

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
RESIT/SPECIAL EXAMINATIONS**

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 341: RISK MANAGEMENT

STREAMS:

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 12/09/2018

2.30 P.M – 4.30 P.M

INSTRUCTION:

- **Answer question one and any other two questions**
- **Your answers should be clear and precise**
- **Do not write on the question paper**

1. (a) Giving relevant examples differentiate between the following terms as used in risk management.
 - (i) Risk attitudes and appetites. [2marks]
 - (ii) Risk severity and risk spatial extent [2marks]

(b) Explain how risk management protects and adds value to the organization through supporting the organization's objectives. [4marks]

(c) Identify risks is a key step in a proactive risk management process. Explain five sources of risks a risk manager must look into during risk identification. [10marks]

(d) Explain two roles of each of the following management.
 - (i) Loss control engineers. [2marks]
 - (ii) Senior management [2marks]
2. Baraka company limited, a company in Tharaka nithi county deals in large scale production of JIK cleaning detergent. Over the last two years the company has experienced challenges as their raw materials streams A and B are transferred by pump to

a reactor, where they react to from product C. The problems in the flow include: No flow of A, flow of A greater than design flow, flow of A less than design flow, transfer of some component additional to A, failure to transfer a component of A, flow of A among others. Explain hazard operability (HAZOP) study technique in risk identification and how it would be applicable to solve the problems. [10marks]

(a) Explain reasons for managing a loss exposure. [4marks]

(b) Briefly explain the contents of a risk management manual. [6marks]

3. (a) With many catastrophes such as drought, floods, hunger, insecurity affecting many parts of Kenya. Discuss the various risk management strategies that can be used to manage such risk. [10marks]

(b) Explain the need for continuous review of risk management programmes. [10marks]

4. (a) Risk management process is a detailed plan that if well adhered to saves the organizations many losses. Discuss a typical risk management process for a manufacturing firm. [12marks]

(b) "Risk come in all shapes and sizes, risk professionals should be able to recognize the major drivers of risk an organization may have to face." Illustrate with the use of examples, four main types of risk exposures that a typical company may face.

[8marks]
