



**COLLEGE OF BUSINESSES AND ECONOMICS
JOHANNESBURG BUSINESS SCHOOL
DEPARTMENT OF BUSINESS MANAGEMENT**

FINAL SUMMATIVE ASSESSMENT

SUBJECT: Operational Risk Management
CODE: HC1OPSR
DATE: 4th November 2020
TIME ALLOWED: 120 Minutes
TOTAL MARKS: 100

ASSESSORS: Mr A Pampallis
MODERATOR: Mr D Smith
NUMBER OF PAGES: 5

INSTRUCTIONS:

1. This is a closed-book assessment.
 2. Question papers must be handed in together with your answer books.
 3. Read the questions carefully and answer only what is asked.
 4. Answer all the questions.
 5. Number your answers clearly.
 6. Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
 7. Structure your answers by using appropriate headings and subheadings.
 8. The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
 9. **Multiple choice to be answered in the multiple choice section at the back of the script.**
 10. **True and false questions to be answered in the multiple choice section where (a) is true and (b) is false.**
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Section A

Multiple choice questions

(20)

1. As part of the ISO 31000 risk management process, 'monitoring and review' is best thought of as which of the following?
 - A. An extra stage.
 - B. A feedback loop.
 - C. Part of risk assessment.

2. The consequence of a failure to identify all significant risks that an organisation faces is likely to be;
 1. Business objectives may not be achieved.
 2. Operating costs may increase.
 3. Opportunities may be overlooked.
 4. Risks will be better identified in future.
 - A. 1 and 2.
 - B. 1, 3 and 4.
 - C. 1, 2 and 3.

3. Operational Risk 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

4. The basic functions of an organisation are the following except for:
 - A. Marketing
 - B. Operations
 - C. Finance
 - D. Production

5. A simple product supply chain consists of the following except for:
 - A. Suppliers
 - B. Final customer
 - C. Owner
 - D. Distributors
 - E. Producer

6. Operations interfaces with a number of supporting functions except for:

- A. Accounting
- B. Legal
- C. Public relations
- D. Suppliers
- E. Human resources

7. Factors affecting risk is:

- A. Capital
- B. Technology
- C. Quality
- D. Management
- E. All of the above

8. In the process of the risk management what should be consider before talking the decision of risk?

- A. Risk assessment
- B. Risk identification
- C. Risk retention
- D. Risk transfer

9. Today's organisations are concerned about except for:

- A. Risk Management
- B. Governance
- C. Employee wellbeing
- D. Control
- E. Assurance

10. Which is not a major stakeholder in operational risk?

- A. Shareholders
- B. Media
- C. Employees
- D. Customers
- E. Government

B. True or False Questions

[15]

Answer **true or false** for each of the following statements.

1. Operational risk is the risk associated with operating the business.
2. The central function of competitiveness is flexibility.
3. Communication is not an important function of operational risk.
4. Is it important to have a risk register?
5. The ISO 31000 Risk model deal with a process approach to operational risk?
6. Internal factors affecting operational risk only deals with the mission statement.
7. When looking at operational risk context is important.
8. The operations function involves the conversion of input into outputs.
9. Productivity is a ratio of outputs to inputs.
10. Operational risk only looks at negative risk.
11. A component of operational competitiveness is differentiation.
12. Business operations overlap consists of operations, finance and marketing.
13. Operation management consists of the mission and mission statement.
14. One of the characteristics of a service product is it is produced and consumed at the same time.
15. Productivity is increases improve the standard of Living.

C. Short Questions

[25]

1. List the external factors that affect Operational Risk Management. (5)
2. Discuss the main elements of a risk matrix looking at the ISO 31000 risk model? (5)
3. List the six steps of the process approach to operational risk using the ISO 31000 model. (5)
4. List the five techniques or strategies of risk control when evaluating risks (5)
- 5 List the components of competitiveness. (5)

Case Study

Section D. Case Study

[40]

DMG Manufacturing (DMGM) owns a high-rise office building with glass cladding (a protective covering) and adjacent factory premises, and it operates from these factory premises. DMGM refurbishes and sells electric motors. Its processes include stripping down old motors, sandblasting motor casings, armature winding, varnishing, spray-painting and assembly.

Read the case study.

Answer the questions using the case study. Identify 5 (five) risks.

Use the below format.

NB. You must use this format otherwise it will not be marked.

a) Identify the Risk. b) How and why did you choose this risk? (10)	Analyse the risk using the ISO 3100 matrix. (5)	Evaluate the Risk i.e. prioritise according to the matrix. (Red, Orange, Yellow, Green). (5)	a) What strategy would you use? b) Why did you choose this to mitigate the risk? (10)	What would you do to manage the risk? (10)
1 a b			a b	
2 a b			a b	
3 a b			a b	
4 a b			a b	
5 a b			a b	