



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF MANAGEMENT SCIENCES

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF MARKETING AND LOGISTICS

QUALIFICATION: POST GRADUATE DIPLOMA: PROCUREMENT MANAGEMENT	
QUALIFICATION CODE: 08PDPM	LEVEL: 8
COURSE CODE: SPM802S	COURSE NAME: STRATEGIC PROCUREMENT MANAGEMENT
SESSION: NOVEMBER 2022	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100
FIRST OPPORTUNITY EXAMINATION	
EXAMINER(S)	MS. MARTHA SHINGENGE
MODERATOR:	MS. PAULINA SHINANA
INSTRUCTIONS	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Number the answers clearly and correctly.	

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

SECTION A: MULTIPLE CHOICE

(40 MARKS)

QUESTION 1(40 MARKS)

There are Twenty (20) Multiple-choice questions with several possible choices each. Choose the best possible answer, e.g., 1.1 A. Each question is equivalent to 2 marks.

1.1. Risk management strategy allows a company to develop appropriate responses to potential risks. Which of the following is a core elements of risk management strategy: (2 Marks)

- a) Identify the risk events and their relationships
- b) Prioritize based on the force of impact
- c) Mitigate the risk to prepare and lessen the impact on business
- d) a and c
- e) All of the above

1.2. Which of the following is an ethical issue in procurement? (2 Marks)

- a) Clear grievance processes for aggrieved bidders
- b) Accepting supplier gifts
- c) Transparent processes
- d) Understanding the supplier landscape

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 environmental focused, because without the environment, people can't survive

1.4. TCO is a calculation tool that helps procurement managers understand the total cost of a product or service beyond its basic purchase price. The full life cycle costs of a product or service includes: (2 Marks)

- a) Purchase price (cost price including supplier mark-up)
- b) Associated costs (transportation, packing, custom duties etc)
- c) Acquisition cost (procurement team operating costs)
- d) All of the above

1.5. In order to develop a strategic procurement plan for a company, which of the following does the strategic procurement team need to align with? (2 Marks)

- a) Inventory control strategies
- b) Overall business strategy
- c) Annual sales and sales trends
- d) Transportation logistics plans

1.6. _____ is most likely to be an important component of the supplier analysis in the procurement function. (2 Marks)

- a) Supplier cost structures
- b) Pricing
- c) Value Chain
- d) All of the above

1.7. The purpose of a SWOT analysis is to analyse: (2 Marks)

- a) The strategic capability of an organisation
- b) External and internal environments
- c) The business environment and the strategic capability of an organization relative to its competitors
- d) The business environment in which an organisation operates

1.8. Strategies always cover _____ although their validity during this period is not necessarily permanent. (2 Marks)

- a) 10 years
- b) 6 to 18 months
- c) 1-2 years
- d) 3–5 years

1.9. A recently appointed procurement manager has a meeting with an important stakeholder who needs to be influenced. They are of an equivalent seniority level. The procurement manager is planning to meet them first over a coffee in the staff canteen to get to know them. Is this the right course of action? (2 Marks)

- a) No, first meetings should always be more formal and minuted
- b) Yes, buying someone a coffee is a form of bargaining which can be traded in the negotiation
- c) Yes, this will build rapport and make influencing more effective
- d) No, meeting in the staff canteen for a coffee is unprofessional and unethical

1.10. Which sequence is most typical of the procurement process? (2 marks)

- a) Approver to originator to buyer to supplier.
- b) Originator to buyer to approver to supplier.
- c) Originator to approver to buyer to supplier.
- d) None of the above

1.11. Which of the following are inputs to the Conduct Procurement process? (2 marks)

- a) Procurement management plan; Approved change requests
- b) Procurement management plan; Agreements
- c) Project management plan; Procurement documents
- d) Agreements; Procurement documentation

1.12. Steps should be taken to identify, understand and mitigate against the bribery and corruption risk that may be faced from external supply chain partners. Which of the following steps would be taken to mitigate external risk associated with bribery and corruption? (2 marks)

- a) Senior leadership commitment and frequent communication
- b) Analyse suppliers spend patterns to ensure you are spending what you think you are and to avoid over-reliance on a single supplier
- c) Regular functional compliance training
- d) Monitoring and auditing of all departments

1.13. Which of the following is not a tool or technique used during the Conduct Procurement process? (2 marks)

- a) Bidder conferences
- b) Advertising
- c) Audits
- d) Interpersonal and team skills

1.14. The Activity Based Costing calculation includes: (2 marks)

- a) Acquisition costs
- b) Ownership costs
- c) Salaries and utilities
- d) Post-ownership costs
- e) All of the above

1.15. Which of the following is a component of cost to be captured when developing a Total Cost Ownership (TCO) model: (2 Marks)

- a) Identifying all the activities required to create the product.
- b) Determining the purchase price of the product plus the cost of operation
- c) Assigning each cost pool activity cost drivers, such as hours or units.
- d) Multiplying the cost driver rate by the number of cost drivers.

1.16. Strategic decision making can take place at various levels of an organisation, what are the three most common? (2 Marks)

- a) Operational, board, and industrially
- b) Governmental, locally, and individually
- c) Corporate, Business, and Functional
- d) Board of Directors, Chief Executive, and Junior Management

1.17. Consider the statements below:

I. Purchasing is a strategic activity, only if the purchasing activities and strategy is in line with the overall strategy of the company.

II. The scope of the purchasing function consists of all commercial activities that are executed by the entire purchasing 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

- 1.18. When developing a sourcing strategy, a choice between global versus local sourcing has to be made. Which of the characteristics below is not an advantage of local sourcing? (2 Marks)**
- a) Delivery of products demands extensive coordination
 - b) Price differences between different supplier markets
 - c) Reduced supply chain costs
 - d) Possibility for face-to-face interaction with the supplier as needed
- 1.19. What is the term for the extent to which competition in one country is influenced by competition in other countries? (2 Marks)**
- a) Globalisation
 - b) Global economies
 - c) Global competition
 - d) International trade
- 1.20. What is the term for the action in which managers at an organisation analyse the current situation of their organisation and then develop plans to accomplish its mission and achieve its goals? (2 Marks)**
- a) Synergy planning
 - b) SWOT analysis
 - c) Strategy formulation
 - d) Functional planning

SECTION A: 40 TOTAL MARKS

SECTION B: STRUCTURED QUESTIONS (60 MARKS)

QUESTION 2 (30 MARKS)

NamAgri is a Namibian Public Enterprise that is responsible for working with Namibian farmers to ensure value addition to raw agricultural materials as well as access to international markets for Namibian agricultural products.

In the annual plan for 2021/ 2022 NamAgri has decided to focus on value addition to the Mahangu grain as well as the Moringa plant. However, it has emerged that value addition requires massive investments in equipment and technology to ensure that the products manufactured are able to meet international quality standards and take up shelf space in retailers. Furthermore, the company would need to source land to build a factory for the processing of Mahangu.

While striving to grow its manufacturing arm, NamAgri has committed itself to implement sustainable business processes and systems. Therefore, the company is investigating the possibility to enter into a Public- Private Partnership with a global cosmetics company and wants to put out a tender for such a company to provide technical and financial proposals for the PPP implementation.

As a Public Entity, procurement by NamAgri is regulated by the Public Procurement Act, 2015. Therefore, the purchase of equipment, sourcing of land and proposals for the PPP implementation are to be done according to the Act and its regulations. Exceptions are possible only with the permission of the Minister of Finance

You are the Executive: Strategic Procurement for NamAgri. The Board has a perception that the Public Procurement Act is bureaucratic, would result in delays in finalizing the tender process and impede the start of implementation of the planned projects. The Chairperson has suggested that the company seek an exemption from the Ministry of Finance. The Board has requested you to provide a written advisory on the Public Procurement Act, the benefits of the tendering process, the challenges that could arise as well as how sustainable aspects are considered in the Act.

In preparing your written advisory to the Board, consider the following aspects:

- a) What business improvements arise as a result of the implementation of the Public Procurement Act? **(10 Marks)**
- b) What challenges and downsides arise as a result of the implementation of the Public Procurement Act? **(10 Marks)**
- c) The Board is interested in the sustainable procurement aspects. Therefore, provide an analysis of how sustainable procurement management is addressed by the Act. **(10 marks)**

QUESTION 3 (20 MARKS)

An important consideration of Strategic Procurement is deciding on sourcing strategies. Applying the Kraljic's Portfolio Purchasing Model (1983), briefly describe the various sourcing strategies. In your answer, define what constitutes strategic sourcing, the types of sourcing approaches as well as the advantages and disadvantages of each quadrant in Kraljic's model.

(20 Marks)

QUESTION 4 (10 MARKS)

Briefly discuss the importance of global sourcing and challenges of associated to it?

(10 Marks)

SECTION B: 60 TOTAL MARKS

TOTAL MARKS:100

ALL THE BEST