



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY-APRIL 2025 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCPS 200

COURSE TITLE: PURCHASING AND SUPPLY MANAGEMENT

DATE: APRIL 2025

TIME:

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **TWO** 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 Case below and use it to answer the questions that follow.

According to the New York Times, on September 3 of 2013, Microsoft announced a deal to acquire Nokia's handset and services business for \$7.3 billion. The agreement marked a bold move to the side of Microsoft to upgrade its game in the handset competition. Additionally, it would end the struggle for Nokia to re-enter the phone market where it once ruled.

The deal explored the dynamics behind the negotiation that has made Nokia join forces with Microsoft. Both sides had a strong urge to join forces. Through the years, the struggle of Nokia to re-enter the phone market has lost significant ground to smartphone manufacturers such as Samsung and Apple. It has failed to keep up with the latest innovation in the market which has severely impacted its profitability. Nokia's underperforming handset business has made its focus on telecommunications equipment, mapping business, and patent portfolio. Steve Ballmer, the previous CEO of Microsoft, first approached Nokia's CEO, Stephen Elop, for a possible acquisition during the Mobile World Congress industry [conference](#) in Barcelona.

Their first meeting started the discreet negotiation between Nokia and Microsoft.

Solution:

Microsoft's acquisition of Nokia meant that it had to know its cultural background before negotiating. According to a report from the Program on Negotiation at Harvard Law school, there are four simple rules to handle cultural differences in international negotiations. First, you must research your supplier's culture. In the case of Microsoft, it must know the culture of Nokia to know what are the dos and don'ts in their negotiation. Second, you must show respect for cultural differences. Microsoft had to understand the value system of Nokia. Third, you must be aware of how others may perceive your culture. Microsoft needed to carefully analyze how its gestures in the negotiation may affect the deal. Being aware of their culture will allow you to be able to adjust your negotiation in order to close the deal. Lastly, you must always find ways to bridge the cultural gap. The cultural differences created division between Microsoft and Nokia. Microsoft knew how to come to terms with Nokia, the negotiation process was much easier than being insensitive to each other's perspectives.

Required:

a). Define the concept of Negotiation as used in Purchasing management and clearly examine the key reasons why Nokia had to engage in a detailed negotiation process with Microsoft.

[12 marks]

b). As an expert in Procurement, explain the various approaches to Negotiation and clearly the main distinct characteristics of each.

[8 marks]

c). Describe the main stages Microsoft and Nokia had to go through in their professional negotiation Process.

[12 marks]

d). Elaborate on Four main Qualities of a good Negotiator.

[8 marks]

SECTION B: ANSWER ANY TWO QUESTIONS

Question Two

Supplier Sourcing is a critical stage in any buying process and getting information about potential suppliers doubles the challenge in the sourcing process.

a). Discuss the key main sources of information about the Financial position of potential suppliers.

[8 marks]

b). The decision on where to buy or source material from is influenced by a number of factors. Discuss.

[8 marks]

a)

Question three

There is an increase of fraudulent activities in the procurement departments especially in the public sector, despite there being a code of conduct that governs the behaviour of practitioners.

a). Discuss the key causes of unethical practices within purchase organizations. **[10 marks]**

b). Evaluate the key benefits that accrue to an organizations that buys/purchases ethically.

[10 marks]

Question Four

a) Both Buyers and Sellers gain various benefits from a good quality control system institutionalized within an organization. Discuss. **[10 marks]**

b) Kenya Bureau of Standards (KEBs) is a Government agency responsible for governing and maintenance of quality standards. Examine the key Roles played by KEBs as far as quality standards are concerned. **[10 marks]**

Question five

a) Product Specifications is one of the main role that Procurement managers are involved in. Examine the various approaches that that they adopt in order to develop specifications that properly balance product quality characteristics and product cost. **[12 marks]**

b). Explain the key main roles played by specifications in the procurement process.

[8 marks]