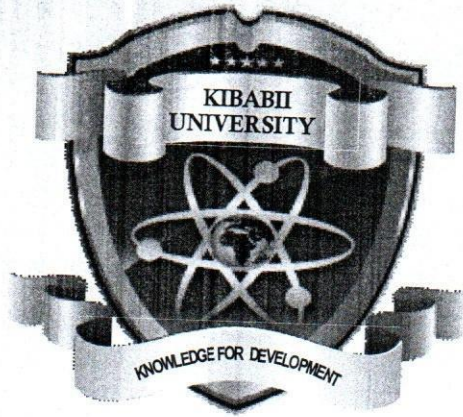


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# KIBABII UNIVERSITY



## UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR  
THIRD YEAR FIRST SEMESTER  
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCP 311**

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

**DATE: 19/11/2020**

**TIME: 9.00 – 11.00AM**

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### INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

**TIME: 2 Hours**

**KIBU** observes **ZERO** tolerance to examination cheating

### QUESTION ONE (COMPULSORY)

#### Case – Grand Green

Grand Green Ltd. (GG) is a retail giant that specializes in fresh farm produce and fast moving consumer goods. In the recent past, GG has been facing challenges in retaining its suppliers who are mostly farmers. A risk audit by an external auditor revealed that GG's procurement department has been engaging suppliers without formal contracts. The external auditor recommended to the board of GG for the recruitment of a qualified procurement risk auditor to keep and maintain an elaborate risk register for ease of risk taking.

Required:

- a) Propose FIVE supplier selection criteria that could be used by GG to mitigate the risks of supplier failure. (10 marks)
- b) Explain reasons why GG should consider keeping a risk register. (10 marks)
- c) Identify and explain FIVE environmental factors that could affect GGs' supply chain (10 marks)

### QUESTION TWO

- a) Using a diagram, Identify and describe the steps in the supply chain risk management process. (10 marks)
  - b) List and explain three types of pure risks facing a supply chain and give two examples of each. (10 marks)
- (20 marks)**

### QUESTION THREE

- a) "In order to support the organizational risk management strategy, a procurement professional must liaise closely with internal and external stakeholders". Discuss (10 marks)
- b) Write short notes on:
  - i. Prioritization of risks (2 marks)
  - ii. Outsourcing (2 marks)
  - iii. Supplier appraisal (2 marks)
  - iv. Risk register (2 marks)
  - v. Due diligence (2 marks)

**(20 marks)**

### QUESTION FOUR

- a) ManCo Inc is a global manufacturing organization. It has a highly integrated supply chain. All parties are interconnected with the result that data availability and transparency are high. Its CPO however is concerned about technological risk. Identify and Explain THREE technological risks that ManCo could be facing? (10 marks)

- b) Describe the activities of a typical Risk Committee and the relationship between internal audit and risk management?

(10 marks)

**QUESTION FIVE**

- a) Mr Wamukota, an analyst for a Bungoma brokerage firm that serves Bungoma county investors researches public utilities in Western Kenya emerging markets. Wamukota makes the following statement in a recent report; "Based on the fact that the Western Kenya utilities sector has seen rapid growth in new service orders, we expect that most companies in the sector will be able to convert the revenue increases into significant profits. We also believe the trend will continue for the next three to five years" The report goes on to describe the major risks of investing in this market, in particular the political, social and exchange rate instability associated with Western Kenya.

**Required:** In reference to the above, discuss in detail the possible contents of the report on political, social and exchange rate risks.

(15 marks)

- b) Define "Risk Appetite" and explain the role of risk appetite in corporate governance?

(5 marks)

**(20 marks)**