UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF CORPORATE ADMINISTRATION (HONOURS)
BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**RISK GOVERNANCE**
COURSE CODE	:	**CGE4023**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer **ALL** questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Answer Booklet
4. Do not bring any material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO. : ______________________

ID. NO. : ______________________

LECTURER : ______________________

SECTION : ______________________

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This question paper consists of 4 printed pages including the front page

QUESTION 1

XYZ Corporation is a mid-sized technology company specializing in smart home devices. The company has developed an innovative new product, a smart home security system called "SecureHome," designed to integrate advanced artificial intelligence (AI) and machine learning (ML) capabilities. The product is expected to disrupt the market by offering highly accurate, real-time threat detection and remote control through a mobile application. SecureHome has the potential to expand the company's market share significantly, but it also presents considerable risks that could jeopardize the product's success if not managed properly.

XYZ Corporation has committed substantial financial and human resources to the product's development, with a launch date set for six months from now. The company plans to enter a competitive market dominated by established players like Amazon and Google, which adds pressure to ensure everything goes smoothly. Despite its innovative edge, SecureHome has several potential risk areas, including technical failures, supply chain disruptions, regulatory compliance issues, and market acceptance uncertainties. The company needs to implement a comprehensive risk management process to ensure the product launch is successful.

XYZ Corporation's leadership is aware of these risks and has decided to implement a comprehensive risk management process to ensure a smooth product launch and avoid unforeseen issues. The board of directors of XYZ is seeking your advice.

Required:

a. Illustrate **FOUR (4)** criteria that XYZ Corporation should consider when developing a communication and consultation plan to ensure all relevant stakeholders are informed of potential risks.

(12 marks)

b. Determine **THREE (3)** items that should be included in the scope of XYZ Corporation's risk management process for the SecureHome product launch.

(9 marks)

c. Illustrate **THREE (3)** risk treatment approaches that XYZ Corporation may apply in its risk treatment strategies.

(9 marks)

d. Identify **FIVE (5)** steps of risk management process that XYZ Corporation may design before the SecureHome product launch.

(10 marks)

(Total: 40 marks)

QUESTION 2

GlobalTech, is a leading multinational in consumer electronics. The company is planning to expand its product offerings into three new international markets. The decision aims to increase revenue streams and build a more diverse customer base. However, the expansion poses significant risks, which the company must carefully analyze to ensure sustainable growth. GlobalTech's management has outlined several potential risks, including market and economic risks, operational and supply chain risks, technological and innovation risks, reputational risks, and financial risks.

Each new market presents unique economic conditions, regulatory environments, and consumer preferences that could impact sales and profitability. Entering new regions means establishing new supply chains and adapting operations to local conditions. The complexity of coordinating logistics across multiple regions raises the risk of supply chain disruptions. GlobalTech will rely on advanced technologies to maintain product quality and competitiveness. However, these technologies carry model risks, as inaccuracies in forecasting and simulations could lead to poor decision-making. Expansion into new markets could expose GlobalTech to increased scrutiny from consumers, regulators, and media. Negative perceptions or missteps in one region could impact the company's global reputation. Exchange rate volatility, inflation, and interest rate changes in the new markets could affect the financial performance of the expansion.

To navigate these risks, GlobalTech has decided to employ a comprehensive risk analysis process, considering both quantitative and subjective methods. The company also wants to understand the interactions between different risks, evaluate its risk appetite, and manage model risk effectively.

Required:

a. Illustrate **FOUR (4)** factors that influence GlobalTech risk appetite for the expansion project.

(12 marks)

b. Determine the quantitative risk analysis method that GlobalTech should apply to assess in the following:

i. Market risk
ii. Operational risk
iii. Financial risk

(12 marks)

c. Describe **TWO (2)** analysis to measure interactions between market, operational, and financial risks.

(6 marks)

(Total: 30 marks)

QUESTION 3

Quantum Manufacturing, a multinational corporation specializing in electronics production, is planning a major global expansion. This project includes opening new manufacturing facilities in various countries, upgrading existing plants, and implementing cutting-edge technologies. While the expansion aims to increase production capacity and meet growing global demand, it also introduces a range of risks, including financial risks, operational risks, multiple interrelated risks and costly risk treatments.

Quantum Manufacturing faces risks related to currency fluctuations, changes in interest rates, and potential funding challenges. Additionally, the company needs to manage the high costs associated with new facility construction and technological upgrades. The expansion involves scaling up supply chains, adapting to different local regulations, and managing logistics for increased production. There are also risks related to equipment reliability and workforce training across diverse locations. As the expansion involves financial, operational, and regulatory challenges, Quantum Manufacturing needs a comprehensive strategy to manage these interconnected risks. Some potential risk treatments, such as acquiring expensive insurance or implementing advanced technological safeguards, have significant cost implications that the company must evaluate carefully.

To ensure the success of this expansion, Quantum Manufacturing's leadership wants to implement a robust risk treatment plan. The company aims to manage financial and operational risks, maintain financial flexibility, and effectively treat multiple risks simultaneously while evaluating also the cost of various risk treatment options.

Required:

a. Illustrate **FIVE (5)** risk treatment options that Quantum Manufacturing could consider and the potential consequences of each option.

(10 marks)

b. Identify **TWO (2)** methods with an example each that Quantum Manufacturing could use to manage financial risks related to the expansion.

(10 marks)

c. Illustrate **TWO (2)** ways how Quantum Manufacturing could build operational flexibility to treat operational risks and its benefits.

(10 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER