



Strathmore
UNIVERSITY

STRATHMORE UNIVERSITY BUSINESS SCHOOL

MASTER OF MANAGEMENT IN AGRIBUSINESS

END OF SEMESTER EXAMINATIONS

MMA 8104: DECISION ANALYSIS AND RISK MANAGEMENT IN AGRIBUSINESS

Date: Friday, 8th February 2019

Time: 3 Hours

Instructions

1. This question paper consists of **FOUR (4)** questions.
2. Answer Question **ONE** and **ANY OTHER TWO** questions.

Question 1(Compulsory) (30 Marks)

- a) Ross and Ward (1996) use the term naïve realism to describe the widespread belief that the way we see the world is the only sensible view. For most of us, the naïve view that our perspective is the only legitimate one is the default.
- (i) Present and analyze the theoretical and conceptual basis of this view. **(10 Marks)**
 - (ii) Give one example how this viewpoint can affect managerial decisions. **(10 Marks)**
- b) One of the major challenges managers face today in making managerial decisions is the shifting skillsets. Staffing is faced with the challenge of attempting to nail exactly what skills a candidate has, and what that means. Today's market puts a premium on both education and experience, and those lacking either can have their resumes discarded instantly. Thus, to stay competitive, candidates are frequently advised to 'wiggle' their qualifications to suit the skillsets demanded by a job; for example, a cashier applying for a job as a secretary might say have experience in customer service, accounting and team management (which is true, if you agree to the candidate's perspective). As a manager, how do you balance between screenings with performance. **(10 Marks)**

Question 2 (20 Marks)

Decisions with multiple objectives cannot be resolved by focusing on any one objective.

- a) Discuss the ramification of this statement. **(5 Marks)**

- b) Show, with the aid of an example, how do you make tradeoffs among such widely disparate objectives? **(15 Marks)**

Question 3 (20 Marks)

Because life is full of uncertainties, many of the decisions you make as a manager will involve calculated risks: investing in a mutual fund, asking for a raise or promotion, starting a business, launching a new product. You can't snap your fingers and make the uncertainties go away. But you can raise the odds of making a good decision in uncertain situations.

- a) How do you distinguish a smart choice from good consequences? Use an example to illustrate a smart choice having a bad consequence and a poor choice with a good consequence. **(10 Marks)**
- b) Demonstrate how do you use risk profiles to simplify decisions involving uncertainty? **(10 Marks)**

Question 4 (20 Marks)

Consider the following two problems:

Problem A. A company is making a small profit. It is located in a community experiencing a recession with substantial unemployment but no inflation. Many workers are anxious to work at the company. The company decides to decrease wages and salaries 7 percent this year.

Sixty-two percent of respondents thought the company's behavior was unfair.

Problem B. A company is making a small profit. It is located in a community experiencing a recession with substantial unemployment and inflation of 12 percent. Many workers are anxious to work at the company. The company decides to increase wages and salaries 5 percent this year.

Twenty-two percent of respondents thought the company's behavior was unfair.

Analyse the two problems and explain why the judgment on fairness of the respondents differ.

(20 Marks)