



MACHAKOS UNIVERSITY

University Examinations 2021/2022 Academic Year

SCHOOL OF BUSINESS, ECONOMICS AND HOSPITALITY AND TOURISM

MANAGEMENT

DEPARTMENT OF BUSINESS ADMINISTRATION AND FINANCE

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE (PROCUREMENT)

BMS 318: PRINCIPLES PROCUREMENT MANAGEMENT

DATE: 23/8/2022

TIME: 2.00-4.00 PM

INSTRUCTIONS

Attempt Question ONE and any other TWO question

QUESTION ONE (30 MARKS)

PLOD CASE

The PLOD is engaged in many countries in Africa undergoing deep mining of precious metals. There is a decentralized engineering function and procurement function located in each country of operation. One of the countries is Rwanda. A need has been identified for the design, preparation of detailed drawings, manufacture, supply, and delivery to site, installation and commissioning of vacuum pilot plant with a capacity of a 500 tons per day. This will be a pilot plant in Rwanda, offering the design potential to increase the capacity to 800 tons per day. A decision has been made to single source this need from a Kenyan company. Negotiations have been underway with the Kenyan company, for in excess of four months so as to agree on the terms and conditions that shall govern the business. Procurement department issued the tender, engaged in its evaluation and with the necessary approach, placed a contract. The agreed completion date is 18 months from the date of the contract.

Required:

- a) From the case study, negotiations have been underway with the Kenyan company, for in excess of four months. Discuss FIVE aspects that may impede effective negotiations in this case. (10 marks)
- b) Explain the benefits that might accrue to PLOD from the single sourcing approach from a Kenyan company (10 marks)
- c) Evaluate the limitations of the decentralized procurement structure that PLOD has adopted. (10 marks)

QUESTION TWO (20 MARKS)

- a) In FIVE steps, describe a strategy that would be effective for the procurement of small value items in an organization. (10 marks)
- b) Discuss FIVE ways in which cross-docking may be applied to reduce costs associated with procurement in an organization. (10 marks)

QUESTION THREE (20 MARKS)

- a) Quality is the totality of features and characteristics of a product that bears on the ability to satisfy stated or implied needs. Discuss FIVE challenges that an organization may face when developing specifications for quality attainment. (10 marks)
- b) In FIVE points describe the aspects that should be verified before goods are ordered from a supplier. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Identify FIVE drivers for green procurement among manufacturing organizations in Kenya. (10 marks)
- b) In FIVE points describe a strategy that an organization should use to deal with conflict of interest in procurement operations. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain FIVE reasons for the increased use of bar codes in purchasing operations for many organizations. (10 marks)
- b) Identify FIVE factors that a procurement department should consider during evaluation exercise of tenders. (10 marks)