



Strathmore
UNIVERSITY

STRATHMORE UNIVERSITY BUSINESS SCHOOL

MASTER OF MANAGEMENT IN AGRIBUSINESS

END OF SEMESTER EXAMINATIONS

MMA 8106: COOPERATIVE DEVELOPMENT AND MANAGEMENT FOR AGRIBUSINESS

Date: Friday, 17th August 2018

Time: 3 Hours

Instructions

1. This question paper consists of **FOUR (4)** questions.
2. Answer Question **ONE** and **ANY OTHER TWO** questions.
3. Marks will be awarded on the basis of clear exposition of your ideas, precision in the use of language and the validity of your logic.
4. Where relevant, show all your workings on the answer sheet provided.

Question 1(Compulsory) (30 Marks)

Read the case study provided “**COMPFED: THE DAIRY COOPERATIVE DISTRIBUTION SYSTEM**” and answer the following questions:

- a) Discuss **FOUR** role of cooperatives in India and **FOUR** benefits of designing distribution channels using the Anand pattern versus agents? **(12 Marks)**
- b) Propose **TWO** alternative ways COMPFED can deal with the competition it is facing on the milk procurement front. **(8 Marks)**
- c) Using the **FOUR** pillars of cooperative governance, discuss how they apply in the Indian Cooperative sector. **(8 Marks)**
- d) What steps should Mr. Verma do to create awareness about COMPFED’s unique services among existing and potential milk producers? **(2 Marks)**

Question 2 (20 Marks)

Based on the article from the reading list: *Why projects fail: Knowledge worker and the reward effect, Journal of the Knowledge Economy:*

Required:

Explain fully, and including diagrams, the possible mechanics according to the articles claim explaining why cooperation can easily fail.

Question 3 (20 Marks)

Giving relevant examples, analyze **FIVE** factors that characterize the values and principles of cooperatives as culture.

Question 4 (20 Marks)

As a farmer-owned cooperative, South Dakota Wheat Growers (SDWG) serves the needs of its 3,600 active farmer-members by supplying farm inputs and organizing the marketing and transportation of grain produced in the co-op's service territory. For almost 80 years, the majority of grain was shipped out of the area by rail to markets in the East and the Pacific Northwest. However, the recent expansion in ethanol production is changing the pattern of grain flow along with stimulating the local farm economy. SDWG's management and producer board must decide how to continue to meet the needs of their producer-owners under the new conditions. Given the changed operating environment, the board of SDWG is considering performing risk assessment for the cooperative.

Required:

- Outline **FOUR** roles of the SDWG's board in relation to risk management. **(8 Marks)**
- The board and the management of SDWG have embarked on a risk management process for the cooperative.

Required:

Providing relevant and specific examples in each case, outline the steps that the board and management are expected to undertake when performing the risk management exercise.

(10 Marks)

- For the year just ended, you are provided with the following summary financial information relating to SDWG:

| | 2017 | 2016 |
|--------------------------|--------------|--------------|
| | Shs. '000 | Shs. '000 |
| Sales and service income | 43,462,300 | 44,664,400 |
| Cost of sales | (39,491,700) | (40,960,000) |
| Gross profit | 3,970,600 | 3,704,400 |
| Other revenue | 678,800 | 674,500 |
| Total gross revenue | 4,649,400 | 4,378,900 |
| Operating expenses | (4,135,300) | (4,024,200) |
| Net profit before tax | 514,100 | 354,700 |
| Income tax | (99,291) | (92,817) |
| Dividend to members | (452,408) | (312,136) |
| Retained profits | (37,599) | (50,253) |
| | | |
| Total assets | 17,720,200 | 15,614,300 |
| Total liabilities | 10,523,600 | 9,035,600 |
| Equity | 7,196,600 | 6,578,700 |

Required:

Briefly comment on the financial performance of SDWG cooperative for the two years.

(2 Marks)