MACHAKOS UNIVERSITY

University Examinations 2022/2023

DIRECTORATE TVET

FIRST YEAR FIRST TERM END OF TERM EXAM FOR

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE II

2903/201 PURCHASING MANAGEMENT

DATE: 29/3/2023 **TIME: 8:30 – 11:30 AM**

INSTRUCTIONS: ANSWER ANY FIVE QUESTIONS

1. a) Explain Five challenges that the Kenya Bureau of Standards (KEBS) may face in enforcing quality standards in Manufacturing. (10 marks)

   b) Explain Five areas where quality assurance Programmes may be used to improve quality of products an organization obtains from its suppliers. (10 marks)

2 . a) 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. (10 marks)

   b) As an expert in Supply chain management, outline **five** dimensions that may define the quality of materials. (10 marks)

3. a) Explain why some companies are reluctant to decentralize their supply chain management functions. (10marks)

   b) Laky company Ltd, which has been operating its procurement activities under the finance department has decided to set up an independent purchasing department. Explain Five reasons that may have influenced the Company's decision. (10 marks)

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

b) Explain Five ways in which a purchasing organization can develop its suppliers. (10 marks)

5. a) Modern day purchase goes beyond mere obtaining goods & services for an organization. In reference to this statement, explain Five primary objectives of a purchasing unit in an organization. (10 marks)

b) Organizations are paying more attention to quality of products than ever before. Explain the factors that may have led to the emphasis on quality by an organization. (10 marks)

6. a) Explain Five benefits that an organization may accrue from centralizing its purchasing operations. (10 marks)

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

7. a) As part of their purchasing management strategy. Tawala Company Limited has adopted the Total Quality Management (TQM) Technique. Highlight Five benefits that may accrue to the organization from such a move. (10 marks)

b) Jammu Company Limited has adopted a horizontal organization structure for its purchasing department. Highlight Five advantages of such a structure. (10 marks)