

Business Risk Management Essentials

Business · Answer Key · 20 Questions

1. What is the primary objective of Business Risk Management?

- A) To eliminate all potential risks
- B) To maximize company profits
- C) To minimize losses and ensure business continuity**
- D) To increase market share at all costs

2. Which type of risk relates to the direction and long-term objectives of a business?

- A) Operational Risks
- B) Financial Risks
- C) Reputational Risks
- D) Strategic Risks**

3. Cash flow shortages and rising costs are examples of what type of risk?

- A) Strategic Risks
- B) Financial Risks**
- C) Compliance Risks
- D) Market Risks

4. What management strategy is recommended for supply chain disruptions?

- A) Crisis communication plan
- B) Standard operating procedures (SOPs)**
- C) Diversification of products/services
- D) Cybersecurity measures

5. Violating laws, regulations, or contracts falls under which risk category?

- A) Reputational Risks
- B) Technology Risks
- C) Compliance and Legal Risks**
- D) Environmental Risks

6. Damage to a company's image and public trust is associated with which risk?

- A) Operational Risks
- B) Reputational Risks**
- C) Financial Risks
- D) Market Risks

7. Changes in customer demand and new competitors are examples of what type of risk?

- A) Strategic Risks
- B) Market Risks**
- C) Compliance Risks
- D) Operational Risks

8. Data breaches and system failures are examples of what kind of risk?

- A) Environmental Risks
- B) Reputational Risks
- C) Technology and Cyber Risks**
- D) Financial Risks

9. What management strategy is suggested for natural disasters like typhoons?

- A) Budgeting
- B) Market research
- C) Disaster preparedness plans**
- D) Ethical guidelines

10. What is the first step in the basic process of Business Risk Management?

- A) Assess Risks
- B) Control Risks
- C) Identify Risks**
- D) Monitor Risks

11. Determining the likelihood and impact of a risk is part of which step?

- A) Identify Risks
- B) Assess Risks**
- C) Control Risks
- D) Monitor Risks

12. Which of the following is a method for controlling risks?

- A) Identifying risks
- B) Assessing risks
- C) Accepting risks**
- D) Monitoring risks

13. Regularly reviewing and updating risk plans is part of which step?

- A) Identify Risks
- B) Assess Risks
- C) Control Risks
- D) Monitor Risks**

14. For a local business experiencing supply shortages, what is a suggested management strategy?

A) Promotions

B) Have multiple suppliers

C) Online marketing

D) Preventive maintenance

15. What management approach helps in addressing low sales for a small business?

A) Preventive maintenance

B) Having multiple suppliers

C) Promotions and online marketing

D) Service contracts

16. What is a management strategy for equipment breakdown in a local business?

A) Promotions

B) Online marketing

C) Preventive maintenance and service contracts

D) Multiple suppliers

17. Failure to adapt to industry changes is an example of what type of risk?

A) Operational Risk

B) Reputational Risk

C) Strategic Risk

D) Market Risk

18. Which of these is a management strategy for Financial Risks?

A) Scenario planning

B) Market analysis

C) Budgeting

D) Crisis communication plan

19. Customer complaints going viral can lead to which type of risk?

A) Compliance Risk

B) Reputational Risk

C) Operational Risk

D) Technology Risk

20. What is a management strategy for Technology and Cyber Risks?

A) Insurance

B) Ethical guidelines

C) Cybersecurity measures

D) Disaster preparedness plans