



# **GRETSA UNIVERSITY - THIKA**

## **UNIVERSITY EXAMINATIONS JANUARY - APRIL 2025 SEMESTER**

### **BACHELOR OF COMMERCE**

**COURSE CODE: BCPS 300**

**COURSE TITLE: RISK MANAGEMENT IN SUPPLY CHAIN**

**DATE: 5 APRIL 2025**

**TIME: 8.00 AM – 10.00 AM**

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#### **INSTRUCTIONS TO CANDIDATES**

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **TWO** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

**CAUTION:** All exam rooms are under CCTV surveillance during the examination period.

## **SECTION A: COMPULSORY**

### **Question One**

- a) Tunde Logistics Limited is a logistics company that has been operating in Kenya for about seven (7) years since its inception and they have just began to expand their operations to countries in the African region. One of their greatest pride is their commitment to efficiency but their risk exposure has been great. Many strategies have been invested to resolve these issues, some working for a short time but most end up in failure. As an expert, you recommend to management the need to focus on risk management. Describe the risk management process they would use. **[8 marks]**
- b) Although the practice of insurance has changed over time the initial concept of finding safety in numbers remains intact guided by certain principles of insurance. Discuss any four of these principles. **[8 marks]**
- c) There are certain distinguishing characteristics of risk management within an organization. Explain any four of these characteristics and their implication **[8 marks]**
- d) Using examples, distinguish the following term: Opportunity cost; Risk aversion and Pure risk **[6 marks]**

## **SECTION B: ANSWER ANY TWO QUESTIONS**

### **Question Two**

- a) The primary concern of the purchasing department is to successfully identify and secure the services of good suppliers. Elaborate on the factors needed in supplier selection. **[10 marks]**
- b) Risks may arise from sources both within the organization and external to it. Describe the external sources of risk. **[10 marks]**

### **Question three**

- a) There are a number of emerging issues in the world today ranging from the ever changing technologies, globalization, terrorism to supply channel risks. Describe the impact of these emerging issues to risk management in the supply chain. **[10 marks]**
- b) Hazards are conditions that increase the probability or expected magnitude of a loss. Explain the various types of hazards giving relevant examples. **[10 marks]**

#### **Question Four**

- a) There is no single method that can help a company to comprehensively manage risk. Explain this statement, giving the various strategies used by supply chain managers in managing risk. **[10 marks]**
- b) Supplier appraisal is the assessment of the potential suppliers to be used in a firm. This is conducted through a number of techniques. Describe these techniques of supplier appraisal. **[10 marks]**

#### **Question five**

- a) One of the integral factors in the success of supply chain in firms today is in their ability to establishing long-term relationships with capable suppliers and working closely with them over time. Discuss the distinct success factors for buyer-supplier relationship **[10 marks]**
- b) Early supplier involvement (ESI) is one the approaches used by supply chain managers to ensure the success of the processes. Explain ESI and its significance to a firm of your choice. **[10 marks]**