

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE  
OF BACHELOR OF AGRIBUSINESS MANAGEMENT

AGBM 401: RISK MANAGEMENT

STREAMS: BPLM (Y4S2)

TIME: 2 HOURS

DAY/DATE: FRIDAY 8/7/2016

8.30 A.M. – 10.30 A.M.

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INSTRUCTIONS:

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

QUESTION ONE

- (a) Giving relevant examples differentiate between the following terms as used in risk management.
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|------------------------------------|-----------|
| (i) Risk Attitudes and Appetites   | [4 marks] |
| (ii) Hazards and Perils            | [4 marks] |
| (iii) Risk Averse and Risk Neutral | [4 marks] |
- (b) Explain the rules of risk management. [6 marks]
- (c) Discuss the unique problems that risk managers face in today's agribusiness. [12 marks]

QUESTION TWO

- (a) With many catastrophes such as drought, floods, hunger, insecurity affecting many parts of Kenya. Discuss the various risk management strategies that can be used to manage such risks. [10 marks]
- (b) Explain the need for continuous review of risk management programmes. [10 marks]

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### QUESTION THREE

- (a) Baraka Agricultural Company Ltd grows and sells vegetables in TharakaNith County. Over years the company gardens have been infested by wild rabbits which have diminished the company yields and sales. Explain root cause identification and analysis technique in risk management and how it would be applicable to solve the problem. [12 marks]
- (b) What is the government's role in helping farmers control various risks facing them. [8 marks]

### QUESTION FOUR

- (a) Risk management process is a detailed plan that if well adhered to saves the organizations many losses. Articulate in brief a typical risk management process for a manufacturing firm. What are the business consequences of not adhering to the process? [14 marks]
- (b) Explain the reasons for evaluation of risks. [6 marks]
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