



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

Department of Management Science

DEPARTMENT OF BUSINESS STUDIES

END OF SEMESTER EXAMS FOR BACHELOR OF COMMERCE
(PROCUREMENT OPTION)

BPC 4405: NEGOTIATIONS & MANAGEMENT OF PURCHASING RELATIONSHIPS

CLASS: YEAR FOUR SEMESTER ONE

AUGUST 2019

TIME: 2 HOURS

INSTRUCTIONS:

- Answer question **ONE (Compulsory)** and any other **TWO** questions.
- Marks are allocated and the end of each question

This paper consists of THREE printed pages.

QUESTION ONE (30 MARKS)

a) Using the buyer-seller relationship spectrum, explain the various types of buyer supplier relationships and indicate the key issues to consider in managing the various types of relationships.

(10 Marks)

b) Explain the applicability of the supply positioning model in managing the relationship with the suppliers of the various commodities that a firm buys.

(10 Marks)

c) A negotiation strategy requires that you decide upon and prepare the tactics-or a set of tactics that you can use when negotiating. With examples, discuss some of the tactics that can be considered during negotiations.

(10 Marks)

QUESTION TWO (20 MARKS)

a) Clearly explain the various steps that are followed when solving a conflict between buyers and sellers in the context of purchasing and supply relationships.

(10 Marks)

b) Price and cost will be central elements of virtually every negotiation. Distinguish between cost-based pricing and demand-based pricing and clearly explain when demand-based pricing can occur.

(10 Marks)

QUESTION THREE (20 MARKS)

a) Termination of a contract unless the arrangement has run its normal course is a serious event in purchasing and supply relationships. With examples, explain the reasons why a buyer-seller relationship may be terminated.

(10 Marks)

b) A warm negotiator will typically focus on the human relationships involved and be perceived as open, accessible and a good listener. With examples, explain the weakness of a warm negotiator and give suggestions on how to deal with them.

(10 Marks)

QUESTION FOUR (20 MARKS)

a) Just as the balance of power can be determine at an organizational level, power also derives from the personal characteristics of the people involved in a negotiation. Explain the different types of personal power and their relevance during negotiations. (10 Marks)

b) With examples, describe how buyers and sellers engage in an adversarial relationship treat each other. (10 Marks)

QUESTION FIVE (20 MARKS)

a) Clearly differentiate between Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO). (10 Marks)

b) The persuasion techniques to be used will depend on the types of issues to be discussed and on the negotiation styles of the people who are on the other side's team. Discuss the different methods of persuasion. (10 Marks)

“WISHING YOU THE BEST OF LUCK”