



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT

BPC 2202: PRINCIPLES OF PURCHASING POLICY AND ORGANIZATION

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2015

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Two printed pages.

QUESTION 1 (Compulsory)

- a) Explain what you understand purchasing manual and outline any **FOUR** of its advantages. (10 marks)
- b) Explain the **THREE** main steps in the process of strategic planning. (12 marks)
- c) Explain any **FOUR** circumstances when a company may prefer backward intergration strategy. (8 marks)

QUESTION 2

- a) Explain the strategies formulated at corporate and business level emphasizing on their main concern. (15 marks)
- b) Highlight the characteristics of good purchasing objectives in driving the purchasing strategy. (5 marks)

QUESTION 3

- a) Appropriateness of a strategy for implementation can only be done through proper evaluation. Explain in brief the **FOUR** principles of strategy evaluation. (8 marks)
- b) Define organization structure and explain briefly the **THREE** basic structures found in most organizations. (12 marks)

QUESTION 4

- a) Coordination is the glue that holds the organization together. Explain the **FIVE** mechanisms of coordination. (10 marks)
- b) Centralized purchasing has advantages seen from the economies of scale, easy coordination and control, but has also limitations. Highlight any **FIVE** disadvantages of a centralized purchasing function. (10 marks)

QUESTION 5

- a) Outline any **FIVE** factors emphasizing the importance of purchasing policies. (10 marks)
- b) Briefly explain concerns of post strategy implementation evaluation and the criterias used to evaluate. (10 marks)