



*“Investing in Africa’s future”*

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

**NAEC201: INTRODUCTION TO AGRIBUSINESS MANAGEMENT**

**END OF SECOND SEMESTER FINAL EXAMINATIONS**

**MAY 2021**

**LECTURER: DR. K. MUKUMBI**

**DURATION: 7 HOURS**

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**INSTRUCTIONS**

Answer **ONE** question only

All questions carry equal marks (100)

## QUESTION 1

Read the passage below and answer the questions that follow.

a) You are an agribusiness loan officer. A client, a recent graduate from AU approaches you with an application for a loan. Below are the details you gather from the completed loan application form and from talking to the client.

- The graduate wants to go into greenhouse tomato production.
- The graduate studied Horticulture and had taken several introductory classes in Agribusiness.
- The graduate has 1 year work experience on a horticulture farm.
- The graduate wants to work alone on this venture.
- The graduate has no savings to invest in the new enterprise.
- The graduate does not have any debt.
- The graduate does not own a house or a car.
- The graduate currently does not have any income coming in at the moment and is staying at home with their parents.
- The graduate would like to borrow \$30 000 to cover the initial set up costs of the new business.

i. As the loan officer would you lend money to graduate? Why or why not?

Your response should be in essay format and should be guided by the CAMPARI framework. (21 marks)

ii. Advise the AU graduate on what they can do to make their loan application more attractive to the lender. (20 marks)

iii. Advise the AU graduate on alternative types/ sources of funding. Explain why each of the sources you are mentioning would be more beneficial to the AU graduate. (20 marks)

b) i. On completion of your exams your family asks you what you learned in the Introduction to Agribusiness Course. Identify and describe ten agribusiness marketing concepts, principles, theories that you have learned in this course. (10 marks)

- ii. Explain to your family how knowledge of each agribusiness marketing concept mentioned in (i) will assist in running a small family agribusiness enterprise successfully. (20 marks)
- c) As an agribusiness manager what can you do ensure that the 7R's of logistics are successfully implemented in your business. (9 marks)

**End of Question 1**

## QUESTION 2

- a) You are an agribusiness management consultant. A client, Ms. A approaches you requiring assistance in preparing an application for a loan. Explain in a step by step process what you will do to assist Ms. A to ensure that she is successful in getting the loan. Your response should include 10 key points, each explained and justified. (30 marks)
- b) For each of the scenarios below describe which legal form of agribusiness would you recommend? Justify your response.
- i. A smallholder sugarcane farmer working alone faces high input costs and does not have much bargaining power with the sugarcane mills. However, a group of smallholder sugarcane farmers decide to work together so that they can reduce some costs by buying inputs together, buying in bulk and negotiating for discounts. (5 marks)
  - ii. After graduation, you and your classmate decide to start an agribusiness consulting company. You have a degree in Horticulture and they have a degree in Agribusiness. (5 marks)
  - iii. You would like to launch a precision agriculture company. Precision agriculture is an approach to farm management that uses technology to ensure that crops and soil receive exactly what they need for optimum health and productivity. You will need \$10million to develop and market the products. (5 marks)
  - iv. Your uncle is looking for a legal form that allows him to set up quickly and cheaply where he has full control of the decision making in the business and all the profits. He would like to set up a small maize mill for people in the community to have their maize grain processed into mealie meal. He does not intend to grow the business beyond the one maize mill plant. (5 marks)
- c) i. Identify and describe 10 of your favorite agribusiness concepts that you have learned in the Introduction to Agribusiness Management class. (10 marks)

- ii. For each concept explain how you will apply each concept mentioned in (a) in your career either as an agribusiness manager or owner of an agribusiness enterprise. (20 marks)
- d) How can an agribusiness manager motivate their employees in the following circumstances?
- i) A newly established small agribusiness market research enterprise with limited financial resources (10 marks)
  - ii) A large multinational agrochemical enterprise with a healthy budget for human resources. (10 marks)

**End of Question 2**

### QUESTION 3

- a) You are an agribusiness management consultant. A client, Mr. B approaches you requiring assistance in preparing an application for a loan.
- i. Explain to your client how banks evaluate loan applications. (10 marks)
  - ii. Provide 10 tips that will enable Mr. B to be successful in his loan application (10 marks)
- b) You have been asked to write an article for the local newspaper, the *Manica Post* on Agribusiness that informs people on what agribusiness is about. Your response should include
- a) Unique characteristics of the agribusiness sector and how they affect marketing and operations management decisions. (10 marks)
  - b) Identification and description of 10 key agribusiness concepts, principles, theories that you have learned in this course. (20 marks)
  - c) An explanation of how each concept mentioned in (a) can help a farmer move from subsistence farming to commercial farming. (20 marks)
  - d) Low productivity is a problem in some enterprises. How would you address the problem of low productivity in the following cases?
    - i. A dairy farm – low milk production (10 marks)
    - ii. Sales representatives of a stock feed company- low sales (10 marks)
    - iii. Research and development unit of a seed company. -low output of new varieties and very slow process (10 marks)

**End of Question 3**