

# Business Risk Management Essentials

Business · Practice Test · 20 Questions

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## 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