



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

DIPLOMA IN BUSINESS ADMINISTRATION

DIPLOMA IN PROCUREMENT

2903/101: SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES

DATE: 30/8/2021

TIME: 11:30 – 2:30 PM

INSTRUCTIONS

ATTEMPT ANY FIVE QUESTIONS

1. a) Explain the measures that supply chain officer should take to minimize delays in the process of receiving materials delivered by suppliers. (10 marks)
- b) Highlight **five** sources from which a buyer may obtain information about potential suppliers in the market. (10 marks)
2. a) Explain **five** ways in which a buyer may enhance relationship between its organization and suppliers. (10 marks)
- b) An organization intends to develop specification for its material requirements. Explain **five** advantages to the organization of developing material specification. (10 marks)
3. a) Eddy Company Limited has been experiencing increased ordering costs. Highlight **four** measures which the company may take to minimize such costs. (8 marks)
- b) Highlight **six** challenges that an organization is likely to face when buying its materials from foreign markets. (12 marks)
4. a) A certain Manufacturing firm intends to price its items. Explain **six** factors that the organization should consider when determining the method of pricing to use. (12 marks)
- b) Explain **four** advantages to an organization of maintaining a list of approved suppliers for its materials requirements. (8 marks)

5. a) Highlight four circumstances that would favour the use of a brand name when specifying the quality of goods. (8 marks)
- b) A purchasing officer is expected to follow a standard procedure when buying materials for an organization. Explain the negative consequences to an organization of failing to follow such procedure. (12 marks)
6. a) Highlight the factors considered when determining the sources of supply. (10 marks)
- b) Explain the importance of following the ordering procedure. (10 marks)
7. a) Explain the options of treating rejected goods as stipulated in receiving and inspection of goods. (10 marks)
- b) Highlight five types of information contained in Purchase order document (10 marks)