



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

FOURTH YEAR SPECIAL/ SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

AGB 406 : ANALYSIS OF AGRICULTURAL INSTITUTIONS

DATE: 21/1/2021

TIME: 8.30-10.30 AM

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## INSTRUCTIONS:

Answer question one and any other two questions

### QUESTION ONE (30 MARKS)

- a) Define the following terms as used in institutional analysis
  - i. Adverse selection (2 marks)
  - ii. Market (2 marks)
  - iii. Institutions (2 marks)
- b) Differentiate between institutionalized forms of collective action and the everyday usage of the term collective action (6 marks)
- c) Explain three performance indicators used to analyze institutions (6 marks)
- d) Differentiate between political institutions and political power (6 marks)
- e) Explain three contributions of Institutional Theory in institutional analysis (6 marks)

### QUESTION TWO (20 MARKS)

- a) Describe 5 types of typical agricultural contracts (5 marks)
- b) When a person opposes an existing institution are they necessarily wrong? Critically discuss (5 marks)
- c) State five assumptions of institutional economics that distinguish the discipline from classical economics (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain how and why modern information technology might affect the size of firms (4 marks)
- b) Using examples, explain the three forms of market coordination (6 marks)
- c) With examples, explain five main sources of transaction costs that an agribusiness entrepreneur is likely to face (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the cost theory of the theory of the firm (4 marks)
- b) Explain two motivations for producer collective action in Kenya (6 marks)
- c) Explain the role of functioning institutions in economic development of developing economies (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain 5 types of property rights (5 marks)
- b) With relevant examples, differentiate between non-productive entrepreneurship and destructive entrepreneurship (5 marks)
- c) Describe using examples 5 institutional challenges that characterize Kenyan agriculture, and how provide explanations of how the challenges have affected development of the sector (10 marks)