



# **GRETSA UNIVERSITY - THIKA**

## **UNIVERSITY EXAMINATIONS MAY - AUGUST 2018 SEMESTER**

### **BACHELOR OF COMMERCE**

**COURSE CODE: BCPS 200**

**COURSE TITLE: PURCHASING AND SUPPLY MANAGEMENT**

**DATE: 7 AUGUST 2018**

**TIME: 3.00PM-6.00PM**

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#### **INSTRUCTIONS TO CANDIDATES**

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

**CAUTION:** *All exam rooms are under CCTV surveillance during the examination period.*

## **SECTION A: COMPULSORY**

### **Question One**

**Read the extract below and use it to answer the questions that follow.**

Traditionally, purchasing has been considered to be an exchange activity between buyers and sellers for a mutual benefit. To some extent, this is the basic nature of purchasing and it will never be obsolete in a small operations scale. However, the leverage of strategic purchasing has been gradually recognized by practitioners and researchers over decades. With an integrated vision, purchasing is no longer a basic function in the organizational structure. Rather, it is now a potential area to develop in order to optimize the input performance specifically in inbound logistics and generally in logistics operations. A strategic development applied in purchasing requires company's ambition for establishing long-term relationships with their suppliers, negotiating total cost reduction and creating value-added features in supplier partnerships.

#### **Required:**

a). Describe the evolution of Purchasing from its Traditional practice to the modern Purchasing practices. **[8**

**marks]**

b). Due to the strategic development of Purchasing and Supply, organizations are enjoying various value adding benefits of purchasing. Discuss. **[10**

**marks]**

c). Organizations are employing the concept of Partnership sourcing as a way of efficiently their material supply. Argue out the benefits associated with this practice. **[12**

**marks]**

d). Negotiations play a critical role in any Purchasing process. Describe the process of Negotiating for critical Items. **[10 marks]**

## **SECTION B: ANSWER ANY THREE QUESTIONS**

### **Question Two**

Purchasing Research has become necessity for any Purchase organization due to the dynamics in the Purchasing environment.

i). Examine the key drivers of Purchasing Research. **[10**

**marks]**

ii). Discuss the various approaches to Purchasing Research [10 marks]

### Question three

a) Supplier evaluation or appraisal is the measurement of supplier performance and should be undertaken before accepting a potential supplier as suitable. Examine the key reasons why Supplier evaluation is key to any Purchase organization. [12 marks]

b) Elaborate on the various methods used to evaluate suppliers [8 marks]

### Question Four

a) The practice of e-procurement has been adopted in all sectors, both in the private and Public sectors. Elaborate on the key driving reasons to this rapid adoption of the practice in these sectors. [12 marks]

b) Despite the numerous laws and regulations, there is still increased Fraud in the field of procurement. Other than computer-based fraud that is mainly driven by the use electronic systems, discuss other Procurement related frauds. [8 marks]

### Question five

a) Most of the vehicles bought in Kenya is done from international markets like Japan and Germany. Explain the main difficulties that those who are involved international buying have to deal with on a daily. [10 marks]

b) Jubilee Feeds Ltd. is planning to stock a new product. The Company. Has developed the following information: Annual usage = 5400 units Cost of the product = Ksh. 365 per unit Ordering cost = Ksh.55 per order Carrying cost = 28% of the unit cost per year inventory

#### Required

i. Determine the optimal number of units per order. [4 marks]

ii. Find the optimal number of orders/year [3 marks]

iii. Find the annual total inventory cost [3 marks]