



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF MANAGEMENT**

QUALIFICATION: BACHELOR OF MANAGEMENT	
QUALIFICATION CODE: 07BBMA	LEVEL: 7
COURSE CODE: BPM611S	COURSE NAME: PURCHASING MANAGEMENT
SESSION: JUNE 2019	PAPER: 1
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Ms O.N Kangandjo Mr M Nelenge
MODERATOR:	Mr M B Simasiku

THIS QUESTION PAPER CONSISTS OF 3 PAGES (Including this front page)

INSTRUCTIONS	
1.	Answer all questions .
2.	Read all the questions carefully before answering.
3.	Marks for each question are indicated at the end of each question.
4.	Please ensure that your writing is legible, neat and presentable and start each Section on a new page.

PERMISSIBLE MATERIALS

1. Examination question paper
2. Examination answer sheet

SECTION A

Question 1 (True or False)

[10 Marks]

Indicate in your answer book which of the following statements are true or false.

Which of the following statements are true or false?	
1.1	Purchasing planning and developing purchasing strategies are two distinctly separate tasks.
1.2	The first stage of the purchasing cycle is placing the order/awarding the contract.
1.3	The purchasing and supply function of a firm operates dependently from the other enterprise functions.
1.4	Tactical purchasing planning is executed at top-management level.
1.5	One of the objections against affirmative purchasing is that it makes Small Medium Enterprises dependent on the enterprise rather than independent.
1.6	Purchasing prices are high in perfect competition.
1.7	Risk of theft is an inventory holding costs.
1.8	Competitive negotiations are in line with the supply chain management philosophy.
1.9	The first step in the five-step strategic sourcing processes is to build a team.
1.10	Uncertainty arises from a person's imperfect state of knowledge concerning future events.

SECTION B

Question 2

[10 Marks]

Define the following terms

- | | | |
|-----|-----------------------------------|-----|
| (a) | Logistics management | (2) |
| (b) | Customer-driven supply chain | (2) |
| (c) | Outsourcing | (2) |
| (d) | Environmental or green purchasing | (2) |
| (e) | Negotiation | (2) |

Question 3

[80 Marks]

- 3.1 Your company had been awarded with a construction tender by the government. You are the Purchasing and Supply Chain Manager in your company. Part of your responsibility requires you to purchase the needed building materials. Explain how you will employ the seven steps of the purchasing process in procuring the required building materials. (The steps should be clearly numbered). (20)
- 3.2 You are the Purchasing and Supply Manager of a newly established company. Part of your responsibilities entails the development of a purchasing policy or guideline that will enable the purchasing and supply function to make decisions more easily and to provide direction. You are required to outline any five issues that might be considered or addressed in such a policy. (10)
- 3.3 A buyer has to be knowledgeable about the form of competition present in different markets so that he or she is able to plan for purchasing prices. Explain how the different market structures influence suppliers' price determination. (12)
- 3.4 As a purchaser you ought to be aware of risks. Outline and explain the various types of purchasing and supply risks. Provide an example of each risk. (16)
- 3.5 Davis would like to convince the management of his company to implement an e-procurement system. Indicate two benefits of such a system? (2)
- 3.6 If you as the corporate purchasing and supply manager decides to start a small business purchasing programme, what problems do you foresee for your company and for the small supplier? (10)
- 3.7 Suppose you are the purchaser in a cross-functional team, and you must take the leading role in negotiations with a supplier about a long-term contract. By means of a diagram illustrate the different phases of the negotiation process that you will engage in. (10)

END OF QUESTION PAPER