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**UNIVERSITY EXAMINATIONS**

**MAIN EXAMS**

**2022/2023 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER**

**FOR THE DEGREE OF BACHELOR OF COOPERATIVE AND  
ENTERPRENUERSHIP MANAGEMENT**

**COURSE CODE: BCE 359E**

**COURSE TITLE: RISK MANAGEMENT IN SMALL ENTERPRISES**

**DATE: 18/04/2023**

**TIME: 9:00-11:00AM**

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**INSTRUCTIONS TO CANDIDATES**

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER TWO** Questions
  - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
  - 3) Credit is given for legibility, clarity and use of relevant examples
  - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
  - 5) Clearly write your **Registration Number** on each answer sheet used
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**TIME: 2 Hours**

### **QUESTION ONE**

Risk, in insurance terms, is the possibility of a loss or other adverse event that has the potential to interfere with an organization's ability to fulfill its mandate, and for which an insurance claim may be submitted. Business risk is any exposure a company or organization has to factor(s) that may lower its profits or cause it to go bankrupt. The sources of business risk are varied but can range from changes in consumer taste and demand, the state of the overall economy, and government rules and regulations. While companies may not be able to completely avoid business risk, they can take steps to mitigate its impact, including the development of a strategic risk plan.

- a) Discuss factors that influence business risk (10 marks)
- b) Highlight the major five-step risk management process developed by International Organization for Standardization, a standards body commonly known as ISO(5marks)
- c) Discuss the principles of risk management (6marks)
- d) Risk management strategies fall in three broad categories Discuss (9 marks)

### **QUESTION TWO**

- a) Discuss the benefits of risk management (10 marks)
- b) Most critical risk areas in enterprise can be grouped into three general categories Discuss (10Marks)

### **QUESTION THREE**

- a) Effective risk management requires an organization to take four key steps highlight (4 marks)
- b) To effectively implement risk management the entity's Governing Body and management should overcome the challenges which can impede successful implementation highlight (12marks)
- c) Differentiate between insurable risk and Uninsurable risk( 4 marks)

### **QUESTION FOUR**

- a) Discuss the challenges facing small enterprises in Kenya (10marks)
- b) Discuss areas that business owners can focus on to help manage the risks that arise from running a business (10 marks)