



**PAMIBIA UNIVERSITY**  
**OF SCIENCE AND TECHNOLOGY**  
**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**  
**DEPARTMENT OF MARKETING, SPORT MANAGEMENT AND LOGISTICS**

<b>QUALIFICATION: POST GRADUATE DIPLOMA: PROCUREMENT MANAGEMENT BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT HONOURS</b>	
<b>QUALIFICATION CODE:</b> 08PDPM 08LSCH	<b>LEVEL: 8</b>
<b>COURSE CODE:</b> SPM802S	<b>COURSE NAME:</b> STRATEGIC PROCUREMENT MANAGEMENT
<b>SESSION:</b> JANUARY 2025	<b>PAPER:</b> THEORY
<b>DURATION:</b> 3 HOURS	<b>MARKS:</b> 100
<b>SECOND OPPORTUNITY EXAMINATION</b>	
<b>EXAMINER(S)</b>	MS. PAULINA SHINANA MR. TANGENI MWASHEKELE
<b>MODERATOR:</b>	MS. MARTHA SHINGENGE
<b>INSTRUCTIONS</b>	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Number the answers clearly and correctly.	

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

## SECTION A: MULTIPLE CHOICE

(30 MARKS)

### QUESTION 1

There are fifteen (15) multiple-choice questions with several possible choices. Choose the best possible answer, e.g., 1.1 A. Each question is equivalent to 2 marks. Write the letter next to the correct answer.

- 1.1. Agra Limited, a growing landscaping company, has been focused on short-term procurement goals to save costs but is now experiencing inefficiencies such as longer lead times and higher waste. How can Agra Limited leverage strategic procurement to improve operational efficiency? (2 marks)
- a) By focusing on short-term savings
  - b) By streamlining processes and reducing waste
  - c) By increasing the number of suppliers
  - d) By reducing technology utilisation in procurement
- 1.2. What is the primary objective of category management in procurement? (2 marks)
- a) Reducing procurement costs
  - b) Enhancing supplier relationships
  - c) Managing to spend more strategically
  - d) Streamlining internal processes
- 1.3. The pillars of Sustainable Public Procurement are: (2 marks)
- a) Political, External threats and Internal Trends
  - b) Social, Economic and Environmental
  - c) Solely economic focused
  - d) Solely environmentally focused because without the environment, people can't survive
- 1.4. The Namibia Fish Consumption Promotion Trust (NFCPT) is updating its procurement strategy to improve efficiency and introduce new technology into the procurement process. The company wants to set SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) objectives to ensure the successful implementation of an e-procurement system by the end of the year. Which of the following is an example of a SMART procurement objective for NFCPT? (2 marks)
- a) Increase the number of suppliers.
  - b) Implement an e-procurement system by the end of the year
  - c) Reduce costs and improve profitability
  - d) Decrease the quality control measures
- 1.5. What is the primary purpose of a procurement scorecard? (2 marks)

- a) To evaluate the performance of procurement staff
- b) To measure the financial performance of the procurement department
- c) To evaluate the performance of procurement staff
- d) To assess supplier performance based on key performance indicators (KPIs)

1.6. Strategies always cover \_\_\_\_\_ although their validity during this period is not necessarily permanent. **(2 marks)**

- a) Long-term period (of 2 years)
- b) Short-term period (of 3-5 months)
- c) Intermediated period (of 2-3 years)
- d) Long-term period (of 3–5 years)

1.7. Windhoek Municipality is facing difficulties managing the procurement of various goods and services for its public services. The organisation has traditionally focused on transactional buying, leading to inconsistent supplier performance and pricing fluctuations. They now aim to implement a category management approach as a sourcing strategy. Which of the following is the best step for Windhoek Municipality to take in implementing category management? **(2 marks)**

- a) Identify and group similar goods and services to create focused sourcing strategies.
- b) Continue using a transactional buying approach for each service independently.
- c) Increase the number of suppliers for each category without assessing performance.
- d) Solely focus on reducing costs by selecting the cheapest suppliers.

1.8. What is the key consideration in selecting the appropriate Incoterms for an international procurement transaction? **(2 marks)**

- a) Currency exchange rates
- b) The risk of loss or damage during transit
- c) The location of the supplier's factory
- d) The mode of transportation

1.9. Namibia Breweries Limited is attempting to enhance its procurement strategy by implementing category management for its packaging materials and ingredients. The company has identified several suppliers that they do business with. What should NBL's first step be in implementing category management for its packaging materials? **(2 marks)**

- a) Group packaging materials into a single category and evaluate the total cost of ownership
- b) Select the supplier offering the lowest initial cost without considering quality.
- c) Avoid demand forecasting and rely on historical purchasing data
- d) Increase the number of suppliers without evaluating their performance

1.10. A Director working for a public health organisation has just returned from a disciplinary hearing regarding a member of staff accused of falsifying expense claims. Which step of a response plan should the Director pursue to help prevent re-occurrence? Select TWO that apply. **(2 marks)**

1. Issue the procurement team with payment cards, as this avoids any risk of fraud
2. Review the case to see what lessons can be learned
3. Ensure everyone in the company knows about the case
4. Go back to the risk assessment and review the score and control measures
  - a) 1 and 2 only
  - b) 2 and 4 only
  - c) 1 and 3 only
  - d) 3 and 4 only

1.11. Pupkewitz Holdings is planning to build a new sustainable corporate headquarters in Windhoek. They aim to incorporate sustainability principles in their procurement process. Which action aligns most with Pupkewitz Holdings' goal of sustainable procurement? **(2 marks)**

- a) Select suppliers based solely on the lowest price.
- b) Prioritise suppliers that demonstrate commitment to environmental sustainability and fair labour practices.
- c) Evaluating suppliers' environmental practices and focus on short-term savings
- d) Ignore sustainability and use traditional procurement practices for quicker results.

1.12. Consider the statements below:

- I. Procurement is a strategic activity only if the procurement activities and strategy are in line with the overall strategy of the company.
  - II. The scope of the procurement function consists of all commercial activities that are executed by the entire procurement department.
- (2 marks)**

- a) Statement I is correct, and Statement II is incorrect
- b) Both statements are incorrect
- c) Statement I is incorrect, and Statement II is correct.
- d) Both statements are correct

1.13. Shoprite Namibia sources a significant portion of its goods from international markets, including South Africa and Europe. However, the company has faced challenges with inconsistent product quality from some international suppliers. What is the best strategy for Shoprite Namibia to improve the quality of products from global suppliers? **(2 marks)**

- a) Conduct regular audits and enforce strict quality control standards on international suppliers.
- b) Reduce the number of international suppliers to simplify the procurement process.

- c) Continue accepting lower-quality products to avoid delays
- d) Eliminate international sourcing and rely solely on local suppliers

1.14. What strategy can be used to mitigate supply chain risks in the pharmaceutical industry? **(2 marks)**

- a) Relying on a single supplier
- b) Implementing a strict auditing process for suppliers
- c) Diversifying suppliers across multiple regions
- d) Eliminating risk assessments entirely

1.15. Which of the following is NOT a recommended practice for risk management in the automotive supply chain? **(2 marks)**

- a) Sourcing from multiple regions
- b) Implementing long-term contracts with suppliers
- c) Focusing on short-term cost savings and economies of scales
- d) Conducting regular risk assessments to identify vulnerabilities

**SECTION A: 30 TOTAL MARKS**

## **SECTION B: STRUCTURED QUESTIONS (70 MARKS)**

### QUESTION 2 (20 Marks)

Effective oversight and nurturing of supplier relationships are critical elements that can significantly impact the success and performance of a procurement function. By fostering strong, collaborative partnerships with suppliers, organisations can enhance their procurement strategies, improve supply chain resilience, and create sustainable value.

Provide a detailed overview of the concept of Supplier Relationship Management (SRM), outlining the key stages in its process and discussing its overall significance for an organisation's procurement function. In your response, address the following:

- 2.1. Define Supplier Relationship Management (SRM) and explain how it differs from traditional supplier management? **(5 marks)**
- 2.2. Describe the key processes involved in SRM? **(8 marks)**
- 2.3. Discuss the importance and benefits of SRM for an organisation's procurement function. Provide examples to support your explanation? **(8 marks)**

### QUESTION 3 (30 Marks)

NamWater, Namibia's national water utility, has been tasked with expanding its water infrastructure to rural areas while dealing with rising operational costs and an unpredictable supply chain for essential materials like pipes, water treatment chemicals, and equipment. Namwater recently adopted a strategic procurement plan that involves long-term contracts with local suppliers, investment in local manufacturing, and the introduction of e-procurement systems to streamline its procurement process.

- 3.1. Discuss the concept of strategic procurement? **(16 marks)**
- 3.2. Explain how strategic procurement contributes to enhancing Namwater's competitive advantage and long-term success. Provide examples to support your justification? **(14 marks)**

### QUESTION 4 (20 Marks)

Namwater is currently evaluating its procurement strategy as it seeks to expand water infrastructure in rural areas while managing rising operational costs and supply chain challenges. Namwater is considering three different procurement models: centralised, decentralised, and hybrid, each with distinct characteristics and potential impacts on the organisation's operations.

As Namwater navigates fluctuating supply chain issues for materials like pipes, chemicals, and equipment, the leadership team must decide which procurement model best aligns with the company's goals for cost efficiency, supply chain reliability, and organisational flexibility.

To assist Namwater in making this decision, evaluate the three procurement models, demonstrating a comprehensive understanding of their unique characteristics, their advantages and disadvantages, and their implications for organisational performance. Furthermore, provides detailed insights into how each approach could shape Namwater's procurement process and support its long-term operational and strategic goals.

**SECTION B: 70 TOTAL MARKS**

**TOTAL MARKS:100**

**ALL THE BEST**