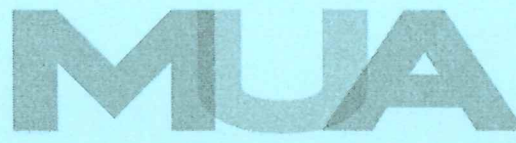


The
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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF ARTS IN DEVELOPMENT STUDIES

MDP 517: PROJECT RISK MANAGEMENT

DATE: 30TH JULY 2024

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

NAVIGATING PROJECT RISK MANAGEMENT CHALLENGES IN KENYA

The year 2023 has presented significant challenges for businesses around the world, and Kenya is no exception. Amidst the Ukraine-Russia war and the lingering effects of the Covid-19 pandemic on global supply chains, Kenyan businesses face additional local risks such as hyperinflation, political instability, forex instability, and the impacts of global warming. Moreover, internal factors, such as increased costs of regulations and compliance, as well as competitiveness and decreased margins, further complicate the risk landscape.

The Ukraine-Russia war and the Covid-19 pandemic have had far-reaching consequences on global supply chains. Disruptions in key industries such as manufacturing, transportation, and logistics have caused delays and shortages, leading to increased costs and reduced availability of goods. Kenyan businesses heavily reliant on imports have experienced challenges in procuring raw materials and finished products. Risk management strategies should include diversification of suppliers, strengthening local sourcing capabilities, and building resilient supply chains. Exploring alternative supply sources and forging strategic partnerships can help mitigate the impact of such geopolitical conflicts and global crises.

Kenya faces its own set of challenges in 2023, including hyperinflation, political instability, forex instability, and the local effects of global warming. **Hyperinflation** erodes purchasing power and drives up the cost of goods, which poses a significant risk for businesses operating in the country. Political instability and forex fluctuations add uncertainty and volatility to the business environment, making financial planning and budgeting more challenging. Additionally, global warming exacerbates these issues by contributing to higher production costs and supply chain disruptions due to extreme weather events.

To manage these risks, businesses in Kenya need to adopt proactive strategies. This may involve engaging in currency hedging to mitigate forex risks, monitoring inflation rates closely and adjusting pricing strategies accordingly, and actively

participating in advocacy efforts to promote political stability and climate change mitigation measures. Investing in sustainable practices and technologies can not only mitigate the impact of global warming but also improve operational efficiency and reduce costs.

Internal factors such as increased costs of regulations and compliance, as well as intensified competitiveness and decreased margins, further strain Kenyan businesses. Regulatory requirements are continuously evolving, and compliance costs can be burdensome for businesses, particularly smaller enterprises. Adhering to ethical standards and best practices becomes crucial to avoid legal and reputational risks.

To effectively manage these internal risks, businesses should prioritize investments in compliance management systems, regular training programs for employees, and engagement with industry associations and regulatory bodies to stay up-to-date with changing requirements. Identifying opportunities for cost optimization and efficiency improvements, such as process automation and lean management practices, can enhance competitiveness and help mitigate the impact of decreased margins.

In conclusion, risk management has become an integral part of running a successful business in Kenya in 2023. By adopting proactive risk management strategies, including diversifying supply chains, engaging in currency hedging, investing in sustainable practices, and prioritizing compliance and efficiency, Kenyan businesses can navigate these challenges and build resilience in the face of uncertainty.

Required:

- a) In the context of Kenya's local challenges in 2023, such as hyperinflation, political instability, forex instability, and the impacts of global warming, discuss the interconnected nature of these risks and how they collectively affect businesses.
(10 Marks)
- b) Internal factors, including increased costs of regulations and compliance, competitiveness, and decreased margins, pose additional challenges for Kenyan businesses. How do these internal risks intertwine with external challenges, and

what steps can businesses take to effectively manage compliance-related burdens, enhance competitiveness, and optimize costs (10 Marks)

- c) Describe five specific measures that businesses can take to build resilient supply chains and mitigate the effects of global crises such as that of Ukraine (10 Marks)

QUESTION TWO

- a) Describe five benefits of project risk management in an organization of your choice (10 Marks)
- b) Evaluate five (5) challenges of risk management in large infrastructure projects in Africa (5 Marks)

QUESTION THREE

- a) Discuss five (5) factors to consider when categorizing risks (10 Marks)
- b) Explore five key steps in quantitative risk analysis in multinational organizations (5 Marks)

QUESTION FOUR

- a) Elaborate five benefits of plan risk responses (5 Marks)
- b) Show the difference between risk mitigation and risk assessment (5 Marks)
- c) Evaluate three outputs of a plan risk response process of a project of your own choice (5 Marks)