



**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 2017/2018**  
**ACADEMIC YEAR**

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**COURSE CODE: AAE 3322**

**COURSE TITLE: AGRIBUSINESS MANAGEMENT PLANS AND STRATEGIES**

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

**DATE:** **EXAM SESSION:**

**TIME:**

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**Instructions:**

Answer **ALL** the questions in section **A** and any **TWO** in section **B**

Do not write on this question paper

Each question in section **B** carries equal marks

**SECTION A [30 MARKS]**

1. The mission statement is an enduring statement of purpose that distinguishes an organization from other similar ones. It describes the reason for the organization's existence.
  - a) Outline some of the components of the mission statement. [6marks]
  - b) How does a mission statement differ from a vision? [2marks]
  - c) Who is a stakeholder in a strategic management process? [2marks]
  
2. An agribusiness organization is in a vulnerable position as a result of inefficiency and ineffectiveness.
  - a) As a strategic manager, advice the organization on the best strategies to pursue. [4marks]
  - b) An agribusiness firm has found itself in an industry where demand is growing more slowly than the economy wide average growth. Explain to the firm any three strategic themes they can pursue to get out of the stagnant quagmire. [3marks]
  - c) Explain when it is applicable to use minimax/maximin rule when choosing a strategy to pursue. [3marks]
  
3. Marketing control involves setting a desired standard, measuring deviations from the standard and taking the appropriate action.
  - a) What is the purpose of strategic control to an agribusiness firm? [2marks]
  - b) As a strategic manager, what approaches would you use in monitoring and evaluating the effectiveness of a marketing strategic control? [2marks]
  - c) A change in strategy requires a change in reward systems. Provide a brief guideline for matching reward systems and strategies with reference to the organizational life cycle. [4marks]
  - d) Why is the organizational structure important in strategy implementation? [2marks]

**SECTION B [40 MARKS]**

**Answer any TWO QUESTIONS in this Section.**

4. Due to climate change, hyacinth infestation and over fishing, the fish stocks and diversity in L. Victoria have declined tremendously. The government through the Economic Stimulus programme has suggested other ways of meeting the fish market demand such as fish pond and fish cage farming. This is amid the influx of fish imports from China which is cheap but is rumored to be a health hazard in terms of chemicals used in preservation. There have been rumours by potential customers that the fish from China is not as tasty as the locally produced ones. Most of the people around the lake and beyond are known to be fish mongers. The success of the economic stimulus programme is likely to be affected by unavailability of cheap and sustainable feed, water shortage, lack of cheap labour and skills in both pond and cage fish farming, negative attitude towards the new technology. However, the government anticipates that these new ways of farming fish would create more job and income opportunities for all the stakeholders within the fish value chain amid advocacy for higher taxes for the fish imports.
- a) Prepare a detailed PESTE analysis for the scenario above.  
[8marks]
  - b) Identify the probable stakeholders with their possible interests/stakes in this scenario. [5marks]
  - c) As a strategic manager of a firm involved in fish business, what contemporary corporate citizenship issues would you consider when setting strategic direction for the firm given the scenario above?  
[4marks]
  - d) What are the corporate strategic opportunities available to fish firms in Kenya in face of fish import influx from China?  
[3marks]
5. An international outlet is considering venturing into Kenyan market. Background check on outlet indicated that it was the first outlet to automate its operations which has saved on labour costs substantially however, the would be potential customers would have to be trained on the usage of these automated services. These will not be a major challenge due to the presence of mobile transfer services. It has also created a café and children play area for its shoppers, which will also be the first one in the country. The fast-growing

middle class has been reported to be driving factor behind the market growth. This class is techno-savvy and would hesitate to try out new things. The political turmoil and economic recess would be some of the challenges it would have to contend with. However, one of the major supermarket chains in Kenya is closing down due to inefficiencies and financial problems.

- a) As the newly appointed strategic manager for the new outlet, prepare a detailed SWOT matrix and advice the owners accordingly. [10marks]
  - b) Outline some of the barriers to entry for this new outlet. [2marks]
  - c) What are some of the disadvantages of SWOT analysis? [4marks]
  - d) Explain any four aspects the new outlet can use to identify its potential competitors. [4marks]
6. ABC supermarket is considering producing most of their groceries and poultry products instead of relying on their suppliers. They have acquired a piece of land within the outskirts of town. However, they are uncertain with returns given the risk scenarios. They have approached you to help them decide on the appropriate enterprise under the following scenario:

<b>Risk occurrence</b>	<b>Probability</b>	<b>Broiler's GM</b>	<b>Layer's GM</b>	<b>Indigenous vegetables GM</b>
Drought	0.45	80,000	75,000	20,000
Diseases	0.2	50,000	40,000	75,000
Price fluctuation	0.35	45,000	45,000	55,000

**GM-Gross Margin**

- a) Calculate the expected returns from the three enterprises and advice the management on the best enterprise to choose given disease occurrence using the maximax rule. [8marks]
- b) Identify the strategy being contemplated by ABC supermarket. [2marks]
- c) When is the strategy applicable? [2marks]
- d) What are the disadvantages of pursuing the strategy identified in (b) above? [2marks]
- e) Explain how a supplier group can be a threat to the existence of firm? [6marks]