



# MACHAKOS UNIVERSITY

University Examinations for 2016/2017

**SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT**

**DEPARTMENT OF ENVIRONMENTAL STUDIES**

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR BACHELOR OF  
AGRIBUSINESS MANAGEMENT**

**KBT 309: AGRIBUSINESS STRATEGY AND MARKETING PLANS**

**Date: 5/12/2016**

**Time: 2:00 – 4:00 pm**

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**Instructions:**

**Answer ALL questions in section A and ANY TWO questions in section B**

**Section A: 30 MARKS**

**QUESTION ONE (COMPULSORY)**

- (a) Define the following terms
- (i) Strategic management (2 marks)
  - (ii) Forward integration (2 marks)
  - (iii) Product positioning (2 marks)
  - (iv) Divestiture (2 marks)
  - (v) Forecasting (2 marks)
- (b) Describe five benefits of strategic management in Agribusiness. (5 marks)
- (c) Explain the critical success factor in a competitive profile matrix (CPM) (5 marks)
- (d) Differentiate between a defensive and diversification strategy. (5 marks)
- (e) Describe three financing functions in strategic management. (5 marks)

## SECTION B: 40 MARKS

### QUESTION TWO (20 MARKS)

- (a) Describe five stages in the strategic management. (10 marks)
- (b) An agribusiness firm located in Nakuru has received an annual performance report. The results of the evaluation reveal that the marketing department did not achieve the targets set by the firm at the beginning of the year. You are invited to attend a strategic management meeting at the firm. What advice would you give in relation to five factors that could lead to an effective strategic management. (10 marks)

### QUESTION THREE (20 MARKS)

- (a) Describe the five forces in the *Porters* model. (10 marks)
- (b) Kobe Agribusiness Company Limited has conducted an external audit. Consequently, the strategic meeting has identified opportunities and threats. Describe five steps that Kobe Agribusiness Company Limited should follow in the development of External Factor Evaluation (EFE) Matrix. (10 marks)

### QUESTION FOUR (20 MARKS)

- (a) Explain five factors that affect the pricing decisions in strategic management. (10 marks)
- (b) (i) Calculate stock turnover ratio from the following information: (5 marks)
- Opening stock Ksh 45000  
Closing stock Ksh 55000  
Purchases Ksh 160000
- (ii) Calculate the debtors turnover from the following information for one year ended 31st March 2006. (5 marks)
- Annual credit sales -500000  
Debtors in the beginning -80000  
Debtors at the end 100000  
Debt to be taken for the year 360 days

**QUESTION FIVE (20 MARKS)**

- (a) Describe five situations under which horizontal integration may be effective. (10 marks)
- (b) Kilo Agro processing Company limited in Kitui have approached you as an agribusiness officer for advice. Describe two approaches that they can use in cost leadership. (5 marks)
- (c) Explain product positioning as a marketing strategy. (5 marks)