

**BOTSWANA COLLEGE OF DISTANCE  
AND OPEN LEARNING**

**Bachelor of Business Administration- Leadership and Change  
Management**

**Risk Management**

**RM221**

**Sessional Examination**

**Marks: 100**

**3 HOURS**

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**Instructions**

1. This examination consists of **Four** sections: A, B, C and D
2. Begin each answer to a new question on a new page.
3. Answer questions according to instructions given in each section
4. Write answers in the answer booklet provided
5. Write in grammatical English

SECTION A –Multiple Choice Questions

[10 marks]

Answer ALL questions. Each question carries ONE (1) mark.

Choose the best alternative answer.

1. Risk management can be defined as the \_\_\_\_\_ risk factors throughout the life cycle of a project.

- A. Researching, reviewing, and acting on
- B. Identifying, analysing, and responding to
- C. Reviewing, monitoring, and managing
- D. Identifying, reviewing, and avoiding
- E. Analysing, changing, and suppressing

2. A risk response, which involves eliminating a threat, is called \_\_\_\_\_.

- A. Mitigation
- B. Deflection
- C. Avoidance
- D. Transfer
- E. b and d

3. \_\_\_\_\_ is an example of risk mitigation.

- A. Using proven technology in the development of a product to lessen the probability that the product will not work
- B. Purchasing insurance
- C. Eliminating the cause of a risk
- D. Accepting a lower profit if costs overrun
- E. A and b

4. Mitigating risk could involve \_\_\_\_\_.
- A. Identifying risks, obtaining insurance and developing alternatives
  - B. Contracting and quality assurance
  - C. Developing standards, buying insurance, and planning for contingencies and alternatives
  - D. Re-scoping the project and reassessing requirements
  - E. C and d
5. Risk management includes all of the following processes except \_\_\_\_\_.
- A. Risk monitoring and control
  - B. Risk identification
  - C. Risk avoidance
  - D. Risk response planning
  - E. Risk management planning
6. Hazard-based risks for small business include \_\_\_\_\_.
- A. Physical hazards
  - B. Chemical hazards
  - C. Ergonomic hazards
  - D. Emotional hazards
  - E. None of the above
7. Suppose a project has many hazards that could easily injure one or more persons and there is no method of avoiding the potential for damages. The project manager should consider \_\_\_\_\_ as a means of deflecting the risk.
- A. Abandoning the project
  - B. Buying insurance for personal bodily injury
  - C. Establishing a contingency fund
  - D. Establishing a management reserve
  - E. Not acknowledging the potential for injury

8. In order to start business the potential external risks to consider are except \_\_\_\_\_.

- A. Interest rates
- B. Natural disasters
- C. Culture
- D. Liquidity
- E. Government regulations

9. When a driver checks the tyre of his car at every 10-kilometer covered, it is practicing what type of risk plan?

- A. Risk reduction
- B. Risk shifting
- C. Risk avoidance
- D. Risk assumption
- E. Risk calculation

10. The following are risk reduction methods are except \_\_\_\_\_.

- A. Diversification
- B. Risk tolerance
- C. Human resource planning
- D. Mentors
- E. Partnering

**SECTION B – TRUE/FALSE QUESTIONS**

**[20 MARKS]**

**Answer ALL questions. Each question carries FOUR (4) marks.**

**State whether each of the following statements is TRUE or FALSE. Give a brief reason for your answer.**

1. Something that could kill you must be very risky.
2. Risk combines the chance of something happening along with the amount of harm it can do.
3. A high-risk activity is quite likely to cause a lot of harm.
4. Everyday things, like playing sport, are not risky at all.
5. Risk is only to do with industry and accidents at work.

**SECTION C – SHORT ANSWER QUESTIONS**

**[30 marks]**

**There are six questions in this section. Answer all.**

1. What is risk management? What factors of risk are addressed by managing risk?  
**(5 marks)**
2. What is risk avoidance? Give an example.  
**(5 marks)**
3. Describe risk reduction.  
**(5 marks)**
4. Briefly explain risk minimisation.  
**(5 marks)**
5. Briefly discuss risk transfer.  
**(5 marks)**
6. Describe risk elimination.  
**(5 marks)**

**SECTION D ESSAY-TYPE QUESTIONS**

**[50 marks]**

**There are four questions in this section. Question 1 is compulsory and 2 other questions of your choice.**

**Question 1**

**(10 marks)**

Identification of opportunities is one of the core factors in doing business in any economy. Describe opportunity-based-risk? In order to demonstrate your understanding of the concept, discuss two opportunity-based-risks that a young entrepreneur faced in Botswana.

**Question 2**

**(15 marks)**

Discuss three principles for effective and efficient risk assessments.

**Question 3**

**(15 marks)**

Financial risk is one of important factors to consider by any organisation, discuss THREE financial decisions that a business has to put into consideration before starting a business.

**Question 4**

**(15 marks)**

What is organisation culture? Explain how high-performance organizations are superior to their low performance counterparts in the industry?