



*“Investing in Africa’s future”*

**COLLEGE OF HEALTH, AGRICULTURE AND NATURAL SCIENCES**

**NAEC201: INTRODUCTION TO AGRIBUSINESS MANAGEMENT**

**END OF SECOND SEMESTER FINAL EXAMINATIONS**

**APRIL 2022**

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**DURATION: 3 HOURS**

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**INSTRUCTION**

Answer all Questions

## SECTION A

*For the multiple choice questions, each question is worth 2 marks. Select and write one letter (A, B, C, or D) as your response.*

1. A(n) \_\_\_\_\_ manager views ethics as inappropriate for the tough competitive business world.
  - A. Moral
  - B. Immoral
  - C. Amoral
  - D. 21<sup>st</sup> century
  
2. \_\_\_\_\_ occurs when managers take advantage of their position to further their own private interests rather than those of the agribusiness enterprise.
  - A. Self-dealing
  - B. Short-termism
  - C. Faulty oversight
  - D. Legalism
  
3. \_\_\_\_\_ management is the ability to prioritize goals, decide what must be done, and be accountable to complete the necessary actions.
  - A. Marketing
  - B. Human resources
  - C. IT
  - D. Self
  
4. Part of a tobacco farm manager's compensation is 10% of the profits obtained from tobacco he produces. This is an example of \_\_\_\_\_ compensation.
  - A. Hardship based
  - B. Total
  - C. Productivity based
  - D. Normal
  
5. An example of a human resource risk is \_\_\_\_\_.
  - A. Perishability of agricultural products
  - B. Global warming
  - C. Inflation
  - D. Injuries
  
6. An agribusiness should

- A. Have a high employee turnover rate
  - B. Hire top managers without sharing ownership in the company with them
  - C. Compensate workers fairly and transparently
  - D. Place unqualified friends or family members in management positions
7. The 7 R's of logistics are: right \_\_\_\_\_, right \_\_\_\_\_, right customer, right price, right place, right condition, right time
- A. promotion, date
  - B. goal, physical evidence
  - C. product, quantity
  - D. process, product
8. A rose farmer in Kenya would like to transport their roses from Kenya to the Netherlands. Which mode of transport would you recommend?
- A. truck to the airport and then by aeroplane
  - B. train all the way from Kenya to the Netherlands
  - C. truck from the farm in Kenya all the way to the Netherlands.
  - D. by pipeline
9. James is a carrot producer and has noticed differences in the sizes and shapes of carrots produced at his farm. One of his customers is a restaurant and they have told James that they require only large carrots that are not deformed. What should James do?
- A. Mix large, small, deformed carrots in such a way that the restaurant manager will only see the small and deformed carrots after delivery and payment, after all Peter needs to maximise his profits and make as much money as possible.
  - B. Grade the carrots by size and shape, then sell the large carrots to the restaurant and the other sizes to other customers at different prices.
  - C. Throw away or giveaway all the small and deformed carrots and only sell the large carrots
  - D. Inform the hotel manager that carrots are part of biological production and so Peter does not have control over size and shape of carrots produced and the restaurant just has to accept the different sizes
10. The following is a supply chain management activity or decision:

- A. Devising a quality program
  - B. Production planning and scheduling
  - C. Designing the layout of operation
  - D. Purchasing of material for production
11. An example of a new or expanded supply chain management objective is:
- A. Reducing transport costs
  - B. Better customer service
  - C. Physical distribution of finished products
  - D. Optimizing inventory levels
12. In 2021 Zimlow sold goods worth \$100 million. The cost of sales was \$70 million. Selling and Marketing expenses were \$1 million. Administrative expenses were \$10 million. Distribution expenses were \$6 million. What is the net profit?
- A. \$ 12 million
  - B. \$ 153 million
  - C. \$ 13 million
  - D. \$ 25 million
13. In 2021 Zimlow sold goods worth \$100 million. The cost of sales was \$70 million. Selling and Marketing expenses were \$1 million. Administrative expenses were \$10 million. Distribution expenses were \$6 million. What is the gross profit?
- A. \$ 30 million
  - B. \$ 13 million
  - C. \$ 130 million
  - D. \$ 1 million
14. A business has the following characteristics: high risk with an uncertain return, weak cash flow, low-to-moderate growth, unproven management. Which type of financing is the most appropriate to use in this case?
- A. Debt financing
  - B. Equity funding
  - C. Personal funds
  - D. None of the above
15. Flower auctions in Holland use a system of \_\_\_\_\_ bids.
- A. Ascending
  - B. Descending
  - C. Stagnant
  - D. Sealed

16. The marketing communication mix includes:
- A. Process, place, price, product
  - B. Product, price, promotion, place
  - C. Advertising, sales promotion, personal selling, public relations
  - D. Public relations, advertising, sales promotion, people
17. Seedco works with a group of seed maize farmers providing them with inputs on credit and extension services. After harvesting Seedco purchases the maize seed from the farmers and deducts the cost of the inputs. Which strategy is Seedco using in this case?
- A. Backward integration
  - B. Forward integration
  - C. Horizontal integration
  - D. Diversification
18. A \_\_\_\_\_ marketing management approach focuses on building and maintaining long term relationships with customers.
- A. product
  - B. production
  - C. societal
  - D. relationship
19. Market intelligence is a/an \_\_\_\_\_ function.
- A. Facilitation
  - B. Exchange
  - C. Normal
  - D. Physical
20. An agribusiness should outsource an activity when:
- A. An activity can be done more cheaply by internal specialists
  - B. An activity can be performed better by internal specialists
  - C. An activity is crucial to achieve a sustainable competitive advantage
  - D. Outsourcing increases the firm's ability to assemble diverse kinds of expertise speedily and efficiently

21. List five advantages of a sole proprietorship and five disadvantages of a sole proprietorship. Your response should be presented in table format. (10 marks)

## **SECTION B**

### **Question 1**

You have been asked to prepare a 2-page article targeted to high school students explaining to them what Agribusiness Management is about. Your response should include the following information:

- a) Definition of Agribusiness Management (2 marks)

- b) The scope of agribusiness management – description of 5 important topics in Agribusiness Management (10 marks)
- c) Explanation of the distinguishing features of the Agribusiness Marketplace (10 marks)
- d) Examples of potential career opportunities in Agribusiness Management (8 marks)

## **Question 2**

*Read the passage below and answer the questions that follow*

### **The theft of macadamia nuts has reached a critical level in the Lowveld.**

Well-organised syndicates, are operating within the city of Mbombela in South Africa. Stolen nuts, suspected to be supplied mostly by farmworkers, are sold to a business in the city which then sells them to two other legitimate businesses, which export them to Maputo and then to a company in the USA. The illegal trade is costing the South African economy hundreds of millions of rand annually.

Macadamias are stolen in various ways and throughout the value chain, as several private investigations have revealed

- 1) Farmworkers are often involved. Stealing occurs during day and night.
- 2) Independent harvesting contractors steal the macadamias. They often sleep in the orchards and work in organised teams.
- 3) Hawkers steal nuts themselves or arrange with thieves to steal.
- 4) Macadamias are stolen from drying bins on farms and processing facilities.
- 5) Macadamia kernels are stolen from processing facilities.

Stolen nuts were a health risk, as it was established that they are often processed to kernel in extremely unhygienic conditions.

Due to the labour-intensiveness of macadamia sorting, the risk for human pathogenic microorganism contamination is high and extreme care needs to be taken when handling the nuts. In the USA, macadamias have the highest

incidents of recalls due to salmonella contamination by the Food and Drug Administration.

Macadamias are viewed as a premium product and are the most expensive nut on the global market. Apart from the R200 million that is a direct loss to farmers in 2017, the biggest impacts that stolen macadamias have on the industry and economy cannot be quantified. These are the degradation of its reputation and status as premium nut and erosion of prices.

- a) You have been hired as a farm manager at an 800ha macadamia farm  
i. What can you as the manager do to prevent and reduce theft on your farm? Justify your responses. (20 marks)

**End of Examination Paper**