



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURAL AND FOOD SCIENCES
UNIVERSITY EXAMINATION FOR DEGREE OF BACHELOR OF SCIENCE IN
AGRIBUSINESS MANAGEMENT
THIRD YEAR SECOND SEMESTER 2013/2014 ACADEMIC YEAR**

REGULAR

COURSE CODE: AAE 3322

COURSE TITLE: Agribusiness Management Plan & Strategies

EXAM VENUE:LR 7

STREAM: BSc (Agribusiness Management)

DATE:9/12/14

EXAM SESSION: 9.00 – 11.00AM

TIME: 2.00 HOURS

Instructions:

- 1. Answer ALL question 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]**

1. (a) Describe the sources/types of agricultural risks. [9 marks]
(b) What mechanisms can be used to manage or reduce such risks? [6 marks]

2. Assuming that you are a farm manager and you have to make a decision on which maize variety to plant. The three maize varieties are H516, Duma 43 and Pannar, each with different outcome under different weather conditions as shown in the payoff matrix.

		Decisions/outcomes (Ksh.)		
Weather	Probability	H516	Duma 43	Pannar
Good	0.2	20000	26000	34000
Average	0.5	10000	14000	15000
Poor	0.3	6000	0	-10000

Explain what is meant by the following decision rules and which variety would you choose under each decision rule. Show how you arrive at your answer.

- (a) Maximin or minimax decision rule. [3 marks]
- (b) Maximax decision rule. [3 marks]
- (c) Maximizing expected value decision rule. [3 marks]
- (d) Minimum returns decision rule, assuming the you want a minimum of KShs. 5000. [3 marks]
- (e) The most likely decision rule. [3 marks]

SECTION B **[40 MARKS]**

3. With the aid of a diagram, describe the functions of management? [20 marks]
4. Describe the decision making process. [20 marks]
5. (a) What is meant by strategic management? List the building blocks of strategic management? [5 marks]
(b) Using examples from agriculture, explain revocability and importance as characteristics of decisions. [5 marks]
(c) Distinguish between operating budgets and cash flow budgets? [10 marks]