



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 201 RISK MANAGEMENT

DATE:

TIME

INSTRUCTIONS:

Answer Question **ONE** and any other **TWO** questions.

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Explain the term Risk Management. (4 marks)
- b) Explain why businesses need to have Risk Management in place. (6 marks)
- c) There are multiple ways into which risks can be categorized. Explain the Financial category. (6 marks)
- d) Outline six instances in which risk management may fail. (6 marks)
- e) As an accomplished risk management expert, outline success tips you would recommend to a businessman. (8 marks)

QUESTION TWO (20 MARKS)

- a) You are the Risk Manager in your company. Outline the risk management cycle to the interns your company has just taken on board. (10 marks)
- b) In managing the human resource risk in an organization, natural life changes is one of the factors to consider. Discuss the strategies you would put in place for managing these changes. (10 marks)

QUESTION THREE (20 MARKS)

A Risk Register is a management tool used to record relevant details relating to risks. It is a database of information on risks. Clearly illustrate the parts of a Risk Register.

QUESTION FOUR (20 MARKS)

- a) Describe the following terms:
 - i. Risk appetite (3 marks)
 - ii. Risk culture (3 marks)
- b) Outline the principles of risk management. (14 marks)

QUESTION FIVE (20 MARKS)

- a) What sort of countermeasures would you take for the following risks? (14 marks)
 - i) Personnel Shortfalls
 - ii) Unrealistic schedules/budgets
 - iii) Developing the wrong software functions
 - iv) Developing the wrong User Interface
 - v) Gold Plating
 - vi) Continuing stream of requirements changes
 - vii) Shortfalls in externally furnished components
 - viii) Shortfalls in externally performed tasks
 - ix) Real-time performance shortfalls
 - x) Straining computer science capabilities
- b) Outline the characteristics of a risk. (6 marks)