceutical industry, medical device and medicine importers are dedicated to detecting and capturing the risks associated with the stages of importing, promoting, and marketing new pharmaceutical products. One of the significant entrance hurdles into the pharmaceutical import business is the capacity to recognize, evaluate, and treat a variety of dangers. (Yona, 2022)

Pharmaceuticals in Ethiopia are located both in the private and public sector of organization. Firstly the government is the industry's biggest client, accounting for 30% of drugs out of the 75% of the total purchase. The public sector buys products on the basis of the purchase cost with generics becoming a second priority. Nevertheless, the private sector of the pharmaceutical industry covers 90% of all branded products. The majority of pharmaceuticals consumed in the country are imported products. (Ethiopian Pharmaceutical Supply Agency, 2020)

Even though projects are becoming sensitive as the risks are getting more complicated, many of the projects do not follow the formal risk management practice. Many organizations have found themselves in place where difficulty looms to make decisions because of the lack of early risk planning and identifying systems. (Rediat 2021)

Companies whose business trend is under the import and distribution of pharmaceutical products require a formal and steady risk management system to reduce the impact of these risks. These risks are reduction of the product requirement, a long-term or short-term increase in competitive products, the ambiguity of customer expectations and many more. The impact of these risks provided that they are not managed is expected to have an enormous effect on the project as a whole. (Bates, 2022)

According to the information gathered from the team members of Ethiomed Pharmaceuticals, the company incurred an astonishing of 1.1 million ETB in losses due to product expiry. This raises an issue of why the product expired and how this issue never was seen in the planning stage. The reason always fails at the company's risk management system practice as a whole.

## **1.4 Research Question**

To explore and analyze risk management practices upheld within pharmaceutical import business when importing new pharmaceutical products, Ethiomed pharmaceuticals will be used as a base for the research as it is one of the most successful companies in the country. Important questions that are intended to be answered in this study are:

- How is risk management practiced in the organization?
- How are the risk management processes undertaken in the organization?
- What type of risk identification method is implemented?
- What type of risk response method is adopted?
- What gaps were found in the practice of risk management?

## **1.5 Research Objective**

### **1.5.1 General Objective**

The General objective of the study is to assess the organization's risk management practice when importing new pharmaceutical products.

### **1.5.2 Specific Objective**

The specific objective of the study is to:

- to assess the application of the risk management processes in the import of new pharmaceutical product conducted in the organization
- to discuss the implication of the assessment of the risk management process
- To assess the risk identification and response method adopted during the import of new pharmaceutical product in the organization

## **1.6 Significance of the study**

This study will be useful because not many studies have been done under the industry of pharmaceutical import business in general even though they are filled with risks that have the potential to alter the success of the project. As a reference, research and studies made on the

construction industry will be used as a base because the stakes that both industries possess are significantly high and could be catastrophic for the organizations if they are mishandled. Under the structure of the chosen organization, Ethiomed pharmaceuticals plc, there are departments involved in the work breakdown structure which are the technical department, financial department, operational department and human relation department. The technical departments handle the import material general passage (from import to distribution) while also getting involved in the sales wise sector too. The financial department handles the overall cash flow of the organization to handle the clients finance system in relation to the organization. The operational department oversees the work flow of the organization and records movements of the work while the human relation department concentrates on recruitment and follow up on the performance of the teams involved within the organization. The study will directly follow these two vast and essential departments of the organization.

The study will help in intensifying the understanding of the risks involved in the organization, and the risk management practice used. As aforementioned, much studies have not been made on this growing industry of pharmaceutical import in our country which hopefully makes this a start and a reference frame for other researches to follow.

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

The study will focus on investigating the challenges and risks faced by the pharmaceutical import and distribution industry making Ethiomed pharmaceuticals plc as the focus point of the study. Additionally, the study will assess the current risk management practice upheld by the organization, and how well the practice succeeded and its popularity among the staff members and stakeholders. In the semi-structured interview, the study will cover points of possible risk allocations, risk mitigation methods used and the sub plot of pharmaceutical industry and its relation to risk management.

### **1.8 Limitation of the Study**

The study will only focus on one organization because of the limitation of time and vast nature of study which will be compensated by the experience of the personnel involved in it and their knowledge on other organizations structure. Moreover, the sample size for the questionnaire involved is low because the amount of personnel who are directly correlated to the project is few in relation to the company's structure. Documents that would have been essential to the project

were withheld because of confidentiality issues and arranging the well needed interview has been disrupted because of work schedules and other unforeseen matters but with some time managed, the necessary information was collected. Availability of managers for interviews has been a difficulty for the majority of the period.

## **1.9 Organization of the paper**

This research as a descriptive research, organized in five chapters in which the first part is introduction consists of background of the study, background of the company, statements of the problem, objective of the study, basic research questions, significance of the study, delimitation and Limitation of the study. The Next is the second chapter which deals with review of related literature on the topic and the third chapter describes the methodology of the study. It covers research design, sample and sampling techniques, source and instruments of data collection and method of data analysis. Results and discussion are discussed in the fourth chapter, and the last chapter contains research summary, conclusion and recommendations. At the end of the paper, References and annexes will be attached.

## **1.10 Key Terms**

**Risk** is usually defined as a positive or negative deviation of a variable from its expected value. (Gwangwava et al, 2014) It can also be seen as an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives. (PMI, 2021) Risks faced in the pharmaceutical import business can be the declining need for the product, increase of competitor product, customer expectation and many more. (Bates, 2022)

**Risk management** is a formal discipline whose sequence rarely runs smoothly in practice; sometimes simply identifying a risk is the critical problem, while at the other times arranging an efficient economic transfer of risk is the skill that makes one risk manager stand out from another. (Gwangwava et al, 2014) In the pharmaceutical industry sense, it is the process of locating, assessing, and minimizing known hazards associated with pharmaceuticals and healthcare products. (Manager-Qa, 2022)

# Chapter Two

## Literature Review

*This chapter includes a literature review of theoretical and empirical kinds of risk management practice including the processes under the field while concluding their relationship under the conceptual framework attached at the end of the chapter.*

### 2.1 Theoretical Review

#### 2.1.1 Project Overview

Project can be defined as a building block that is essential in executing the strategies and visions of an organization.(Cleland, 2004) It is seen as a basis for conceptualizing, designing, creating, or improving products or services and organizational processes. Projects have become an essential part of any organization. The concept of project can be assessed in the different characteristics it composes, such as; uniqueness, temporary endeavor moment, the composition of interrelated activities, quality deliverable, availability of multiple resources, and its bounded nature to restraints.(Dinsmore and Cabanis-Brewin, 2010)

The unique character of the project is the insight of a fulfilled objective by producing unique deliverables.(PMI, 2017) Those deliverables could be a unique product, service, or combination of the two that brings creativity, enhancement, or revolution to the system in general. The temporary endeavor character of a project does not necessarily refer to the abbreviation period of it by suggesting its brief.The activities that lie between the start and end of the project could last any amount of time. (Dinsmore and Cabanis-Brewin, 2010) The interrelation of activities can be viewed as a connection of planning elements of a project temporarily, periodically, or logically. The aspect of the interrelation could be binding or non-binding based on the visibility of a fixed point of time whether the start or completion of activity. (Goodsell, 2023) Resource availability details the information on the required resources provided as an essential tool to utilize in projects. Resources required in projects can bring about unforeseen advantages to organizations such as identifying gaps within the system and creating a planning technique to insure the wise allocation of resources to the required project sector.(Viter, 2022)The last characteristic of a project is the restriction or constraints. Constraints are the driving factor or the gating factor of any project. Different projects are affected by different constraints but there are six major

constraints; scope, quality, budget, schedule, resource, and risk. (Dinsmore and Cabanis-Brewin, 2010)

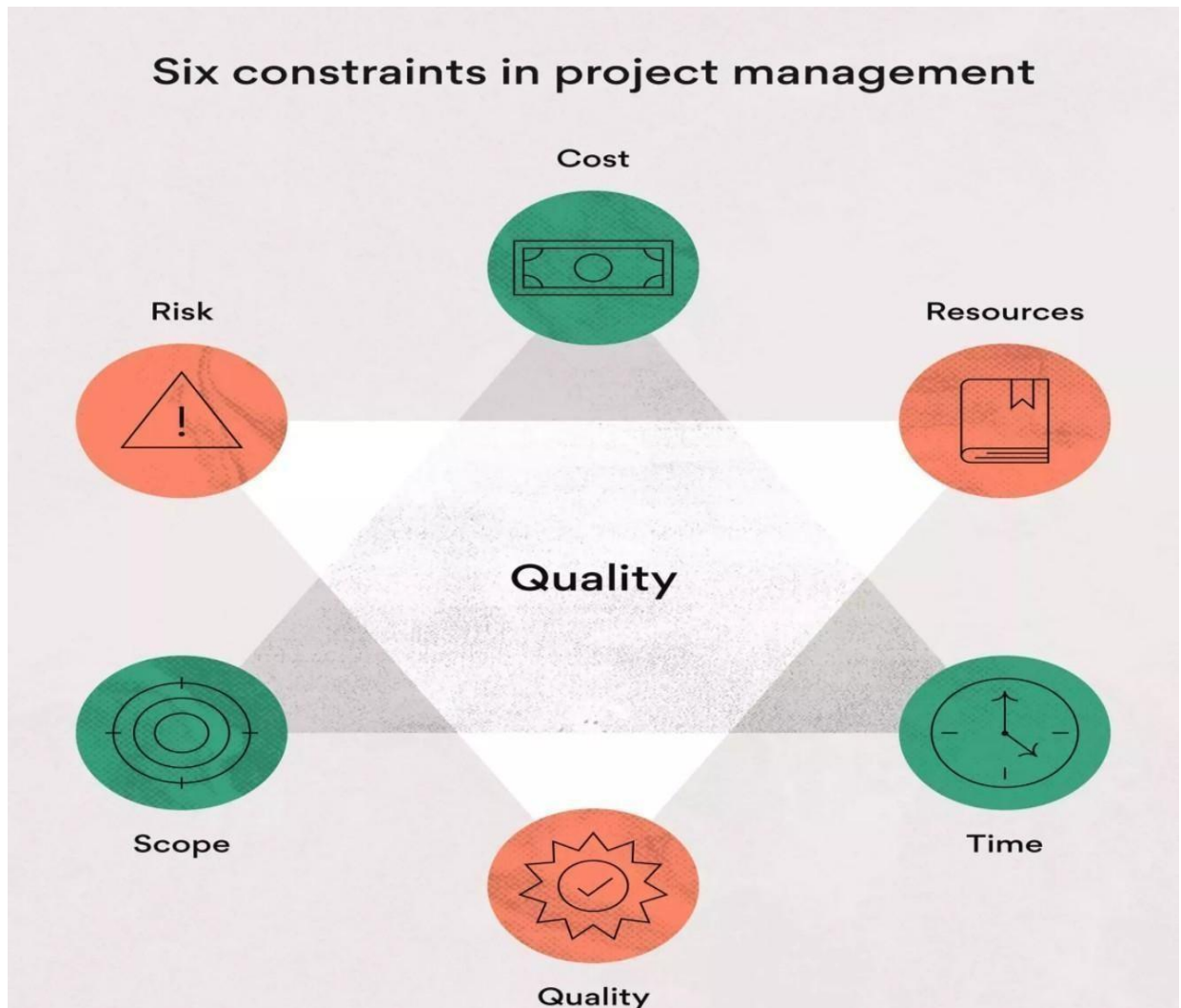


Figure 1 Constraints of Project from Asana(2022)

### 2.1.2 Project Management

Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. It is a branch of learning that deals with the planning, monitoring, and controlling of a project.(Dinsmore and Cabanis-Brewin, 2010) Project management is of huge importance by enabling organizations to tie project results to organizational goals, compete more effectively in their market, apply to sustain the working structure, and respond to the impact of business environment changes on the projects by appropriately adjusting project management plans. (PMI, 2017)

Life Cycle of project management consists of five major phases. These phases are:

- project initiation
- project planning
- project execution
- project monitoring
- project closure.

The processes used to define a new project or a new phase of an existing project by obtaining authorization to start the project or phase are known as project initiation. The goal of project initiation is to specify and commit initial financial resources, identify the internal and external stakeholders who will collaborate and affect the project's final success, and, if not previously designated, choose the project manager. (Sima, 2022)

Project execution, also known as project implementation, refers to the actions a team takes during the third phase of the project life cycle. To satisfy business objectives and provide value to stakeholders, project execution is essential. Mistakes must be prevented before they happen, and the project must be watched closely the entire time. A project that is conducted properly will stick to its budget and time constraints and produce the desired results. While addressing stakeholders' urgent requirements, this phase also benefits an organization's reputation over the long term. (Eby, 2021)

Project monitoring and control help you measure project performance. Project monitoring and control are essential to completing a project on time, on budget, and within scope. This process tracks performance metrics to keep a project based on project constraints. This phase helps the project by monitoring key performance indicators, monitoring change requests, monitoring project scope, identifying potential risks, and serving as a platform for communication for team members, stakeholders, and clients. (Eby, 2021)

Project closure is the critical last phase in the project management life-cycle. Effective project closing contributes to the culture of a team and an organization. Considering project completion as essential to creating success results in higher-quality work and satisfied clients. The importance of a project can be viewed by the advantage it provides to the project as a whole such as tying up loose ends of the project by facilitating an easy transition from the project teamwork to the more typical rhythms of your organization's operations, taking note on the lessons learned

during the project and prove to be a stepping stone for further study and finally finalize the project closure report and archive it so that it's accessible to all relevant parties. (Eby, 2021)

### **2.1.2 Project Management Knowledge Areas**

Project management knowledge areas are the key aspects involved in a project that should be managed by the project manager to plan, schedule, track, and deliver project deliverables in a desired way in assistance with the project team members and project stakeholders.(Landau, 2023) These knowledge areas are identified areas of project management defined by their knowledge requirements and described in terms of their component processes, practices, inputs, outputs, tools, and techniques. (PMI, 2017) Each of them should be managed throughout the five life cycles of a project. (Landau, 2023)

PMI(2017) discusses ten areas of knowledge in project management. They are:

- **Project Integration Management**

It is one of the areas of project management that integrates process and project activities to identify, define, combine, unify, and coordinate the various project management activities within the project. (PMI, 2017) It is a framework that enables project managers to coordinate tasks, resources, stakeholders, changes, and project variables. It includes the directing and managing of the project work, which is the production of its deliverables. (Landau, 2023)

- **Project Scope Management**

It is an area that is involved in the process that requires the checking and monitoring of all the necessary work that should be involved with the project. (PMI, 2017) The project scope management plan is the document that explains how the project scope will be determined, verified, and created, as well as how the work breakdown structure will be defined. It also offers instructions on how the project management team will manage and control the project scope. (Dinsmore and Cabanis-Brewin, 2010)

- **Project Schedule Management**

(Landau, 2023) defines project schedule management as a knowledge area that is involved in making sure the project is finished on time, project time management entails calculating the length of the project, developing a project timetable, and monitoring the project team's progress.

It performs by viewing the schedule as a function of time management and dividing it into six processes: define activities, sequence activities, estimate activity resources, estimate activity durations, develop the schedule, and control schedule. This knowledge area is also used as a tool for recognition of what has happened and taking steps to make sure the project will be finished on time and within budget are both parts of schedule control. (Dinsmore and Cabanis-Brewin, 2010)

- **Project Cost Management**

In this project management system, the processes of planning, estimating, budgeting, financing, funding, managing, and controlling costs are involved for the project to be completed within the approved budget. (PMI, 2017) It is a cost budgeting process that involves establishing budgets, standards, and a monitoring system by which the cost of the project can be measured and managed. (Dinsmore and Cabanis-Brewin, 2010) Cost management is majorly used for estimating project costs to create a project budget by using cost estimating tools and techniques to make sure the proposed funds cover the expenses of the project under consistent monitoring to keep stakeholders and sponsors informed. (Landau, 2023)

- **Project Quality Management**

This area of project management incorporates the organizational quality policy concerning planning, managing, and controlling project and product quality requirements to meet the expectation of stakeholders. (PMI, 2017) Furthermore, project quality management deals with the processes ensuring that all project activities necessary to design, plan and implement a project are effective and efficient for the objective and its performance. (FME, 2014)

- **Project Resource Management**

This knowledge area refers to a collection of interconnected procedures that give project managers the ability to determine, gain, allocate, develop, and monitor the resources necessary to effectively complete a project in collaboration with the project management office and other decision-makers. (Team Adaptive Work, 2021) The project team is the most important resource hence making human resource management the most essential part of project resource management. A human resource management plan identifies the roles and requirements for those positions, as well as how they fit into the overall project structure. (Landau, 2023)

- **Project Communication Management**

Project communication management is one the core elements of project management that has become increasingly important as a result of its significant impact on projects, especially building projects.(Al-Mayahi, 2017) It is a fundamental knowledge area that establishes the procedures that must be followed to effectively develop, collect, distribute, store, and retrieve project information on time. Communications inform the team and stakeholders, therefore the need to plan communications management is a critical step in any project which makes project communication play an essential role in the implementation of project management. (Landau, 2023)

- **Project Procurement Management**

Project procurement management involves procedures used to get from sources outside the project team the goods, services, or outcomes required to complete the task.1 The procurement management process includes planning for purchases or acquisitions, contracting, soliciting seller answers, source selection, and contract administration (including closing). (Dinsmore and Cabanis-Brewin, 2010) Project Procurement Management deals with outside procurement, which is part of most projects, such as hiring subcontractors. Planning for a project starts by identifying the outside needs of the project and how those contractors will be involved. (Landau, 2023)

- **Project Stakeholder Management**

Stakeholder management includes the process of identification of people, groups, or organizations that have a role to play in the project or be impacted by the project. Major processes involved in this knowledge area of project management include reviewing stakeholders' expectations, how these expectations affect the project in general, and creating effective management techniques to include stakeholders in project decision-making and execution. (Jainendrakumar, 2016)

- **Project Risk Management**

Project risk management is the processes concerned with conducting risk management planning, identification, analysis, responses, and monitoring and control of a project.(Dinsmore and Cabanis-Brewin, 2010) It is highly recommended that Risk

management must be seen as preparation for possible events in advance, rather than simply reacting to them as they happen. Plans for risk management specify how hazards will be listed, divided into groups, and given priority. This entails creating a risk register to detect hazards that might arise during the project's execution. (Landau, 2023)

### **2.1.3 Pharmaceutical Industry and Project**

The pharmaceutical industry is subjected to known and unknown risks all over its project life cycle. The management of these risks requires an approach specifically designed for the project. Nonetheless, project management has become of core importance in the pharmaceutical industry by providing the industry with scope management, creating a platform for project planning, monitoring, and closing stages, providing management in the timeline and budget planning, stakeholder management, in keeping the project under regulatory and compliance strategies, keeping up with environmental safety rules, creating an effective team management tactics and establishing and implementing risk management for projects. (Pattanaik, 2014)

Under the import and distribution of new pharmaceutical products as a project, there are six elements to the project management: project definition, project team organization, project planning, scheduling and control, problem-solving and decision-making, senior management and review control, and change management. The project definition outlines the project scope and objectives as a guide for the project. Project team organization is an element that is concerned with gathering a group of individuals to perform a specific task that is in the project scope. Project planning, scheduling and control elements of pharmaceutical project management involve planning of work breakdown structure, critical path method, and project review and evaluation technique. Senior management and review control involves providing sponsorship, championship, and funding for the pharmaceutical development projects that new product teams are working on. The last element of pharmaceutical project management is change management which discusses the transition of organizational goals and structure. A risk assessment must be taken into account while making further decisions. It must be done while taking the financial effect and likelihood of recurrence into account. (Sara, 2012)

During the project execution, managing the newly discovered risks gives flexibility and branches to the decision tree. Effective risk management is required at every level of the scientific process of creating a new product. The secret to saving time and money is to include risk management in product development. (Pattanaik, 2014)

## **2.1.4 Risk Overview**

Risk is defined as an unavoidable challenge that is faced and could be the reason for business failure if not properly managed. It is described as any issue that could affect a company's goals and the possibility that both anticipated and unanticipated occurrences could harm that company's capital and profits. (Gwangwava et al, 2014) Risk can also be defined as an uncertain event or condition that has the potential to have a positive impact and become an opportunity or a negative impact and become a threat. Risk exposure should be evaluated continuously to amplify the occurrence of opportunities and decrease the impact of threats. Project teams aim to reduce exposure to threats and increase exposure to opportunities. Threats may lead to problems including delays, cost overruns, technical difficulties, performance shortfall, or reputation damage. Opportunities or positive risks can lead to benefits like reduced time and cost, higher performance, increased market share, or improved reputation. (PMI, 2021)

Many presume risk is an essential factor for the success of a project. Factors that affect the project and bring significant risk are uncertainty, complexity, change, assumptions, constraints, dependencies, and people. Risk management aims to identify these factors that could have the potential to harm the project objective, assess them so they are understood, and finally develop and implement actions that could stop the occurrence or minimize the impact they might have on the project.

## **2.1.5 Risk Management**

Steps in the process of risk management should begin with questions about the risks; What are we trying to achieve? (Planning), What uncertainties could affect us, for better or worse? (Identification) Which are the most important uncertainties to address? (Analysis) What could we do to tackle these uncertainties, and what will we do? (Response), Let's do it—and how do things change as a result? (Monitoring and control). (Dinsmore and Cabanis-Brewin, 2010) The Project Risk Management processes are project risk planning, risk identification, Qualitative risk analysis, quantitative risk analysis, Planning risk response, implementing risk response, and risk monitoring and control. (PMI, 2017)

## **Risk Planning**

Project risk planning is the process of defining how to conduct risk management activities for a project. (PMI, 2017) It is an enormous task to address the risk issue of each unique project, for the risk management methodology to be scaled. Strategically significant projects will need a more forceful approach to risk management than simple or routine projects. Aspects that may be scaled up include the update and review cycle, reporting requirements, organizational structure, tools and procedures, and methodology which are viewed under project risk planning. (Dinsmore and Cabanis-Brewin, 2010)

## **Risk Identification**

Risk Identification is the process of identifying individual project risks as well as sources of overall project risk, and documenting their characteristics. (PMI, 2017) Of many methods of risk identification, some of them are: checking checklists or prompts to evaluate the lesson learned from prior projects, brainstorming structured into a SWOT analysis (strength, weakness, opportunities, and threats), a thorough examination of project assumptions and restrictions to identify the riskiest ones, interview of key project stakeholders to get their viewpoint on any dangers the project could face, reviewing of previously finished projects of a similar nature to find common dangers and efficient solutions. (Dinsmore and Cabanis-Brewin, 2010)

## **Risk Analysis**

Risk Analysis can be viewed in terms of two subsections: Qualitative risk analysis and Quantitative risk analysis.

**Qualitative risk analysis** is the process of prioritizing individual project risks for further analysis or action by assessing their probability of occurrence and impact as well as other characteristics. (PMI, 2017) The most important output of the qualitative analysis is to understand the pattern of risk on the project and if there are common causes of risk or hot areas of exposure. This may be evaluated by putting risks into the Work Breakdown Structure (WBS) to identify project areas that could be affected by numerous risks. (Dinsmore and Cabanis-Brewin, 2010)

**Quantitative risk analysis** is the process of numerically analyzing the combined effect of identified individual project risks and other sources of uncertainty on overall project

objectives. (PMI, 2017) The analysis is quick, subjective and objective containing more detail, contingency reserves, and go/no go decisions, but it takes more time and is more complex. Quantitative data are difficult to collect and can be prohibitively expensive. (Evrin, 2021)

## **Risk Response**

Risk Response can be viewed in terms of two subsections: Plan risk response and Implement risk response.

**Risk response planning** is the process of developing options, selecting strategies, and agreeing on actions to address overall project risk exposure, as well as to treat individual project risks. (PMI, 2017) Project managers have used four common risk response methods to deal with threats in projects. They are: Avoid, make the occurrence of the threat impossible or make the risk irrelevant to the project system, Transfer, with the involvement of another party, the responsibility that the risk bears will be offloaded to another, Mitigate, reduce its probability of occurrence or impact and lastly acceptance, last resort mostly chosen when proactive action is not possible or not cost-effective. (Dinsmore and Cabanis-Brewin, 2010)

**Implementation of Risk Responses** process is where the approved risk response plans are taken and carry those plans out into the project. The execution of the risk response has been taken as an important step by many organizations incorporated into regular risk meetings. (Harrin, 2021)

## **Risk Monitoring and Control**

Risk Monitoring is the process of monitoring the implementation of agreed-upon risk response plans, tracking identified risks, identifying and analyzing new risks, and evaluating risk process effectiveness throughout the project. (PMI, 2017) Risk control implies the Implementation of risk response strategies. Additionally, it entails monitoring residual risks, tracking recognized threatening risks, detecting new risks, and assessing the effectiveness of risk management procedures used during the whole project. (Alby, 2023)

Additionally, this risk management process entails creating risk reports for various stakeholders and levels. Since the goal is to actively manage the risks, and this is likely to involve action by stakeholders beyond the immediate project team, it is vital to convey the conclusions of the risk process. Risk reports ought to serve as a foundation for action and should contain concise

findings ("What we have found") and suggestions ("What should be done"). (Dinsmore and Cabanis-Brewin, 2010)

## **2.2 Empirical Literature Review**

Much research and studies have been conducted by many organizations on the practice of risk management. In many organizations, whether using formal or informal, risk management has been a core foundation in many of them. In the context of our country Ethiopia, studies show that there is a lack of sustainable knowledge in the field of project management let alone risk management practices. Many studies conducted on risk management, studies show that there is poor culture in the implementation of risk management within organizations.

A study made by Hadera(2020) discusses the practice of risk management in the study Assessing practice of Risk Management in IT projects: The case of Ethiopian Airlines Digital Project Management office showing the practice of the risk planning process as a moderate level stage. Hadera(2020) furthermore duplicates the risk planning activities within the organization as well-defined, intercorrelated with the participation of relevant stakeholders, and having a greater concern for environmental factors. Hadera's (2020) findings show that the overall practice of risk identification was found to have fairly good mean value and most of the project stakeholders engaged in risk identification. As far as the tools used for risk identification, Hadera's (2020) study shows that Information gathering was a primarily used method to identify risk followed by check-list, both document review & information gathering, expert judgment, checklists, Document Review; Information gathering; Assumption analysis.

Rediate (2021) discusses risk management in her study, Assessment of project risk management practice of IT projects: The case of Ethio Telecom, as having a no defined practice culture. Even with the existence of an outlined policy and guideline that recommends how to manage risk, Rediate's (2021) study suggests that the organization does not have the right structure to follow them. Moreover, as per Rediate (2021), Risk management is not implemented as a continuous process, which means that after the risk process is applied at the first stage later on risks are handled after they become an issue in addition to lack of accountability or lack of a firm existence of the department for risk management. On further examination of the risk management practice, Rediate (2021) explains the risk identification practice has an average level of growth. Even Though Information collection is the project's main strategy for

identifying risk. Additionally, SWOT analysis is most often utilized in the process of identifying hazards, as per Rediate(2021) the role of team members is very small in the risk identification process and the usage of physical inspection to identify risks is very low. Instead, use a measurement system. Moreover, the project did not have a practice of updating project documents after determining the risk that might materialize and risks are not explicitly evaluated in terms of their effect and chance of occurrence within the organization as per Rediate(2021) reports.

As the practice moves from the country's organization to an international organization, the results become hugely different. Bezawit (2021) displays this difference in the study conducted on the Assessment of Risk Management practice in International Non-Governmental Organizations (NGOs) in Ethiopia: The case of Save the Children, which shows that there is a distinct process set to follow in the risk management process, however not all risk management processes are done correctly but there exists a risk policy and procedure directs the project team in overcoming project uncertainties. Bezawit's (2021) findings further show the project team's participation in the risk identification stage as beneficial and included the recording of recognized hazards and their characteristics, however, this has the disadvantage that risk identification does not take place across the entire project life cycle. All parties involved in the project participated in the risk planning process, and their roles and duties were specified with the inclusion of a risk management plan in the project plan and risk analysis, project papers were revised, and discovered hazards were numerically examined to the project's overall objectives as showed in Bezawit (2021) studies. Hazards were prioritized according to their likelihood of occurring and impact and Avoiding risks and transferring them were the two main strategies employed concerning risk response, while monitoring and evaluation appear to be a continuous activity that begins with the planning phase and ends with the closure phase and have had a successful process according to Bezawit (2021).

The above studies are proof that risk management in our country has a long way to go if the intended result is needed and the organization's potential is released to the fullest. More studies should be conducted to fill the gap between the theatrical version and the practical implementation of risk management practice.

## 2.3 Conceptual Framework

The relationship between the risk management practice and any organization lay under the conduction of the five risk management processes. Structures for risk management are made to do more than just identify current hazards. The uncertainties should be calculated and their impact on a firm should be predicted via a sound risk management framework. Risk management process is essential because it equips a company with the tools it needs to effectively identify and manage possible hazards. When a danger is recognized, it is simple to mitigate it. Additionally, risk management gives a corporation a foundation on which to make wise decisions therefore as identified, the risk management process dictates the outcome of the practice. (CFI, 2020)

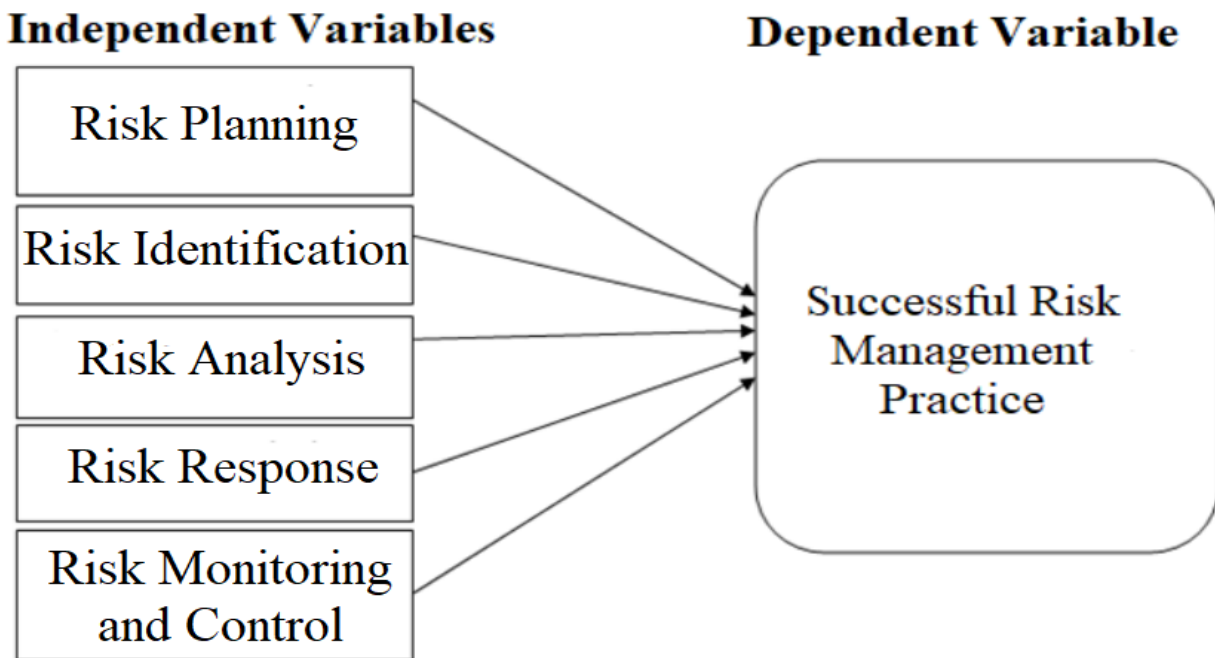


Figure 2 Framework of Risk Management Process

## 2.4 Summary of Hypothesis

Based on the assessment of the literature review and implications of the organizational structure, the following hypothesis can be constructed.

H1: There is a significant impact of Risk Planning on Risk Management practice of the organization.

H2: There is a significant impact of Risk Identification on Risk Management practice of the organization.

H3: There is a significant impact of Quantitative Risk Analysis on Risk Management practice of the organization.

H4: There is a significant impact of Qualitative Risk Analysis on Risk Management practice of the organization.

H5: There is a significant impact of Planning of Risk Response on Risk Management practice of the organization.

H6: There is a significant impact of Implementation of Risk Response on Risk Management practice of the organization.

H7: There is a significant impact of Risk Monitoring and control on Risk Management practice of the organization.

# **Chapter Three**

## **Research Methodology**

*In this chapter, how the research analysis will be briefly discussed. The chapter will discuss the approach of the research, research design, sample size and technique, reliability, and validity of the research, and conclude with ethical considerations.*

### **3.1 Research Approach and Design**

As the research is on the assessment of risk management practice within an organization, the combination of quantitative and qualitative research design is preferred which is known as a mixed method. Mixed methods research provides the study with an important role in the development of a better understanding of outcomes because results obtained from different methods such as semi structured interviews and questionnaires have the potential to enrich the understanding of problems and questions. (Molina-Azorina, 2016)

The research concentrates on the assessment of risk management. This means that it is a means of identification, analysis, and reporting structure of an organization's risk management practice which provides a multi-dimensional view of risks involved within the structure. For this particular reason, descriptive research is best used under assessment research. Descriptive research is best fit for this study for it provides a perfect platform to investigate one or more variables which the study inhabits that character. It is an appropriate choice because the study aims to identify characteristics, frequencies, trends, and categories of the provided variables.(McCombes, 2019)

### **3.2 Sampling Technique and Sample Size**

The target population for the study are the staff members of Ethiomed Pharmaceuticals plc who are directly involved in the general life cycle of the project, Import and distribution of new pharmaceutical products. Therefore the appropriate technique for sampling that is used is non-probability sampling. Non-probability sampling is best chosen for the study because it takes into account factors other than randomness, such as availability, closeness to the study subject's location, or subject matter expertise. Moreover, since the study revolves around the participation of personeels who are close to the project, Purposive sampling, also called judgemental

sampling, is chosen for the study because it provides a range of possibilities when determining and choosing the people, instances, or events that can supply the most information to meet the study goals. It is typically used in qualitative research and mixed-methods research and is very helpful in making the most of little resources. (Nikolopoulou, 2022)

The sample size is selected on the basis of involvement on the project and availability for participation. Ethiomed Pharmaceutical plc has 48 staff members as per the human resource department with 40 staff members having a connection to projects handled within the system. Six managers directly answer to the CEO of the organization while the other stakeholders work under the sales, promotional department, financial teams, and operational supervisors. Out of the 40 staff, 37 members were chosen due to their direct interaction with the project life cycle, having sufficient knowledge of the work breakdown structure of the organization, and their working position in the system.

### **3.3 Data Collection and Data Analysis**

Primary data collection involves the use of questionnaires and semi-structured interviews. The questionnaire consisting of 5 general and 25 risk-based questions was distributed to 37 staff members who were directly involved in the whole project life cycle of the organization. Out of those 37 questionnaire papers, 34 were returned with the remaining personnel not available for participation. Interviews were made for 3 of the 5 managers involved in the projects of the organization which include questions on how risk management practices were conducted for previous projects and their experience. Secondary data collection was also an essential part of the study with the use of relevant books, articles, studies, and company manuals.

For the analysis of data used, qualitative and quantitative data analysis were in full effect for the study. SPSS version 19 was effectively used to analyze the data collected from the questionnaire and results were obtained in the form of frequencies, mean, and standard deviation. The semi-structured interview was analyzed by gathering common ideas from the data collected from the interviewees.

### **3.4 Validity and Reliability**

Validity refers to the extent to which a test measures what we wish to measure. (Kothari, 2004) To provide a legitimate answer, the validity of the study taken into account when

designing close-ended questionnaires and semi-structured interviews was evaluated by adopting the pertinent literature review and questionnaires. Before beginning collection, the validity of the data collecting tool is examined by studies and research previously conducted in a related field and by those with expertise in the subject under study.

Reliability has to do with the accuracy and precision of a measurement procedure. (Kothari, 2004). It is a test that concerns whether the research results would remain the same if conducted again. The reliability of the interviews was maintained by conducting interviews with senior managers and cross-checking the individual replies received from them. The Reliability of the questionnaire was conducted using an SPSS file acquiring a reliability result of more than 0.7 on the Cronbach’s alpha coefficient.

<b>Reliability Statistics</b>	
Cronbach's Alpha	No. of Items
.715	22

Table 1 Reliability Test

### **3.5 Ethical Consideration**

Respondents have given results of the questionnaires without the interference or intimidation of any other source while further required explanation was provided on how to fill the questionnaires. By the personal information provided respondents have inquired about questions which were not clear and suggestions have been replied to satisfaction. The confidentiality of respondents was kept by assuring that the information obtained in the course of the study will be used only for academic, research, and policy-making purposes. All the data collection and report processes were communicated with each respondent and they were assured that the results of the study will be reported without specific personal identifiers.

## Chapter Four

### Result and Discussion

*In this chapter, the assessment from the data analysis will be forwarded. The chapter includes response rate of the questionnaire, demographic character of respondents and results from the questionnaire and semi structured interviews of the risk management practice of the organization.*

#### 4.1 Response Rate

Of the whole 40 staff members working under the organization, 37 members were chosen by purposive sampling method for their involvement in the whole project life cycle. From the 37 questionnaires, 34 were returned giving a 91.89% on participation. All 34 questionnaires were successfully returned with participants' answers included in it. Nonetheless, of the 34 questionnaires, 33 were found to be valid and used in the result analysis giving a 97.1 % on response rate summary.

#### 4.2 Demographic character of Respondent

From the general information gathered from the questionnaire file, the age distribution of the respondents in the organization that ranges from 20-30 years are 13 respondents with 38.2 %, ranging from 30-24 years of age are 11 respondents with 11%, 8 respondents with 40-50 years age and lastly only 2 respondents with age over 50 having a percentile of 5.9%.

Age distribution		
	N	%
20-30	13	38.2%
30-40	11	32.4%
40-50	8	23.5%
Above 50	2	5.9%

**Table 2 Age Distribution** (from SPSS Statistics analysis of own source)

The level of education within the company has fallen to the three criterias that were given at the questionnaire. 27 respondents have a degree in the field they are working on putting together a 79.4% while 4 of the respondents have surpassed by completing their post graduate programs making an 11.8% of the respondent with only 2 having achieved a diploma on their level of education giving an 8.8% of the total.

**Level of education**

	N	%
Diploma	3	8.8%
Degree	27	79.4%
Post graduate	4	11.8%

**Table 3 Level of Education** from SPSS Statistics analysis of own source

From the respondents only 1 had below 2 years experience with 2.9% while 7 respondents have a 2-5 years of working experience making a 20.6% rate. 15 respondents have a 5-10 years of working experience making a total of 44.1% while 3 respondents with 8.8% have 10-15 years. Lastly 12 respondents with a percentile rating of 23.5% have an experience above 15 years.

**Working experience**

	N	%
Below 2 years	1	2.9%
2-5	7	20.6%
5-10	15	44.1%
10-15	3	8.8%
Above 15	8	23.5%

**Table 4 Experience Distribution** (from SPSS Statistics analysis of own source)

The last demographic character used is the years of project working experience with the organization. Only 2 respondents had an experience of below 1 year with the organization making a percentile of 5.9% while 13 respondents are now reaching their second year with 38.2%. 7 respondents have 2-3 years of experience in the organization making up a 20.6 percentile while the senior respondents that have more than 3 years of experience with the company are 12 pulling a 35.3% of the total respondents.

**Years worked on projects handled by organization**

	N	%
Below 1 year	2	5.9%
2 years	13	38.2%
2-3 years	7	20.6%
Above 3 years	12	35.3%

**Table 5 Project Experience Distribution** (from SPSS Statistics analysis of own source)

### 4.3 Risk Management Practice

The questionnaire from the risk management practice of the organization has eight parts. Each part has its own different questions ranging from one to five. The likert scale of the five points was used by scaling the points as:

- 1= Strongly Agree
- 2= Agree
- 3= Uncertain
- 4=Disagree
- 5= Strongly disagree.

### Risk Management Practice Questions

No	Question	N	Mean	Standard Deviation
1	Projects handled by the organization have defined or standard risk management process	34	2.23	0.71
2	There is a policy or guideline that recommends how to manage risks.	34	3.08	0.95
3	Risk management is treated as a continuous process in any of the different projects.	34	1.91	0.63
4	Responsible person or department is assigned to handle risk.	34	1.82	0.81
5	Training or any form of learning is given for all team members about risk management.	34	3.70	0.88
<b>Cumulative Mean</b>			2.55	

Table 6 Risk Management General Questions result from SPSS Statistics analysis of own source

In an interview made with the technical manager of the organization, risk is all around the import and distribution business of pharmaceutical products for there exists so many unknowns and uncertainties. Therefore the need for defined or standard risk management practices in an organization has become essential. During the import and distribution of new pharmaceutical products, a defined risk management practice can provide a specified guideline on managing the risks faced. The company lacks standard practice and heavily relies on facing risks when they occur. But a defined guideline has not been set that gives comprehensible knowledge to the team members which most of the time has led the risk management process to lie on the managers only.

In a semi structured interview, responsibility of risk handling has mostly gone on the managers of the organizations. Since risk management is treated as a continuous process, the risk handling responsibility has provided an unbearable obligation of handling complicated structural work on managers with the risk management process existing on every project handled by the organization. No training of any kind has ever been discussed as the manager assured but continuous meetings and assessment of risk exists within the organization.

## Risk Planning

No	Question	N	Mean	Standard Deviation
6	There is a systematic approach or careful planning done to perform risk management in projects handled by the organization	34	2.42	0.74
7	Risk management planning is undertaken with the project planning	34	2.15	0.61
8	Expert Judgment is considered while planning for projects	34	2.5	1.05
<b>Cumulative Mean</b>			2.35	

Table 7 Risk planning result from SPSS Statistics analysis of own source

Interviews on the practice of risk planning in Ethiomed Pharmaceuticals have revealed that any pharmaceutical import and distribution business that does not have a risk planning method will eventually face difficulty in the succession of the project. Before project implementation, during the inception stage, risks involved in that project are assessed before moving on to any plans. It was mentioned that risk planning is set as a major role in approval of any projects. Involvement of relevant stakeholders and project team members has been exhibited within the organization proving to be an essential part of the risk planning stage, as per data collected from questionnaire. As per managers testimonial, risk planning of the organization is dependent on past experiences of a skilled person which is part of the organization. Managers inhibit the responsibility of choosing the identification method of risks, assess the risk involvement on that project and give the last judgment.

As per an interview with the CEO, importing of new pharmaceutical products can inflict different types of risks depending on the constraints it is under. For this reason, risk planning has been a big culture in Ethiomed pharmaceuticals, with managers taking time to devise a strategy on how to proceed under the project. It was specified that this particular process has helped in withstanding potential threats faced and continue to the succession of the project. Discussion on risk planning involves the participation of team members on the risk planning stage during inception and implementation of the project to have a better understanding of the pharmaceutical product and potential threats it brings.

## Risk Identification

No	Question	N	Mean	Standard Deviation
9	Potential Risks are identified and assessed in methodical way	34	2.18	0.63
10	All team members within the project play a role in identifying risk	34	1.82	0.58
11	Risks are identified based on the analysis of their SWOT	34	2.47	0.86
12	Risk is identified in every life cycle of the project	34	2.44	0.79
13	Physical inspection is done by the managers to identify risk	34	1.73	0.67
<b>Cumulative Mean</b>			2.13	

Table 8 Risk Identification result from SPSS Statistics analysis of own source

Risk Identification in the pharmaceutical import and distribution business involves determining risks or threats that surrounds the project of importing new pharmaceutical products. As per an interview with the technical manager of Ethiomed pharmaceuticals, continuous meetings and discussions are said to be the key for risk identification culture. Team members feel they have a responsibility to assess risks on projects to be approved and ongoing projects to prevent any project obstacles or failure. Even Though participation on risk identification seems to be on the positive side, risks are identified in an informal way solely rated on the judgment of the managers.

Manager furthermore, the technical manager discusses that risks in the project of importing new pharmaceutical products are not only identified by expert judgment or assumption, but also by getting involved and having a physical inspection of the product before making an assumption of the risk, as per the data analyzed from the questionnaire. Constant visits to the product site, market places (hospitals, pharmacies) to inspect the product request, assessment of the competitive market is taken as an essential move in the company. As per the data collected from the questionnaire, most of these actions are performed in an informal way and the habit of constant meetings has provided little knowledge for the staff.

## Risk Analysis

No	Question	N	Mean	Standard Deviation
6	There is a measurement system to analyze risk	33	2.85	0.74
7	Risks are formally assessed with respect to their likelihood of occurrence and impact magnitude	34	2.24	0.61
8	Project documents are updated after assessment of risk that might occur	34	2.76	0.74
<b>Cumulative Mean</b>			2.62	

Table 9 Risk analysis result from SPSS Statistics analysis of own source

In the context of risk analysis, a formal method of risk analysis might not exist in Ethiomed pharmaceuticals, as per the technical manager. The method of assumption has been frequently used to predict the impact of the risk. That presumption will be quantified in the financial department and made available for risk response action. A defined project document has not been available for team members but memorandum, notes and updates on communicating devices are intact on a weekly basis to offer the risk analysis of ongoing projects.

## Risk Response

No	Question	N	Mean	Standard Deviation
6	There is a well developed strategy within projects to respond to risk	34	3.38	2.62
7	Factors such as budget, schedule and resources are considered while responding to risk	34	0.78	0.89
<b>Cumulative Mean</b>			3.00	

Table 10 Risk Response Result from SPSS Statistics analysis of own source

An appropriate response for threats saves the damages of the impact or recovers it and sometimes changes that threat into an opportunity. Responses have been part of the Ethiomed pharmaceutical's culture for a while now, before even having a risk planning method. A well developed strategy for risk response may not be in place but responses have been taken while risks were faced, as per the financial manager. But the data collected from the questionnaire and

secondary data collection analysis suggest that there is no mention in the company manual of how to plan for responses and even hierarchy of risk response strategy. During interviews, it has been mentioned that expert judgment and experience have been the key to many decisions within the organization and this could fall into that part.

But for the responses that the organization has forwarded, constraints such as budget, schedule or timing of the risk and resources obtained have been considered while responding to the risk, according to the data collected from the questionnaire. Any decision of the organization made is according to the constraints of budget, time and resources available as per the interview conducted, responses undertaken have been accounted for the budget of the organization by initiating cost analysis, discussions made over if the response is done on the right time of the project cycle and have the necessary resource to fully engage the response.

### **Risk Monitoring and Control**

<b>No</b>	<b>Question</b>	<b>N</b>	<b>Mean</b>	<b>Standard Deviation</b>
9	Based on previous projects, risks are monitored and controlled well	34	2.12	0.64
10	There is a periodic review of risks	34	2.91	0.71
11	Information available or the history of the project is used to supplement to control risk.	34	2.41	0.92
12	Project performance is evaluated against risk	34	2.26	0.67
<b>Cumulative Mean</b>			2.43	

Table 11 Risk Monitoring and Control Result from SPSS Statistics analysis of own source

As per the data collected from the questionnaire, previously handled projects of importing and distribution of pharmaceutical products have had better risk monitoring control because of past experience of the managers and skilled personnels involved in the organizations, with team members realizing what the stakes were. An interview with the technical manager has clarified that when the company’s strategy shows if the impact of the risk is maintained, the product will be sought as a success. As a shortcoming, documents proving the implementation of monitoring and controlling of risk is non-existent.

## Type of Risk Identification method

Respondents have chosen the risk identification method that the organization uses under the many projects performed, as a result, Information gathering by team members become the most relied upon identification of risk used with 58.8% and document review and checklist coming next with both having 14.7% result.

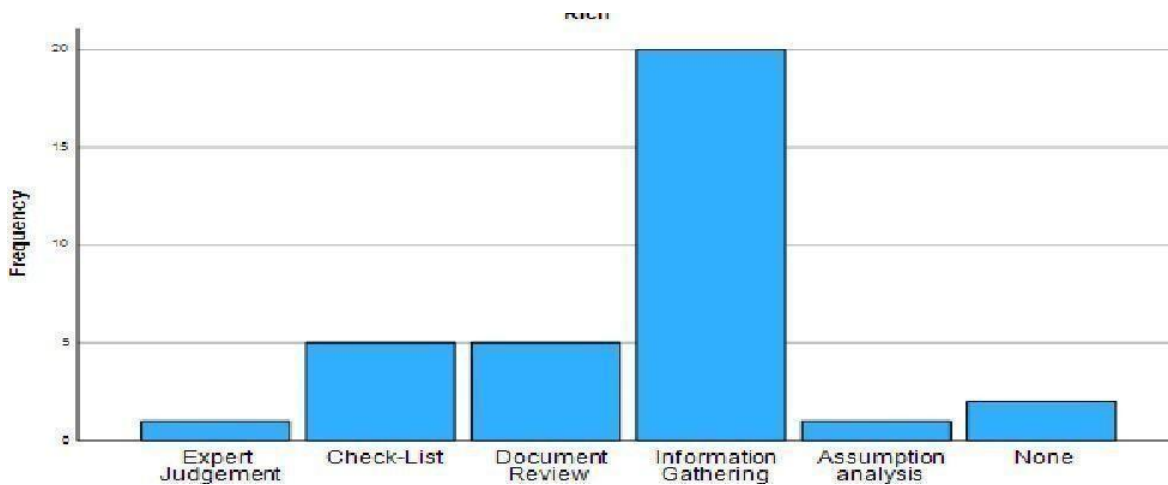


Figure 3 Type of Risk Identification used taken from SPSS own survey

## Type of risk response strategy

In an interview discussion, it was mentioned that any type of response that was deemed to be appropriate will be used for any risks faced. Respondents have ranked the risk response type that was most used by the organization and resulted as mitigation or reduction takes the first spot with 85.3% and avoidance comes with 8.8% and lastly acceptance has been chosen with 5.9%. During an interview, managers have discussed that any project in the pharmaceutical industry is full of risk and avoiding it can not always be the answer. These risks without any response method of any kind, could have the potential to become opportunities and become the key to success.

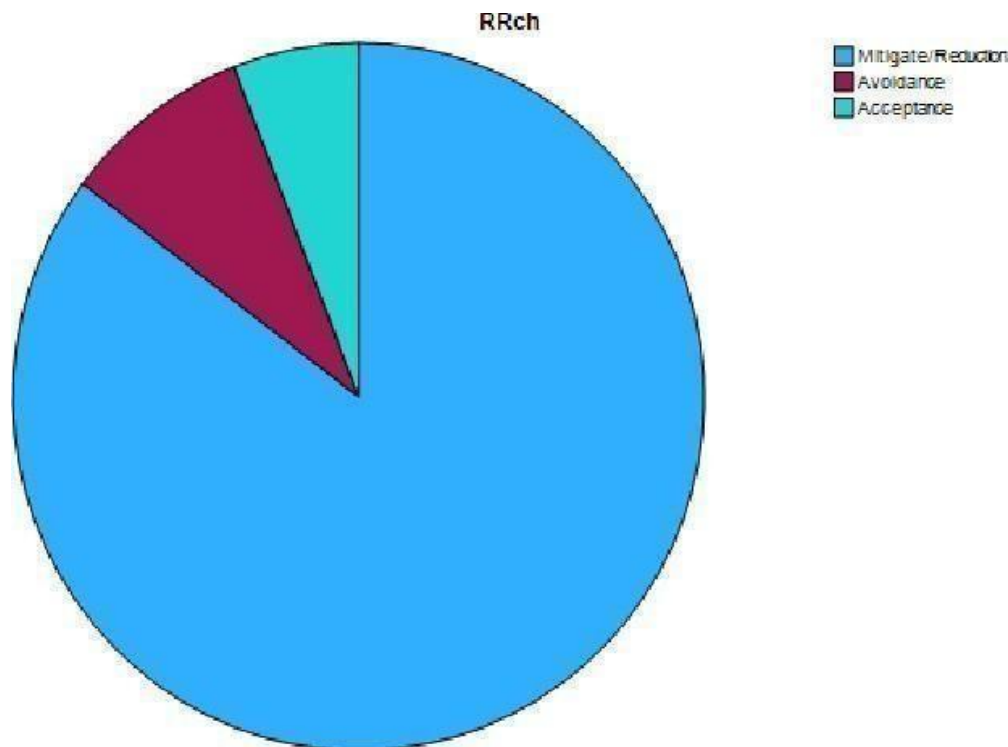


Figure 4 Type of Risk Response used taken from SPSS's survey

In the mid of 2022, Ethiomed suffered a project failure that caused a financial loss close to 1 million Ethiopian Birr. During an interview, the manager assessed that a better risk planning would have mitigated that loss. The right kind of plan was not in place when that project started, promotional risks, the nature of uncertainty of the market on the product and many more were seen as the reason for the project failure. The manager discusses that the lessons learned by that project have helped the organization in bringing a new planning method to the projects that followed.

#### 4.4 Correlation and Regression Analysis

Correlation analysis is analysis primarily performed to determine if there exists a relationship between the variables and if there is, states the magnitude and the direction of the relationship. (Adobe, 2021) From the analysis, it is clear to see that the variables Risk planning, Risk Identification, Planning Risk Response and Risk Monitoring and Control have a positive significant relationship with Risk Management Practice while Implementing Risk Response has a negative significant relationship with Risk Management Practice.

	RMP	RP	RI	QNRA	QLRA	PRR	IRR	RMC
RMP	1							
RP	.539**	1						
RI	.587**	0.330	1					
QNRA	0.117	-0.003	0.169	1				
QLRA	-0.016	-0.096	0.031	-0.195	1			
PRR	.344*	.344*	.467**	0.205	-0.049	1		
IRR	-.422*	0.063	-0.219	-.518**	0.135	-0.220	1	
RMC	.436**	.589**	.578**	0.026	0.014	0.256	0.143	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Table 12 Correlation analysis SPSS (own survey)

In order to assess the hypotheses that were made, regression analysis will come as an important tool. Regression analysis is concerned with showing the relationship between the independent variables and dependent variables. As per the assessment, The independent variable of Risk Planning does not have a significant impact on the Risk Management practice of the organization with Beta estimate of 0.442 and  $p > 0.05$ . The same is applied on Quantitative Risk Analysis having a Beta estimate of -0.177 and  $p > 0.05$ , Qualitative Risk Analysis with Beta Estimate of 0.044 and  $p > 0.05$ , Planning Risk Response with Beta estimate of -0.059 and  $p > 0.05$  and Risk Monitoring and Control with Beta estimate of 0.061 and  $p > 0.05$ . But the variables Risk Identification and Risk Response have significant impact on the Risk Management Practice with Beta Estimate of 0.355 and  $p < 0.05$ , and Beta estimate of -0.491 and  $p < 0.05$  respectively.

	Std. error	Beta Estimate	t Value	P value	
RP	.140	.442	2.878	.008	H1 rejected
RI	.224	.355	2.121	.044	H2 approved
QNRA	.116	-.177	-1.252	.222	H3 rejected
QLRA	.075	.044	.360	.721	H4 rejected
PRR	.082	-.059	-.422	.676	H5 rejected
RR	.076	-.491	-3.292	.003	H6 approved
RMC	.168	.061	.337	.739	H7 rejected

Table 13 Regression analysis SPSS (own survey)

## **Chapter Five**

### **Summary of Findings, Conclusion and Recommendation**

*The last chapter of the study includes a summary of the results assessed in the previous chapter, conclusion on how the risk management practice of the organization on importing and distribution of new pharmaceutical products and any recommendation that should be taken into account.*

#### **5.1 Summary of Findings**

The purpose of the study was to assess the risk management practice of Ethiomed pharmaceutical plc in the project of importing and distributing new pharmaceutical products. The targeted population was the staff members and sampling technique used was purposive(judgment) sampling of non probability sampling for the reason of having direct involvement in the whole project cycle of a project. Mixed research which is a combination of qualitative and quantitative research was implemented for the study and for data collection semi structured interview and questionnaire was used as primary data collection method while secondary data collection method was also implace to further strengthen the findings. The findings from the data are shows that:

- Risk management practice is taken as a continuous process on which assessment is taken when embarking in the project of importing and distributing new pharmaceutical products. Managers are heavily involved in the practice and are viewed as responsible personnel for the obligation risk handling. There has been no evidence on the existence of a policy to manage risks and training of any kind is not available in the company for risk management.
- Risk planning is undertaken at the project inception stage of importing and distributing new pharmaceutical products in the company. Managers past experience on similar projects and expert judgment is utilized in creating a strategy to assess and analyze potential upcoming threats on the project. The strategy contains a systematic approach to perform risk management practice while undertaking the project in Ethiomed Pharmaceuticals plc.

- Risk identification process of the company is undertaken on every life cycle of importing and distributing new pharmaceutical product projects. Risks are identified based on the analysis of their SWOT (strength, weakness, opportunities and threats) and are assessed in a methodical way in addition to physical inspection. The most frequently used identification method is information gathering which is reviewed by continuous meetings and discussions. There is involvement in the risk identification process where team members play an important role in identifying potential risks.
- Risk assessment process of the company is aligned to the likelihood of occurrence and the magnitude of the risk impact. There is no evidence for project document existence to record and update after assessment of the risk and a clear and defined measurement system for risk assessment is not available even though evidence shows there is a methodical way of identifying and assessing risks.
- The Risk Response process of the company involves the consideration and analysis of constraining factors such as budget, resource and schedule while responding to potential threats on the project. But there is a lack of strategy and well developed plan while responding to risks. Mitigation or Reduction is the most frequent risk response method that the company uses while avoidance and acceptance have been practiced before.
- Risk control and monitoring of the organization governance the performance of the project. It dictates the success of the project if the risks facing the import and distribution of the new pharmaceutical product are controlled and monitored in a way that reduces the sense of threat and raises opportunity. The company's history of risk monitoring and control is positive with the availability of projects' history for the subject matter for assessment and reference. But there lies doubt on the existence of periodic review of risk providing lack of strategy for monitoring and control guidance.

## **5.2 Conclusion**

The intended purpose of the study was to assess the risk management practice in Ethiomed pharmaceutical plc on the project of importing and distribution of new pharmaceutical products. During this process, the study identified the risk management process to have an essential role in providing a successful risk management practice for any projects. These risk management processes are risk planning, risk identification, risk analysis, risk response and risk monitoring and control.

The general review of risk management suggested there should be an update on the practice since lack of documentation and defined strategy was inhibited. The organization came about the concept of risk management after a previous project that was handled by the organization failed and cost the company financially due to miss management of risk. The study showed that the risk management process was the heart of the organization and yet defined policy or guideline on how to manage it was non-existent. Responsibility of risk handling lies on the managers by depending on their assumptions can not always be effective. The study further explained that great dependency on informal and formal meetings to address any risk revolving issues was exhibited that suggested a lack of addressing the risks faced as a unique character. During the assessment of the study, the company viewed risks as threats within the structure leaving little room for it to become an opportunity.

In the process of risk planning, the study suggested the project undertaken in the organization had taken a strong stride towards the process which involved team members participation and making interactions through continuous meetings and discussions. The company's undoubtedly biggest stretch in the risk management practice was the inclusion of risk planning into project management practice of the system. A project's inception was directly related to risk planning which has kept the failure rate of the organization's project to a minimum. Staff members and team members are adequately involved in the risk planning process by holding meetings, discussions, and direct involvement in the risk management process but it is not adequate. The involvement of managers still decided the strategy which had little participation from the members of the team.

Risk identification process of the company for the project was deemed to be inadequate leaving room for improvement. Expert judgment was used but from the risk planning method, with the help of experts but assumption on the risks that might occur had been chosen for risk identification highly depended on. Risk identification is assessed to be sought after at every stage of the project life cycle which brings positivity in the chances of project success. The use of physical inspection had been in use by the managers and staff members while the identification system for risk was based on the strength, weakness, opportunity and threat analysis.

Risk analysis in the import and distribution of new pharmaceuticals proved to be weak with the lack of measurement system for the risk involved and documentation for updates of the

assessment of the risk that might occur. Staff members were oblivious to the analysis with only solutions being provided to them. The risks were analyzed based on the likelihood of occurrence and impact on the project but how they were analyzed was not clear and documented for the study or to be used as reference.

The Risk Response culture of the organization was fairly average with constraints of projects which are budget, time and resources guiding the method of response. The assessment was handled in respect to the occurrence and impact but the lack of a well developed strategy within the organization to benefit the risk response process had made the response guidance limited to what was chosen. The response method that was used in the company was reduction or mitigation which was a positive choice as the response had the chance to change the risk threat to opportunity.

Based on the assessment, the risk control and monitoring of the company lacked vision and broadness. Periodic assessment of risk was not available which could affect the project. There was a positive project performance rate in the company because of how well risks were monitored and controlled and the history of projects under the company proved to be invaluable in building a control and monitoring system.

### **5.3 Recommendation**

Assessment of risk management practice was required to test how far the theoretical knowledge of risk management in the organizational system. The deviation should be assessed as risk management could be the key to take an organization from average to highly satisfactory. After assessing the risk management practice for the organization of Ethiomed pharmaceuticals, following recommendations are provided as an improvement:

- Documentation of risk management practice should be available. The organization doesn't have history manuals of the previous projects handled and risks involved in it. These documents can act as a reference frame for many projects to come. Every process involved in risk management should have documentation of history, guidelines and strategy to provide information.
- Options should be assessed in choosing the risk identification and response type. The organization is not in its fulfilled potential because altering the way of management has not been discussed yet. Assessment of risk identification methods, such as check-list,

document review, information gathering should be applied. On risk response method, transfer of risk, avoidance and acceptance should also be viewed as possibilities.

- Adequate knowledge on risk management and project management should be given in the form of training to team members. Team members are involved in risk planning and identification. Other than experience, a person with the knowledge of risk management can change the fortunes of an organization if given a chance. Team members are not employees yet are assets. Assets should be improved.
- Dependency on experience and expert judgment should decrease and right data analysis should have a place in risk management practice of the organization. The right data should be gathered, analyzed and a response given rather than always relying on experience. Mediocre results will drastically change if implemented.
- From the results of the assessment, further studies seem to be required, including implementation. For a study to have this much positivity towards the risk management process, such mediocre achievement is not acceptable.

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# Appendix

**Addis Ababa University**  
**College of Business and Economics School of Commerce**  
**Masters in the Arts of Project Management**

Dear Respondent,

My name is Abel Abiti, I am a postgraduate student in the arts of Project Management in Addis Ababa University. I am currently conducting a project work entitled “Assessment of Risk Management Practice in the Pharmaceutical Import Industry: The case of Ethiomed Pharmaceuticals plc.”

I kindly request for you to participate in the research by filling the questionnaire provided. In the context of confidentiality, please avoid filling your name or any personal information in any part of the questionnaire. I do kindly ask to answer the questions as honestly as you can and return the questionnaire paper upon completion. The result will only be used for study purposes therefore I kindly request to give a small portion of your precious time and answer the questions.

For any Ambiguity or questions on the questionnaire, please contact me at my mobile number “0920026969” or in my email address “[abelabiti05@gmail.com](mailto:abelabiti05@gmail.com)”

Best Regards Abel Abiti

## General Instructions

- Part one includes general questions
- Part Two includes close ended questions: indicate your opinion by marking (X) on the space provided
- Part Three includes multiple choice: circle the one you feel best fits to the current working environment of the organization

### Part One: General Information

1. Age(in years)

20-30       30-40       40-50       Above 50

2. Level of Education

Diploma       Degree       Post Graduate

Other Specify,  
\_\_\_\_\_

3. Years of work experience

Below 2       2-5       5-10       10-15       Above 15

4. For how many years have you worked on projects handled by the Organization

Below 1 year       2 years       2-3 years       Above 3

## Part Two: Close ended questions

Please Mark (X) on the space provided relating to the question provided. There are five options to choose from:

**Strongly Agree, Agree, Uncertain, Disagree and strongly disagree** Please fill out the form with what you think best applies to the organization.

### Risk Management general Questions

No	Question	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
1	Projects handled by the organization has a defined or standard risk management process					
2	There exists a policy or guideline that recommends how to manage risks.					
3	Risk management is treated as a continuous process in any of the different projects.					
4	Responsible person or department is assigned to handle risk.					
5	Training or any form of learning is given for all team members about risk management.					

### Risk Planning Questions

No	Question	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
6	There is a systematic approach or careful planning done to perform risk management in projects handled by the organization					
7	Risk management planning is undertaken with the project planning					
8	Expert Judgment is considered while planning for projects					

### Risk Identification Questions

No	Question	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
9	Potential risks are identified and assessed in a methodical way					
10	All team members involved in projects play a role in identifying the risk.					
11	Risks are identified based on the analysis of their SWOT (Strength, weakness, opportunities and threats)					
12	Risk is Identified in every life cycle of the project					
13	Physical inspection is done by managers to identify risk					

### Risk analysis Questions

No	Question	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
14	There is a measurement system to analyze the risk					
15	Risks are formally assessed with respect to their likelihood of occurrence and impact magnitude					
16	Project documents are updated after assessment of the risk that might occur					

### Risk Response Questions

No	Question	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
17	There is a well developed strategy within projects to respond to risk					
18	Factors such as budget, schedule and resources are considered while responding to risk					

**Risk Monitoring and control Questions**

No	Question	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
19	Based on previous projects, risks are monitored and controlled well					
20	There is a periodic review of risks					
21	Information available or the history of the project is used to supplement to control risk.					
22	Project performance is evaluated against risk controlled and monitored					

**Part Three: Multiple Choice**

23. The following method is primarily used to identify risks within the project:

- a. Expert Judgment
- b. Check-lists
- c. Document Review
- d. Information gathering
- e. Assumption analysis
- f. Document Review

24. The risk response strategy used in the project:

- a. Control/reduction
- b. Avoidance
- c. Transfer
- d. Acceptance

## **Interview Questions**

1. What is the overall system of risk management process of the organization and team members' involvement in it?
2. How essential is risk planning for the organization? Why? What are the team members' role in this process?
3. How are risks analyzed and documented? Are team members involved in this process?
4. How is the organization structure in relation to risk identification? How essential are team members during this process?
5. What are the shortcomings that were seen in the risk management process of the organization? What would you change on the risk handling methods of the organization?