CHUKA UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR RESIT/SPECIAL EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE AND BACHELOR OF COOPERATIVE MANAGEMENT

BCOM 341: RISK MANAGEMENT

STREAMS: BCOM/BCOP Y3S1 **TIME: 2 HOURS**

EXAMINATION SESSION: MAY 2025

INSTRUCTIONS:

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

QUESTION ONE

(a) **(Read the case to answer the questions which follow)**

AFL is a sole producer of 'Nikhar' chewing gum, the latest craze in India in replacement of tobacco. With increasing sale in some of the previous years, the company has managed to secure all necessary funding for rapid expansion of its product as not only it gained popularity in India but also in neighboring countries suc as Bangladesh, Pakistan and Nepal. The factory is situated in the backyard district of Haryana.

Recently one NGO named 'Nasha Mukt' started misgiving about the product amongst the key sections of society. And there are no such regulation that it cannot be sold to people less than 18 years of age as it does not have any harmful effect. However, some health professionals have also joined the mission of the NGO as to the long-term effects of the product.

Due to all these reasons, a further research on this is planned by the ministry of health. The board of directors is hopeful of increase of its sales amongst adults and also rise in export to neighboring countries.

Further the board is also interested in introducing advanced technologies that allow different branches to securely propose, validate and record state of changes (updates) to a synchronized ledger that is distributed across the world.

However, the board has little time to combat with the issues that are managed at corporate level and concentrate on expansion plans.

AFL has developed enterprise wide approach to risk management and is communicated. It also has a risk register in place as well as risk strategy and policy which are communicated and the risk appetite that is well defined.

Required

(i) Define the different stakeholders involved in the case clearly assessing the impact of the risk on them **(4 Marks)**

(ii) Explain the available risk treatment options **(3 Marks)**

(iii) Describe the various types of political risks to which the company can be exposed **(3 Marks)**

(b) 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)**

(c) 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 how you would effectively communicate risk initiatives to various stakeholders of the company **(10 Marks)**

QUESTION TWO

(a) Most managers assert that they manage risks in their organizations even if they do not have elaborate risk management department entrusted with this responsibility. Evaluate this statement giving evidence to support your answer **(10 Marks)**

(b) Explain any five emerging issues in risk management **(10 Marks)**

QUESTION THREE

(a) Is risk management of any value? **(10 Marks)**

(b) Explain the major landmarks in the origin and development of risk management up to where Kenya is as a nation **(10 Marks)**

QUESTION FOUR

(a) Using examples, bring out your understanding of any five methods of risk identification **(10 Marks)**

(b) Demonstrate how risk is a burden to the society **(10 Marks)**