



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BMS 422 CONTRACT AND LEGAL ASPECTS IN PURCHASING

DATE: 6/12/2019

TIME: 2.00-4.00 PM

INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

QUESTION ONE (30 MARKS)

The emerging area of supply chain alliances has received considerable attention in the academic and managerial press, yet there are many unanswered questions regarding the dynamics of such relationships. A number of such fundamental issues include how alliances are developed, their key success factors, and the specific benefits achieved.

The critical antecedents associated with the success of strategic supplier alliances are well developed, and the magnitude of the effect of these factors on partnership success assessed. From the perspective of the buying company in the alliance, the following attributes of supplier alliances significantly related to partnership success: trust and coordination, interdependence, information quality and participation, information sharing, joint problem solving, avoiding the use of severe conflict resolution tactics, and the existence of a formal supplier/commodity alliance selection process.

Resource commitment and smoothing over problems are poor predictors of alliance success. The implications of these results for managerial decision making in supplier alliance development create pitfalls of strategic alliances. The purchasing manager should try to address this pitfalls as this are his personal liability. In doing that, the manager must follow the laws laid down in the procurement and legal framework in Kenya.

In the light of the case:

- a) Discuss possible pitfalls of strategic alliance in supply chain management. (8 marks)
- b) Identify three key principles that make strategic alliance work. (6 marks)

- c) Explain the legal authority of a purchasing manager (8 marks)
- d) Identify the areas covered by Procurement and Assets Disposal act (2015). (8 marks)

QUESTION TWO (20 MARKS)

- a) Describe the deficiencies in the public procurement processes. (5 marks)
- b) Explain how a contract is discharged (15 marks)

QUESTION THREE (20 MARKS)

- a) Differentiate sale and agreement to sell. (10 marks)
- b) Discuss the five remedies for breach of contract. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain five essential element of a valid contract. (10 marks)
- b) Your roommate orders a book at Amazon. Com. Her credit card is charged but no book ever shows up. She is now worried and need the information on whether there was a legally enforceable contract. Advice her. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the principals that public procurement legal framework is based on. (8 marks)
- b) Discuss the types of transactions not covered by uniform commercial codes (12 marks)