



# TECHNICAL UNIVERSITY OF MOMBASA

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SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

MSc PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

BPC 5101: PROCUREMENT MANAGEMENT

END OF SEMESTER EXAMINATION

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: AUGUST 2019

TIME: THREE HOURS

DATE: AUGUST 2019

## **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 and Any other Three Questions.

**Do not write on the question paper.**

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## **QUESTION ONE**

“Negotiation skills training is important for procurement professionals to understand long term relationships beyond getting the lowest price possible. It is never about the short term, we know we can move around the supply chain getting the lowest price. We look to take our skills further and get the best agreement for both parties.”

In light of the above answer the following questions:

- a) Explain the importance of effective procurement negotiations to a buying organization (10 marks)
- b) Using an appropriate criteria, distinguish between win-win and win-lose approaches as used in procurement negotiations (10 marks)
- c) Advise your management on how your firms' suppliers view your organization using the supplier preferencing model (10 marks)
- d) When negotiating with suppliers for the supply of bottleneck items, the firm should concentrate on reducing the risk of supply. Propose to your organization the strategies it can adopt to reduce the risk of supply and how to put them across during negotiations. (10 marks)

### **QUESTION TWO**

- a) Most groups of companies or large organizations that operate several establishments adopt some compromise between buying everything centrally and buying everything locally. Discuss the advantages of decentralizing the procurement function (10 marks)
- b) In any contractual relationship, among other things, the terms and conditions of contract need to be appropriate so as to ensure the best achievable deal for the buying concern. With examples, explain the clauses that may be incorporated in a procurement contract (10 marks)

### **QUESTION THREE**

- a) Capital items are likely to be employed over a substantial period of time. Clearly discuss the elements of the lifetime cost of a capital item (10 marks)
- b) The basic distinction between fraud and error is that of the intention. Explain the different indicators of procurement fraud (10 marks)

### **QUESTION FOUR**

- a) With examples, explain to your management the benefits that would accrue to your organization by using information technology in your purchasing activities (10 marks).

- b) Purchasing and Supply is a difficult function to understand because almost everyone is familiar with another version, that of personal buying. Discuss the main challenges facing procurement function in the modern day organization (10 marks)

**QUESTION FIVE**

- a) With examples, explain the different statements of policy that are drawn by buying organizations so as to ensure that the sourcing process is conducted in an ethical manner (10 marks)
- b) Discuss the main problems that organizations face when sourcing from international suppliers (10 marks)