



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT

BPC 2202: PRINCIPLES OF PURCHASING POLICY AND ORGANISATION

END OF SEMESTER EXAMINATION

SERIES:AUGUST2019

TIME:2HOURS

DATE:Pick DateAug2019

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

Question ONE

1. a.) To establish and maintain competitive position in the market strategic purchasing has increasingly become one of the key tools a company can use to ensure such competitiveness.
Define strategic purchasing and explain FOUR situations it can be a desirable approach to acquiring especially raw materials and components from suppliers
(10 Marks)
- b.) Briefly explain what is meant by strategy evaluation and explain the FOUR principle criterion used as
a basis for evaluating alternative strategies
(10 Marks)
- c.) Explain any FIVE characteristics of effective purchasing policies
(10 Marks)

Question TWO

2. a.) A strategy is a pre-determined course of action used to move an organization from its current state to a desired state. Outline FIVE factors that emphasize the importance of a strategic plan. (14 Marks)
- b.) Explain briefly the various functions performed by the purchasing department of the organization. (10 Marks)

Question THREE

3. a.) The purchasing position in an enterprise can be in a continuum between reactive on one hand and proactive on the other. Explain FIVE factors that can affect the purchasing position in a business organization structure. (10 Marks)
- b.) Describe circumstances under which a company can adopt backward integration strategy. (10 Marks)

Question FOUR

4. a.) Explain the FIVE purchasing policies that define the conduct of purchasing personnel in the organization (10 Marks)
- b.) Briefly describe a functional structure and any FOUR of its advantages (10 Marks)

Question FIVE

5. a.) Describe briefly the steps in strategic planning process (10 Marks)
- b.) Write short note on the following
- I. Centralized purchasing organization (2 Marks)
 - II. Diversification strategies (4 Marks)
 - III. Basic levels of management in the organization (4 Marks)