



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF GOVERNANCE AND MANAGEMENT SCIENCES**

QUALIFICATION: BACHELOR OF MANAGEMENT	
QUALIFICATION CODE: 07BBMA	LEVEL: 7
COURSE CODE: PSM611S	COURSE NAME: PURCHASING AND SUPPLY MANAGEMENT
SESSION: JUNE 2024	PAPER: 1
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR:	Mr M B Simasiku

THIS QUESTION PAPER CONSISTS OF 5 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

[20 Marks]

Select the correct answer by indicating the correct letter next to the corresponding question number in the answer book provided. For example, 1.1 a.

- 1.1 The action of comparing purchasing and supply performance between various divisions or between various organisations is known as _____.
- Gaining commodity knowledge
 - Setting budget objectives
 - Performing benchmarking
 - Following the historical approach
- 1.2 Which statement is incorrect? Reasons for holding inventory:
- Continuity in production and marketing
 - Cost savings and hedging against price uncertainties.
 - Protection against supply certainties
 - Reduction of purchasing costs
- 1.3 Problems with disadvantaged small business purchasing programmes include
- economic empowerment
 - small business promotion
 - communications
 - job creation
- 1.4 _____ is essentially the creation of a structure in which tasks can be assigned and to which resources can be allocated.
- Planning
 - Organising
 - Coordinating
 - Controlling
- 1.5 The last stage of the strategic sourcing process is:
- Develop a strategy.
 - Manage supplier relations.
 - Conduct market research.
 - Negotiate the contract.
- 1.6 _____ can be viewed as the organisation's consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the organisation.
- Risk management
 - Corporate social responsibility
 - Ethical conduct
 - Environmental management

- 1.7 If sales representative has identified a prospective client and decides to visit the client, which one of the following would form part of the information phase of negotiation?
- Gathering intelligence on the specific industry.
 - Using negotiation tactics on the client.
 - Drafting a statement on the agreements reached with the client.
 - Negotiation with the other suppliers of the client.
- 1.8 Identify in the following list, the one element that cannot be considered to be a feature of e-commerce
- E-commerce transactions are not always conducted on the Internet.
 - E-commerce includes communications.
 - E-commerce is an important change agent.
 - E-commerce enhances transactional processes in supply
- 1.9 From a strategic level, which of the following items is the most logical to outsource?
- An item that is not critical to the success of the organisation.
 - An item that is critical to the success of the organisation
 - An item that requires specialised design, manufacturing skills or equipment
 - An item that fits well within the firm's core competencies
- 1.10 The fixed cost per unit item produced remains
- Constant (Same) whether number of products increases or decreases
 - Increases as the number of products decreases
 - Increases as the number of products increases
 - Decreases as the number of products decreases

Question 2 (True or False)**[10 Marks]**

Indicate your answers in the answer book provided.

	Which of the following statements are true or false?
2.1	Supply chain management continues to become increasingly market oriented.
2.2	Cost saving is a possible advantage of outsourcing.
2.3	Flexibility is one of the selection criteria that a purchaser might use to identify appropriate external suppliers.
2.4	To ensure success it is advisable for a business to enter into strategic alliances with suppliers of bottleneck items.
2.5	All purchasing risks are avoidable.
2.6	Competitive negotiations are in line with the supply chain management philosophy.
2.7	A good negotiator is born with the ability to negotiate.
2.8	In a decentralised purchasing structure purchasing decisions are made from the head office of the firm.
2.9	Geographical location is one of the key performance indicators of supplier evaluation.
2.10	The first and the last steps in the five-step strategic sourcing processes are to conduct market research and develop strategy.

SECTION B

Question 3

[70 Marks]

- 3.1 Evaluation of performance is vital in order to ensure success. Outline the major steps in the evaluation process of the purchasing and supply function. (10)
- 3.2 A manufacturer of electrically powered tools for the engineering industry consists of four separate business units, of which each undertakes its own purchasing activities. What type of a purchasing structure are we observing in this case? Identify at least three advantages of such a structure. (10)
- 3.3 Outline and explain the different types of buyer-supplier relationships. (6)
- 3.4 Discuss any four roles of Purchasing and Supply Management in Corporate Governance (8)
- 3.5 Identify the strategies to deal with or eliminate purchasing and supply risks. (10)
- 3.6 The execution a purchasing transaction requires the performance of various activities in a logical sequence. Urises aims to develop a standard purchasing process for his company. Identify the seven steps of the purchasing cycle that Urises should consider in developing such a model. (7)
- 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. Draw a diagram illustrating how you would go about initiating and completing the process (phases) of negotiation. (10)
- 3.8 Bob the owner of a newly established company had approached you to advice him about stock keeping since he does not want to risk going without inventory. As a competent Purchasing management graduate you would rather warn him about the costs of holding inventory. Advice Bob about the various costs he will incur as a result of carrying inventory. (9)

END OF THE QUESTION PAPER