

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**FIRST YEAR EXAMINATION FOR THE AWARD OF  
DEGREE IN BACHELOR OF ENTREPRENEURSHIP  
AND SMALL BUSINESS MANAGEMENT**

**BBAM 241: RISK MANAGEMENT**

**STREAM: BBAM (Y2S2)**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 15/8/2013**

**8.30 A.M. – 10.30 A.M.**

---

**INSTRUCTIONS**

**ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS.**

1. (a) What is Enterprise Risk Management (ERM)? Explain the importance of implementing ERM program to an organization. [8 marks]
- (b) Risk management is governed by interrelated components that are derived from the way management runs an enterprise and are integrated with the management process. Explain the components clearly showing how they facilitate the process of risk management. [10 marks]
- (c) Discuss the key requirements for a sound and effective system of risk management and internal control in an organization. [6 marks]
- (d) Explain the Non-business risks that give rise to unexpected losses to a firm. [6 marks]

2. The Kenyan government has drafted various measures and policies to spur socio-economic development and growth of the economy. Discuss the contribution of risk management to the achievement of the goals and objectives of vision 2030. [20 marks]
3. (a) Explain the objectives of a risk management program both before and after occurrence of loss. [12 marks]
- (b) As a risk financing technique planned retention, commonly known as self insurance is becoming a popular way of financing potential loss. Clearly outline and explain the various methods of self insurance. [8 marks]
4. (a) What is risk analysis? Discuss the benefits of risk assessment and analysis to the organization. [6 marks]
- (b) You have currently been appointed as the Risk Manager of ABC Ltd, tasked with establishing risk management policies and procedures to control the firm's risks. Advice the company management on the risk control measures to be established and implemented to help ensure the risk responses are effectively carried out. [8 marks]
- (c) Explain the principal methods of handling risk in a modern organization. [6 marks]
-