

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF BACHELOR OF COMMERCE AND BACHELOR OF COOPERATIVE MANAGEMENT

BCOM 341: RISK MANAGEMENT

STREAMS: BCOM/BCOP Y3S1

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 4/12/2019

8.30 A.M – 10.30 A.M

INSTRUCTIONS

Answer question one and any other two questions

Do not write on the question paper

QUESTION ONE

- (a) The board of directors of Kizingo sugar company limited resolved in their board meeting to establish a risk management department to handle all their risk exposures, which they discovered were major threats to their assets and income. The company expects the risk management department to come up with elaborate risk management programmes to mitigate the possible losses. Explain any five possible objectives of a risk management programme in such a company. [10 marks]
- (b) Risk management is a process. Discuss. [12 marks]
- (c) Recently, a middle aged lady and her daughter drowned in the Indian Ocean along Likoni inside their vehicle. Similar incidences, even more serious ones are likely to happen when people are crossing the ocean daily using the ferry. Assume you are assigned a responsibility of assisting the Kenya Ferry in coming up with concrete measures on how to manage such losses in future. Illustrate practically how this can be done. [8 marks]

QUESTION TWO

- (a) Chuka University can be said to be managing risks even though the institution does not have an elaborate risk management department. Using practical examples, demonstrate how the organization is managing its risks pointing out evidence if any and the specific risks(s). [10 marks]
- (b) Discuss any five internal sources of information in an organization that a risk manager could use for purposes of risk identification. [10 marks]

QUESTION THREE

- (a) Explain any three possible barriers to effective monitoring and review of risk management initiatives in organizations. [6 marks]
- (b) Using relevant examples. Clearly demonstrate the value of risk management to business enterprises. [8 marks]
- (c) Using hypothetical examples demonstrate how one can use a risk matrix to measure risks, taking into account the two dimensions of risk measurement. [6 marks]

QUESTION FOUR

- (a) Financial institutions are unique in terms of the business they do and so are their risk exposures. Explain any two main risks of a financial institution, how they can be identified and managed by such organizations. [10 marks]
- (b) The concept of risk management can be traced back to the ancient times, when various communities had their own ways of managing risks. Clearly explain any five landmarks in the development of risk management up to where Kenya is as a country. [10 marks]
-