



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

SPECIAL/ SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 202: RISK MANAGEMENT

DATE: 24/7/2019

TIME: 2:00 – 4:00 PM

INSTRUCTIONS

Answer Question One and Any Two Questions.

SECTION A

QUESTION ONE

- a) Losses are an unavoidable in all business ventures. To explain to a lay man, you are required to select the appropriate techniques for handling losses you know in any business set up of your choice. (8 marks)
- b) A risk management policy is one of those policies that have become an important guide towards ensuring that organizations survive in turbulence times. Discuss any six different types of risks that Machakos University College faces as an organization. (12 marks)
- c)
 - i) Briefly explain and distinguish three personal risks. (6 marks)
 - ii) Identify and explain any four principles of insurance. (4 marks)

SECTION B: ANSWER ANY TWO QUESTIONS

QUESTION TWO

Managers in general especially in developing countries face many challenges in their work. However, risk management managers encounter a number of key peculiar characteristics which tend to distinguish their specific problems.

Required:

- a) Discuss and highlight at least five principles that guide managers in risk management. (10 marks)
- b) Describe the main functions of a risk manager. (10 marks)

QUESTION THREE

Global competition is a reality many businesses cannot ignore. In light of this, the business risk leaders have a justification to develop plans and strategies to manage their global as well as local risk.

Required:

- a) Discuss any known risk management strategies applicable to Kenya. (10 marks)
- b) Describe any three rules in risk management these managers should follow. (10 marks)

QUESTION FOUR

- a) Enumerate various tools that can be used to identify risks that affect organization in Kenya (8 marks)
- b) Explain the steps involved in taking individual insurance policy cover. (12 marks)

QUESTION FIVE

Risk exposures do not only affect local environments but also international market. This involves also the foreign exchange risk which is the uncertainty of the outcome that arises because of unpredictability of the exchange rate movement. As a risk manager you are to manage both environments.

Required:

- a) Highlight seven methods of managing foreign exchange risk. (14 marks)
- b) Explain any three types of foreign exchange risks. (6 marks)