THE KENYA NATIONAL EXAMINATIONS COUNCIL

Qualification Code : 041305T4BUS

Qualification : Business Management Level 5

Unit Code : BUS/OS/BM/CR/05/5/A

Unit of Competency : Control Business Risks

INSTRUCTIONS TO CANDIDATE

 (i) Time allocated: **THREE (3) hours**.

 (ii) Marks for each question are indicated in the brackets.

 (iii) The paper consists of **THREE (3)** sections: **A, B and C**

 (iv) Do not write on the question paper.

A separate answer booklet will be provided

WRITTEN ASSESSMENT

This paper consists of SEVEN (7) printed pages.

The candidate should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

SECTION A: (20 MARKS)

(Choose the correct answer and write it in the answer booklet provided.)

(Each question is 1 Mark)

1. Risk mitigation involves all **but** which of the following:

   A. Developing system standards (policies, procedures, responsibility standards)

   B. Obtaining insurance against loss

   C. Identification of project risks

   D. Performing contingent planning

2. Who should be involved in Risk Management activities in an organization?

   A. Only Project Team.

   B. Only Project Manager.

   C. As many stakeholders as practical.

   D. All stakeholders except clients.

3. Which of the following statements best describes risk?

   A. Certainty of not suffering harm or loss

   B. Uncertainty when looking to the future

   C. Clarity in future decisions

   D. Uncertainty when looking at the past

4. Which of the following is a method of risk identification?

   A. Insurance

   B. Standard deviation method

   C. Checklist method

   D. Analysis

5. Risk analysis describes the nature of the problem but does not

   A. Promote ambiguity

   B. Provide techniques

   C. Reduce the uncertainty

   D. Both A and C

6. What is the primary use of a qualitative risk analysis?

   A. Assign a red, yellow, or green color code.

   B. Assign the risk to the responsible department for action.

   C. Prioritize risks for risk response actions.

   D. To analyze risk

7. Which of the following is a role of the risk management team?

   A. Defining project costs by assessing risks, opportunities actions

   B. Hiring employees

   C. Interviewing

   D. To improve the quality of a product

8. What do the risk evaluations measure?

   A. The timeliness of a program's activities.

   B. The outcomes and impact of a risk program's activities.

   C. How closely a program kept to its budget.

   D. How well the program was implemented.

9. What activity would a project manager be undertaking to implement a workaround to counter an unavoidable risk event.

   A. Taking preventive action

   B. Following change control procedures

   C. Changing the project plan baseline

   D. Taking corrective action

10. What attributes of risk do the two sides of a risk matrix represent?

   A. Time and money

   B. Beginning and end

   C. Probability and impact

   D. Risk mitigation

11. Why is Risk Management important?

   A. Minimizes threats, maximize opportunities, and optimizes the achievement of project objectives.

   B. Reduce the number of threats that materialize into problems and minimize the effects of those that do occur.

C. Failing to manage risk will result in more problems, higher benefits, and a higher chance of project success.

D. Results in more opportunities being captured proactively and turned into positive benefits for the project.

12. Spreading of risk is otherwise termed as……………………

    A. Shifting of risk

    B. Acceptance of risk

    C. Reduction of risk

    D. Retention of risk

13. SWOT is one of the most commonly used analysis tool in business. What does it analyze?

    A. The external marketing environment

    B. The internal marketing environment

    C. The competitive environment

    D. The organization's current situation

14. What are the six elements of PESTLE?

    A. Peace, Elements, Search, Tape, Legal, and Environment

    B. Power, Environment, Science, Teaching, Legal, and Education

    C. Paper, Element, Savings, Trust, Labels, and Entry

    D. Political, Economic, Social, Technological, Legal, and Environmental

15. What is the main purpose of hazard identification?

    A. To minimize the effect of a consequence

    B. For better risk management

    C. To characterize adverse effects of toxins

    D. To reduce the probability of occurrence

16. What is the main objective of risk assessment?

    A. To evaluate hazards and minimize the risks

    B. Remediation of contaminated sites

    C. Hazard management

    D. To know the source of pollutants

17. A firm may seek to minimize marketing risks by undertaking………………………….

    A. Credit Facilities

    B. Training Salesmen

    C. Market Research

    D. Branch Expansion

18. The foundation for risk management is provided by…………………………………

    A. Risk Control

    B. Risk Analysis

    C. Risk Identification

    D. Risk Retention

19. Risk management is one of the most important jobs for a……………………………

    A. Client

    B. Investor

    C. Production team

    D. Project manager

20. What does risk imply?

    A. Answer choices

    B. Predictable happenings

    C. Danger of loss

    D. Favorable outcomes

SECTION B: Short Response Questions (40 MARKS)

Attempt ALL the questions in this section. The maximum marks for each question is as indicated.

21. State the meaning of the term job analysis. (3 marks)

22. Outline four ways of identifying business risk using SWOT analysis. (4 marks)

23. State three factors to consider when deploying an organization's existing human resources. (3 marks)

24. Describe the process of analyzing data for risk identification and mitigation. (4 marks)

25. State four characteristic of an effective risk mitigation plan. (4 marks)

26. Describe the process of risk impact evaluation. (4 marks)

27. Highlight three elements of a good internal control system. (3 marks)

28. Name three risk mitigation responses carried out according to the Enterprise Risk Management (ERM) policy (3 marks)

29. State four types of risk data. (4 marks)

30. State the role of risk management organization structure. (3 marks)

31. State the meaning of the term recruitment process in relation to risk management (3 marks)

32. State two ways of identifying risks in scenarios. (2 marks)

SECTION C: Extended Response Questions (40 Marks)

Attempt 2 questions in this section. The maximum marks for each question is 20 marks.

33. a) Explain three roles played by effective risk monitoring and evaluation plans.

    (6 marks)

    b) Highlight three relationships between existing human resources of a business and the job analysis report   .   (6 marks)

    c) Evaluate four reasons for integrating risk management into the organizational change process as per Enterprise Risk Management (ERM) policy.   (8 marks)

34. a) Explain five reasons for carrying out risk management training for all staff in an organization.   (10 marks)

    b) Describe the procedure for monitoring compliance with legal and regulatory requirements by a business.   (10 marks)

35. a) Explain five ways of identifying risk in a business.   (10 marks)

    b) Describe the procedure followed in developing a job specification (10 marks)