



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE (PROCUREMENT OPTION)

BMS 427: INTERNATIONAL PURCHASING

DATE: 9/5/2019

TIME: 11.00-1.00 PM

INSTRUCTIONS: Attempt Question ONE and any other TWO question

QUESTION ONE (COMPULSORY) (30 MARKS)

Case: Who will go to Saudi Arabia?

Two senior vice presidents, Robert (Vice President of international sales) and Kate (Vice President of personnel) disagree on whom to send to Saudi Arabia to negotiate with the management of Zaid International PLC for the sale of two major computer installations worth approximately 35\$ million. CC Company has an excellent products and enjoys a good reputation in the area. With effective negotiation they are certain they can make a profitable sale. There are two candidates for the job, Jane and Bill:

Jane: MBA degree, 6 years' international experience with CC Company, has successfully negotiated two major sales to firms in Norway and Sweden.

Bill: has an excellent reputation and has a broad understanding of the product line just as Jane. His only international experience was two years ago, when he accompanied a senior executive to Japan to help negotiate a major sale, and he did a crucial role in the negotiation.

Based on the case:

- a) Identify **two** likely decision contentious issues (4 marks)
- b) Considering cultural issues in international purchasing environment, who between Jane and Bill is most suitable for the assignment? support your answer with **two** well explained points. (6 marks)
- c) Given the situation in the case, do you think Zaid International PLC should consider the services of International Purchasing Office-IPO? Discuss four points in support of your answer (10 marks)
- d) Explain five reasons driving Zaid International PLC of Saudi Arabia to purchase procurement installation services from an offshore firm? (10 marks)

QUESTION TWO (20 MARKS)

- a) Use a four points table to differentiate between Domestic sourcing and Off-shore sourcing (10 marks)
- b) In five points, explain the relationship between Organization goals and offshore procurement plan (10 marks)

QUESTION THREE (20 MARKS)

- a) Explain five drivers of offshore buying program (10 marks)
- b) Discuss five values of Information Communication Technology to a procurement department practicing international purchasing. (10 marks)

QUESTION FOUR (20 MARKS)

- a) State five International buyer obligations (10 marks)
- b) Discuss five advantages of Preferential Trade Agreements on international purchasing (10 marks)

QUESTION FIVE (20 MARKS)

- a) Antitrust laws and trade acts are meant to address questionable business activities or practices. Discuss any five examples of the questionable business activities or practices which the antitrust laws and trade acts is meant to address. (10 marks)
- b) Explain five global trade barriers Kenya is likely to use to protect manufacturing industry (10 marks)