



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES  
DEPARTMENT OF MARKETING AND LOGISTICS**

<b>QUALIFICATION: BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT</b>	
<b>QUALIFICATION CODE: 07BLSC</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: GSM712S</b>	<b>COURSE NAME: GLOBAL LOGISTICS AND SUPPLY CHAIN MANAGEMENT</b>
<b>SESSION: JUNE 2019</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	Ms. Emilia Salomo (FT) Mr. Veikko Nekundi (PT) Mr. Vetiraije Tjipombo (DI)
<b>MODERATOR:</b>	Ms Liina Namutenya Erikson

<b>INSTRUCTIONS</b>
<ol style="list-style-type: none"><li>1. This paper consists of <b>2 Sections, A and B</b></li><li>2. Answer <b>ALL 4</b> questions in all sections</li><li>3. Write as legible and precise as possible</li><li>4. Indicate your class lecturer's name on your answer sheet</li><li>5. Read each question carefully</li></ol>

**THIS EXAMINATION QUESTION PAPER CONSISTS OF 7 PAGES (Including this front page)**

**SECTION A: MULTIPLE AND TRUE OR FALSE QUESTION**

**[34 marks]**

**QUESTION 1: MULTIPLE CHOICE QUESTIONS**

**[24 marks]**

**There are twelve multiple choice questions with several possible choices each, choose the best possible answer, e.g. 1.1 A**

1.1 Which of the following statements is true in respect to globalisation? **[2 marks]**

- a) Global procurement refers to buying components and inputs anywhere in the world.
- b) Planning is the first step in global procurement.
- c) Global procurement is driven by the factor-input and the market-access strategies.
- d) All are

1.2 What is the first step in a global sourcing development model? **[2 marks]**

- a) Specification
- b) Situation analysis
- c) Problem recognition
- d) Planning

1.3 Which of the below is often a major shortcoming to many global procurement plans. **[2 marks]**

- a) Implementation
- b) Evaluation
- c) Specification
- d) Monitoring and improving

1.4 Which of the following is not a type of benefit that can come from e- procurement? **[2 marks]**

- a) Management information
- b) Transaction
- c) Price
- d) Compliance
- e) All are benefits

1.5 Which type of material below have no economic value. **[2 marks]**

- a) Waste
- b) Scrap
- c) Obsolete
- d) Excess

- 1.6 \_\_\_\_\_ are taxes that governments place on the importation of certain items. **[2 marks]**
- a) Tariffs
  - b) Embargoes
  - c) Surcharges
  - d) Reciprocities
- 1.7 Which of the following is a political restriction on international trade? **[2 marks]**
- a) Embargoes
  - b) Barring certain types of shipments
  - c) Non-tariff barriers
  - d) All of the above
- 1.8 A \_\_\_\_ is similar in nature to a domestic bill of lading and summarizes the entire transaction. **[2 marks]**
- a) Shipper's letter of instruction
  - b) Shipper's export declaration
  - c) Commercial invoice
  - d) Certificate of origin
- 1.9 A \_\_\_\_ often serves as the basis for a company's official export statistics. **[2 marks]**
- a) Certificate of origin
  - b) Shipper's export declaration
  - c) Shipper's letter of instruction
  - d) None of the above
- 1.10 Incoterms refer to: **[2 marks]**
- a) Terms of sale for international shipments
  - b) A specific method of payment for international shipments
  - c) Standardization of international trade terminology
  - d) All of the above
- 1.11 Ocean carrier alliances provide two primary benefits to participating members, namely, the sharing of vessel space and \_\_\_\_\_. **[2 marks]**
- a) Anti-trust immunity
  - b) The ability to offer shippers a broader service network
  - c) Lower rates
  - d) All of the above
- 1.12 Which of the below is not a retail logistics objectives? **[2 marks]**
- a) Minimize variance
  - b) Life-Cycle Support
  - c) Rapid Response
  - d) All of the above

**QUESTION 2: TRUE OR FALSE QUESTIONS**

**[10 MARKS]**

**STATE WHETHER STATEMENTS BELOW ARE TRUE OR FALSE**

**PLEASE SPELL YOUR ANSWER OUT AND DO NOT ONLY WRITE "T" OR "F".**

- a) Return items are virtually impossible to accommodate in an international distribution system. **[1 mark]**
- b) Non-vessel operating common carriers are not allowed to enter into contract arrangements with individual shippers. **[1 mark]**
- c) Inventory valuation on an international scale is difficult because the value of various currencies continually change. **[1 mark]**
- d) Some free trade agreements have actually resulted in an increased documentation requirements. **[1 mark]**
- e) The use of Incoterms is mandatory for international shipments. **[1 mark]**
- f) A certificate of origin specifies the country in which a product is manufactured. **[1 mark]**
- g) The primary purpose of a non-tariff barrier is to encourage exports. **[1 mark]**
- h) The documentation requirements for international shipments can act as a nontariff barrier to trade. **[1 mark]**
- i) International freight forwarders can handle either vessel shipments or air shipments. **[1 mark]**
- j) Customs-house brokers are another name for international freight forwarders. **[1 mark]**

**Section A: subtotal [34 marks]**

**SECTION B: STRUCTURED QUESTIONS**

**[66 marks]**

**QUESTION 3**

**[35 marks]**

3.1 One of your global supplier has amended the incoterms used in a sales contract you have agreed on before. Analyse the consequence of each change by stating: (a) where risk is transferred? (b) Who bears the cost? (c) The new delivery place?

**[15 marks]**

Terms changed	Transfer of risks	Cost incurred by	New delivery place
CIF to CIP			
FCA to FOB			
EXW to DDP			
CFR to CPT			
DAT to DAP			

3.2 State any three ways on how you will manage conflict that could arise between distributions channel members?

**[10 marks]**

3.3 Namibia has envisioned herself as the logistic hub for Southern Africa, the success of this highly depends on the performance of the Walvis Bay Port in relation to the maritime transport indicators. What will you consider when evaluating the Namibian port and why?

**[10 marks]**

**Question 4**

**[31 marks]**

**Read the below supply chain case study on Zara Clothing Company to answer follow up questions**

Zara is a fashion label and fashion chain stores established in 1975 by the Spanish group Inditex own by Amancio Ortega. During the last two decades Zara tripled its profit and stores and nowadays is ranked the third biggest retailer world-wide (Zhang, 2008). It has 3000 in-house designers located in its headquarter in the region of A Coruña, Spain, which design over 40 000 items per year among which only 10

000 are selected for production (Li, 2009). Opposite to its competitors, more than 50% of its production is in Europe and not in Asia or South America (Bruce and Daly, 2006). According to Sull and Turconi (2008) average markdown ratio is at approximately 50 per cent, for comparison Zara sold only 15 per cent on sale. All these facts allows Zara to expand its sales and profits over 20 per cent per year.

By September 2010 Inditex group owns 4907 stores in 77 countries around the world (38 in Europe and 39 outside Europe). Zara gets the credit to be pioneer in Agile Supply Chain and most researchers explain its success with its efficient ASC (Dutta, 2002; Tiplady, 2006; Sull and Turconi, 2008; Zhang, 2008). Zhang (2008) suggests that "whole process of the supply chain in Zara could be divided into four parts: product organization and design: purchase and production: product distribution: sales and feedback".

Next to its unique models the majority of Zara's items are imitation of high-end brands. According to Zhang (2008) "the main duty of ZARA's designers is not for product innovation, but for reorganizing fashion elements of the existed products on their purpose, transferring them into new kinds of products. They work to interpret the fashion instead of creating fashion" he says. The samples are collected from various sources, like pret-a-porters, haut couture (Dutta, 2002), moulded by culture, for example what is happening on the street, in clubs, lifestyle hotspots and fashion "flash points", and not from a mood board or a trend prediction agency 12 months in advance of a selling season (Barnes and Greenwood, 2006).

Over the last decades Zara introduced agile supply chain (ASC) in the fast fashion industry and positioned itself third in the world retailers ranking. This came as a result of close communication between customers and its designers and the ability to ship the desired items in a week catching the sales moment. All these prove that ASC is an aspect enhancing competition among organizations. Another lesson is that efficient production organization with a good balance between in house and outsourcing task leads to minimum lead times and increase in market share for Zara. The supply chain is not on an isolated agile process of Zara, but indeed the whole organization is agile and working very efficient. By using quick response Zara aims to reduce both excess stock holding in the supply chain and risk associated with

forecasting as product specifications are not finalized until closer to delivery (Bruce and Daly, 2006). What could be concluded from Zara's success from the perspective of speed is that several benefits such as improved customer satisfaction, increased market opportunity, decreased overall risks, and reduced total costs can be simultaneously achieved through being fast (Li, 2009).

Source: Source: Zhelyazkov, (2009)

4.1 Do you believe that Zara success is due to the Agility nature of its supply chain? Justify your viewpoint. **[16 marks]**

4.2 Demonstrate how Zara uses or can use the 3 V's of supply chain?

**[15 Marks]**

**Section B subtotal: 66 marks**

**GRAND TOTAL: 100 MARKS**