

Assessment 4

Total Marks: 30

1. Give Short answers for the following questions: (14)
 - I. What type of information does a business risk analysis give?
 - II. What are the outputs for a business risk analysis?
 - III. Outline the constraints which could be involved in a business risk analysis.
 - IV. 'Ratio analysis' is one of the tools of risk analysis'. How is it performed?
 - V. How is the SWOT analysis performed for a business?
 - VI. "PEST analysis is a useful tool for analysing a business and in particular understanding market growth or decline." Discuss
 - VII. What is the importance of a marketing plan in the risk analysis of a business?

2. Discuss the outputs of a business risk analysis. (6)

Case Study

A global energy company was considering a significant investment opportunity in Central Asia, a region where it had no previous experience. The country in question had a reputation as an unpleasant business environment, rife with rumours of bribes, licensing irregularities, and unwarranted government intervention. The company's senior management asked CRO to examine and assess the local business practices, with a particular focus on the business behaviour of competitors. CRO presented his report after a complete market risk analysis. According to this report the prevailing corrupt practices included off-the-record payments to facilitate licensing and contract agreements, improper influence in the tender process, regular extortion, and organized crime.

Question (10)

1. How do you think that CRO has gathered this information?
2. What should be the company's approach based on this report?
3. If the company goes for investing in this region, should they follow the prevailing business system or should they continue working in their own way?