

UNIVERSITY OF BOLTON

OFF CAMPUS DIVISION

MALAWI INSTITUTE OF MANAGEMENT

MSC PROJECT MANAGEMENT
MPA

SEMESTER TWO
EXAMINATION 2018/19

RISK AND DECISION MANAGEMENT

MODULE NO: PRM7003

Date: 4 May 2019

Time: 3 Hours

INSTRUCTIONS TO CANDIDATES:

There are six (6) questions on this paper.

Answer any four (4) questions

All questions carry equal marks.

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Answer any 4 questions (all questions are worth 25 marks)

1. a. You work for a small Charity in Malawi. As part of a funding request, the board have been asked to provide information on their risk management strategy. They did not really understand what is being asked and so engaged a consultant who has provided them with the following process:

Initiate, Identify, Assess, Respond

The consultant also asked about the organisation's appetite for risk but again the board did not really know what this meant.

As your manager knows that you have studied risk management she asks you to assist.

You are required to write a report that will expand and explain the risk management process into a more user-friendly format, and to explain risk attitude.

(20 marks)

1. b. Having completed your report, your manager and the board now have a better understanding of risk management and they have now asked you to come up with a strategy for communicating the process to the 500 employees and volunteers who are located across the country.

(5 marks)

Total 25 marks

2. Critically analyse and evaluate the specific risks associated with two (2) of the following:

- development of a new site
- business acquisition
- event management

How might the product manager mitigate against the risks you have identified?

Total 25 marks

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3. a. Drawing on your own experience, critically evaluate the advantages and disadvantages of group decision making
(10 marks)

3. b. Hillson (2009) identifies three influence on the risk attitude spectrum: conscious factors, subconscious factors, affective factors. Explain the differences in these and how they interact to create risk attitude.
(10 marks)

3. c. Evaluate the implications for different risk attitudes on group decision making
(5 marks)

Total 25 marks

4. Your company wants to decide between Investment A, which will cost \$100K upfront, and Investment B, which will cost \$150K upfront. If the economy performs well, Investment A will bring in \$750K for your company, but if the economy performs poorly, then it will lose \$250K for your company. If the economy performs well, Investment B will bring in \$850K for your company, but if the economy performs poorly, then it will lose \$300K for your company. There's a 60% chance of a strong market and a 40% chance of a weak market.

a. Assuming your company is risk-neutral, which option should you choose?
(5 marks)

b. If the chance of a strong or weak market changes to 50/50, what is the new best option?
(3 marks)

c. If the cost of investment B is reduced to £100k does this change your decision?
(2 marks)

d. Critically evaluate the use of decision trees for decision making
(10 marks)

e. Identify the ways by which quality of information influences decision making. How can this be improved?
(5 marks)

Total 25 marks

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5. In May 2000 The Economist Newspaper labelled Africa as “The hopeless continent”; by December 2011 it called it “The hopeful continent”. On any risk map of the world no country on the continent has been identified as less than medium risk.

Identify and briefly describe ten risks associated with Africa and critically analyse four of them in depth. Your analysis should include recommendations for management of the risks.

(Identification: 5 marks)
(Analysis: 20 marks)

Total 25 marks

6. a. The World Economic Forum Global Risk Report (2019 = 14th edition) categorises global risks into:

- Economic
- Environmental
- Geopolitical
- Societal and
- Technological

Define each of these and for each category give examples of two risks that are pertinent to Africa.

(10 marks)

6. b. “Global risks are not isolated, and it is important to assess their interconnections” (WEF Global Risk Report, 2019:102). Identify at least four risks that are particularly relevant to Malawi and critically evaluate the way in which they are interconnected.

(10 marks)

6. c. How can the world respond to global risks? Recommend mitigation strategies to deal with two of the risks identified in part b.

(5 marks)

Total 25 marks

END OF QUESTIONS