



"Investing in Africa's Future"
COLLEGE OF HEALTH, AGRICULTURE & NATURAL SCIENCES

AEC 502 AGRIBUSINESS STRATEGY AND POLICY

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER/DECEMBER 2019

LECTURER: DR K.MUKUMBI

DURATION: 3 HOURS

INSTRUCTIONS

1. Do not write your name on the answer sheet

2. Use Answer Sheets Provided

3. Begin your answer for Each Question on a New Page

4. Credit is Given for Neat Presentation

AEC 502

Answer Question 1 and any other three questions

Question 1

As a consultant you have been asked by an agribusiness owner to advise them on strategies for (1) gaining a sustainable competitive advantage and for (2) operating successfully in the volatile, uncertain, complex business environment in Zimbabwe at the moment. What are your recommendations? (25 marks)

Question 2

A multinational agrochemical company would like to invest in Zimbabwe. Recommend one of the five generic competitive strategies the company can use. Describe the strategy. Justify your choice. (25 marks)

Question 3

You have just acquired a poultry farm. Describe 6 farm diversification ideas for the farm and justify each choice.

(25 marks)

Question 4

You are hired as a consultant by a stockfeed manufacturing company to develop a Corporate Social Responsibility Strategy for the company. Include strategies for each of the 5 components of a CSR strategy. (25 marks)

Question 5

Read the table below and answer the questions that follow.

SWOT ANALYSIS of the Zimbabwean sugar industry

STRENGTHS <ul style="list-style-type: none">• Multiple value added products refined sugar, ethanol, bagasse, molasses, alcohol, sucrose• Adequate water for current production and future expansion needs- total dam capacity in Lowveld is 4 226 mega liters• High levels of sugar production - expected to reach 500,000 metric tons in 2019/2020 season from 460,000 last season• Use of biomass to generate electricity for some mills• Zimbabwe is among the top 10 lowest cost producers of sugar globally• Sugar is second to tobacco in Zimbabwe's foreign currency earnings from agriculture	OPPORTUNITIES <ul style="list-style-type: none">• Renewable energy demand• Fuel shortages an opportunity for increasing ethanol production for blending• Potential to increase exports• Continued expansion through contract farming with smallholder farmers• Organic sugar production
WEAKNESSES <ul style="list-style-type: none">• Low capacity utilization of processing plants• Only 35% of sugar is exported• Obsolete machinery and dilapidated infrastructure• Highly concentrated industry - Tongaat Hulett produces 80% of total sugar production, 20% from private farmers<ul style="list-style-type: none">• Negative environmental impacts of production and processing- air pollution from preharvest burning, pesticide runoff, habitat destruction when clearing land for cultivation	THREATS <ul style="list-style-type: none">• Unstable economy• Hyper inflation• Reduction in consumers disposable income• Exchange rate instability and foreign currency shortages• Erratic electricity power supply• Health concerns on sugar consumption• Substitutes - artificial sweeteners, honey• Climate change• Concerns over lack of competition in the industry• Competition from imports• Land tenure security -disputes between resettled farmers and millers

Based on the SWOT analysis in the table recommend strategies for the Zimbabwe Sugar Association so that the industry can:

- | | |
|-------------------------------------|-----------|
| a) take advantage of its strengths | (6 marks) |
| b) take advantage of opportunities, | (6 marks) |
| c) address weaknesses | (6 marks) |
| d) address threats to the industry. | (7 marks) |