



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURE AND FOOD SCIENCES
SECOND SEMESTER THIRD YEAR EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT 2019/2020
ACADEMIC YEAR

SIAYA CAMPUS

COURSE CODE: AAE 3322

COURSE TITLE: AGRIBUSINESS MANAGEMENT PLANS AND STRATEGIES

EXAM VENUE: **STREAM: (BSc. Agribusiness Management)**

DATE: **EXAM SESSION:**

TIME: 2HOURS

Instructions:

- 1. Answer ALL questions in Section A (compulsory) and ANY TWO questions in Section B**
- 2. Candidates are advised not to write on the question paper**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

SECTION A [30 MARKS]

Answer ALL questions from this section

1. The process of strategic management dictates an inclusive approach to stakeholder engagement in strategy formulation which requires consideration of their needs as well as identification and communication of the firm's purpose and values.
 - a) Identify the different kinds of stakeholders and their expectations an organization must consider in the process of strategy formulation. **[9marks]**
 - b) Why are intangible assets considered critical in creating competitive edge than tangible assets? **[1mark]**

2. A strategic group consists of the clustering of a group of organizations that are similar to one another, offer similar goods to similar customers and also might make similar decisions about production technology and other organizational characteristics.
 - a) What are the two factors that might determine whether a new firm will enter or be a threat in an industry? **[2marks]**
 - b) Market segments are based on product or customer characteristics. Outline any four product/market coverage strategies. **[4marks]**
 - c) Why is a functional approach for conducting an internal audit relevant? **[2marks]**
 - d) What is strategic leadership? **[2marks]**

3. To achieve a cost advantage, an organization's cumulative costs across its overall value chain must be lower than its rivals'.
 - a) How can these be achieved? **[4marks]**
 - b) What attributes of competitive advantage makes it useful in elevating the firm from its competition? **[3marks]**
 - c) What are switching costs and how can new entrants overcome them? **[3marks]**

SECTION B [40 MARKS]

Answer any TWO QUESTIONS in this Section.

4. Azuri group of companies is an international company that is adding value to indigenous crops through processing and packaging to improve shelf life and income margins. Recently, the company had shown interest in the Kenyan market and has interest specifically in orange fleshed sweet potatoes, indigenous vegetables and cassava. The company processes the products and where necessary they fortify with the missing micro nutrients and then packages into various packaging designs and sizes. This is coming at a time that the country is suffering from malnutrition and vitamin A related illness which the orange fleshed sweet potato and indigenous vegetables is seen as remedy especially to poor mass. Again, the major producing areas of the country experienced surplus which were wasted due to lack of adequate and appropriate post-harvest handling techniques. Although, there has been substantial efforts from local enterprises to engage in value addition of these crops, this has not substantially absorbed the surplus.
- a) As an agribusiness strategist, advice the Azuri company on the best strategy (ies) to help them venture into the Kenyan Market. **[4marks]**
 - b) Identify and explain the grand strategy being pursued by the Azuri Company. **[2marks]**
 - c) Explain when it is suitable to apply the strategy identified in (b) above. **[7marks]**
 - d) Identify two opportunities and two threats to the local enterprises. **[4marks]**
 - e) What are the three strategic options for organizations in a high velocity industry in dealing with change. **[3marks]**
5. The fish productivity has been on the decline in Kenya for the past decade. This has been attributed to over-fishing, pollution of the fish habitat, climate change, destruction of fish breeding places and predators. This has led to influx of cheap fish from China to fill the demand gap, however, there has been allegations of presence of high levels of toxic substances on the fish from China. The government of Kenya through Economic Stimulus Programme has come up with different support programmes for fish farmers to improve productivity. These programmes include support for either pond production or fish cage farming. The challenge with fish pond technology is that it can thrive in swampy areas with reliable water source, which is a challenge to most fishing community along the lake. This has prompted most of them to indulge in fish cage farming which is done within the lake. Fish cage farming is a new technology which will require capacity building of the farmers, reliable supply of inputs such as feeds and cages; which are expensive, constant security to wade off thieves and predators. Since most people around the lake are fish mongers, a market would not be a problem but currently there has been a negative attitude towards cage fish.

Although, fish cage farming is heralded as a promising fish production technology, there are no policies guiding implementation and use of this technology and further lack of fish cage farmers association to voice out the farmers' grievances is making the situation worse.

- a) Carry out a detailed PESTE analysis for this scenario. **[10marks]**
 - b) Achieving future growth is the major focus of the fish cage farmers, what strategies should they consider, explaining how each is applicable to this scenario. **[7marks]**
 - c) How can substitute products pose threats to existing products? **[3marks]**
6. An organization in a vulnerable position as a result of inefficiency and ineffectiveness, has approached you for advice as an agribusiness strategist.
- a) Advise the management on the best strategies to pursue to salvage the organization. **[8marks]**
 - b) Identify two reward systems that the management should align to the strategies identified in (a) above. **[2marks]**
 - c) The price of a product or service conveys many diverse messages to consumers. Explain any four ways the consumer will perceive the price of a product. **[8marks]**
 - d) Why is organizational structure important for strategy implementation? **[2marks]**