

The
Management
University
of Africa



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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

LSO 506: VALUE CHAIN MANAGEMENT

DATE: 30TH JULY 2024

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. DO NOT write on this question paper.
3. This paper contains FOUR (4) questions.
4. Question ONE is compulsory.
5. Answer any other TWO questions.
6. Question ONE carries 30 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

Case study: Vegetables Value Chain in Pakistan

Investigation of value chains of vegetables in Pakistan used the same performance measures as used in the fruit supply chain analysis. The study was based on vegetable marketing system in major vegetable growing and consuming areas of Sindh province. The study reported that vegetables supply chains are inefficient because of the long chain of market intermediaries, ineffective price information system, inadequate physical facilities and power concentration of a few traders.

They interviewed 465 growers of tomatoes, onions and chilies and various marketing intermediaries involved in the marketing of these vegetables. It was reported that the existing vegetables marketing system consists of assembly markets, wholesale markets and terminal markets. Assembly markets, usually small in size, are situated close to the farm gate, where farmers sell marketable surplus of vegetables. Traders, shopkeepers and retailers buy from these markets. Price is directly negotiated between buyer and seller. Producers prefer to sell larger quantities in wholesale markets located in a district town or a major sub-division. These markets have storage, transportation and communication facilities. Permanent offices and auction floors have been constructed in these markets.

Almost every trader (commission agent) has sufficient space in the market to store produce for a few days (free of cost) or for longer periods for a nominal charge. Commission agents also provide lodging and boarding facilities to the contractors and producers, who bring their produce from long distance. Participants in these markets include commission agents, wholesalers, retailers, shopkeepers and weighing men. Terminal markets are generally situated in large urban centers. These markets process the large marketable surplus and route vegetables for export to various international markets.

Traders in terminal markets are usually wholesalers who supply agricultural products to firms and industries for processing and to the retailers and shopkeepers. Traders in these markets have access to modern facilities for approaching their

agents in **other national and international** markets. It was noted that onion growers mostly supply produce to wholesale market (60 percent), followed by terminal markets (30 percent) and assembly markets (10 percent). Wholesalers supply 70 percent to other wholesalers, 20 percent to exporters and 5 percent to shopkeeper.

Source:

<https://cdm15738.contentdm.oclc.org/utils/getfile/collection/p15738coll2/id/127371/file/127582.pdf>

Required:

- a) Based on the case study, discuss the role of the intermediaries in the tomato value chain in Pakistan. (10 marks)
- b) Describe the value adding activities in the vegetables supply chain in Pakistan. (10 marks)
- c) Based on the case study analyze possible reasons why the smallest percentage (10%) of onions ends up in the assembly markets. (10 marks)

QUESTION TWO

- a) A three-star restaurant with established branches in various parts of the country has hired your services as a consultant to advise it on a suitable purchasing structure to adopt. Explain the factors that would influence your recommendation for a devolved purchasing structure for the firm. (10 Marks).
- b) Explain the challenges which the firm is bound to face with the adoption of a devolved purchasing structure. (5 Marks)

QUESTION THREE

- a) Explain using appropriate examples the role of benchmarking in value chain analysis in an organisation/ industry or sector. (7 marks)
- b) Analyse with reference to a particular organisation/ industry or sector the merits of sourcing from a single source. (8 marks)

QUESTION FOUR

- a) Most traditional performance measurement's as used in purchasing and supplies management are part of minimum performance measurement in value chain analysis. Discuss. **(10 marks)**
- b) Early supplier involvement tends toward "long term relationship" between buyers and suppliers. With the aid of relevant examples, discuss the arguments for and against in the context of supply chain integration **(5 Marks)**