



# MACHAKOS UNIVERSITY

## SCHOOL OF BUSINESS AND ECONOMICS

### DEPARTMENT OF BUSINESS ADMINISTRATION

#### DIPLOMA IN SUPPLY CHAIN MANAGEMENT

##### 2903/201 PURCHASING MANAGEMENT

**JAN-MAY 2021 END OF SEMESTER.EXAM. MODULE TWO**

**ANSWER ANY FIVE QUESTIONS**

**TIME ALLOWED: THREE HOURS**

- 1.a) Explain **five** ways in which the Kenya Institute of Supplies Management (KISM) may enhance professionalism among its members. (10marks)
- b) Highlight **five** disadvantages to an organization of decentralizing its supply chain function in its operations. (10marks)
- 2.a) Explain **five** advantages that an organization derives from enhancing integrity in its procurement process. (10marks)
- b) Tenny Company Limited has decided to use sampling method instead of the whole batch (100%) method of inspection for the material received from suppliers. Explain five reasons that led to this decision. (10marks)
- 3.a) Highlight five weaknesses that are associated with the adoption of the Tactics approach while negotiating a purchase contract. (10marks)
- b) As an expert in Supply chain management, outline **five** dimensions that may define the quality of materials. (10marks)
- 4.a) A certain company has been acquiring its material requirements from a perfect market. Outline five features of such market (10marks)
- b) Explain why some companies are reluctant to decentralize their supply chain management functions. (10marks)
- 5.a) Lakky company Ltd which has been operating its procurement activities under the finance department has decided to set up an independent purchasing department. Explain the reasons that may have influenced the Company's decision. (10 marks)

b) A contractor who has been working on a project for an organization has bought a gift to the project procurement officer. Explain five ways in which the procurement officer should treat the contractors gift (10marks)

6.a) As a purchasing Manager, highlight **five** guidelines which should be followed to ensure fairness in a competitive tendering process. (10 marks)

b) Explain **five** pricing strategies that a supplier may adopt for his materials in a market structure. (10marks)

7.a) Highlight **five** features which distinguish the adversarial negotiation approach from the partnership negotiation approach in procurement. (10 marks)

b) Outline **five** types of costs that a Manufacturing firm may incur in an effort to prevent defective materials from reaching the customer. (10 marks)