**CHUKA UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE**

**BCOM 341: RISK MANAGEMENT**

**STREAMS: BCOM (Y3S1) (ODEL) TIME: 2 HOURS**

**DAY/DATE: WEDNESDAY 07/08/2024 2.30 P.M. – 4.30 P.M.**

**INSTRUCTIONS**

- **Answer question ONE and TWO other questions**
- **Do not write on the question paper**

**Question one**

(a) Supply of Food Materials (Read this scenario to answer questions i-iii)

You have just started a business, and you supply food materials to Chinese restaurants. Currently you have approximately 20 restaurants to supply and have employees as follows:

1 Delivery driver

1 Administrator

1 Warehouse manager

2 warehouse assistants

Your business has generated good revenues by supplying food materials to 20 Chinese restaurants; however, as you have operated this business for only 4 months, you want to identify risks in your business operations. Currently your business is operating as follows:

- All food materials are delivered in normal delivery vans and you do not have any refrigerated delivery vans.
- All ordering, invoicing and receipts are manually issued on the designed forms.

- At least one of the warehouse assistants come with the delivery driver, and sometimes the instant drives the van.
- Due to the nature of small restaurants, sometimes they give cash payments for supplies to the delivery drive.
- The administrator does all administrative work, including accounting, HR, etc
- The current terms for accounts receivable and payable are both for weeks.
- Your business receives goods from only one distributor in Uganda.
- Currently, the deliveries are scheduled for 7 days a week

Questions

i) You have called a brainstorming meeting to identify existing and potential risks, which stakeholders must be involved in this meeting? (4 Marks)

ii) From the case, identify the risks the business may encounter (3 Marks)

iii) Use qualitative terms to explain the impact/consequence(s) of the risks identified in (b) above, justifying your answer. (3 Marks)

(b) Assume you have been appointed as a risk manager of a food packaging company located in Nairobi city and one of your responsibilities is to create a risk culture in your orgnaisation. Demonstrate the methods you will use to communicate risk initiatives to various stakeholders of the company. (10 Marks)

(c) Discuss the various landmarks in the origin and development of risk management up to where Kenya is, as a country. (10 Marks)

**<u>Question two</u>**

a) ABC Company Ltd is a manufacturing company that wants to implement a risk management programme- As one who has done a course in risk management, explain to management the possible risk management objectives. (10 marks)

b) Of late organizations are seen coming up with various risk management initiatives like setting up risk management departments to handle various risks, some have put up various measures like engaging security guards, use of spy cameras, etc. The Government of Kenya for instance has fully embraced risk management and this is seen at national level from the initiatives that the government has taken. What do you thing is the rationale behind this trend? (10 Marks)

**Question three**

a) Most senior managers argue that they manage risks in their organizations, even if they do not have elaborate risk management departments to coordinate their programmes. Use any big organization of your choice and bring to light at least five evidences in the form of activities or functions which will support their argument. (10 Marks)

b) Evaluate the key emerging issues in risk management (10 Marks)

**Question four**

a) Frequency and severity are the basis of decision making in risk management. Discuss (12 Marks)

b) Using practical examples, explain the burden of risk to the society. (8 Marks)

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