



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

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

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| QUALIFICATION: BACHELOR OF MANAGEMENT | |
| QUALIFICATION CODE: 07BBMA | LEVEL: 7 |
| COURSE CODE: PSM611S | COURSE NAME: PURCHASING MANAGEMENT |
| SESSION: JUNE 2023 | PAPER: 1 |
| DURATION: 3 HOURS | MARKS: 100 |

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

THIS QUESTION PAPER MEMO CONSISTS OF 6 PAGES (Including this front page)

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| 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 d.

- 1.1 The final step in the typical purchasing cycle for materials is (2)
- a. Audit the invoice
 - b. Ordering and contracting.
 - c. Origin of the need
 - d. Measuring Supplier Performance
 - e. None of the above
- 1.2 The five “right objectives” of purchasing are..... (2)
- a. Cost, Service, Specifications, Time, Quantity
 - b. Place, Time, Price, Ethics, Contract
 - c. Agent, Supplier, Contract, Price, Quantity
 - d. Quality, Quantity, Price, Time, Place
 - e. Logistics, Time, Quality, Price, Quantity.
- 1.3 The term supply management is broader than the purchasing function because it (2)
- a. includes marketing.
 - b. includes operations
 - c. includes managing relationships with suppliers
 - d. includes negotiating enforceable contracts
 - e. Includes measuring the total cost of ownership.
- 1.4 Strategic sourcing differs from tactical purchasing in that this activity periodically: (2)
- a. Analyses the organization’s spend
 - b. Analyses the supply market
 - c. Develops sourcing strategy and plans
 - d. Outsources basic business services such as security
 - e. a), b) and c)
- 1.5 Which of the following is not one of the three types of buyer supplier relationships discussed in this course? (2)
- a. transactional
 - b. transcendental
 - c. Collaborative
 - d. Alliance
 - e. None of the above
- 1.6 A SWOT analysis helps determine the true capabilities of the supply chain when compared to the best in its industry, as well as all the potential competitors. Which one of the following does NOT represent one of the words for this acronym? (2)
- a. Opportunities
 - b. Weaknesses
 - c. Strains
 - d. Threats
 - e. Strengths

- 1.7 The need for materials is communicated to the purchasing function through the use of one of the following..... (2)
- a. Phone Calls
 - b. Emails
 - c. Purchasing Requisition
 - d. All of the above
 - e. None of the
- 1.8 Which of the following is NOT used for evaluation of supplier? (2)
- a. Quality
 - b. Cost
 - c. Delivery,
 - d. Number of Employees
 - e. None of the above.
- 1.9 Collaborative negotiations will show the following sentiments when negotiating: (2)
- a. "Let me be transparent in terms of what my strategy is with our potential partnership."
 - b. "If you do not accept my terms, you need to realise that in future we will not be able to do business again."
 - c. "No matter what happens with your business, my business has to survive."
 - d. "I have learnt from expensive mistakes; therefore, you have to understand that I cannot trust anyone in business."
 - e. "The best outcome is the one that places more responsibility on my opponent.
- 1.10 Which of the following statements is incorrect? (2)
- a. E-commerce transactions are always conducted face to face.
 - b. E-commerce includes communications.
 - c. E-commerce is an important change agent.
 - d. E-commerce enhances transactional processes in supply.
 - e. E-commerce increases the speed of transactions.

Question 1 (True or False)

[10 Marks]

Indicate whether the following statements are **True** or **False**.

| Which of the following statements are true or false? | |
|---|--|
| 2.1 | Speculative risks offer a chance of a gain or a loss. |
| 2.2 | Reverse discrimination is an objection against affirmative purchasing. |
| 2.3 | The outcome of competitive negotiation is win-loose. |
| 2.4 | E-procurement increase buyer's productivity. |
| 2.5 | The outcome of constructive negotiation is win win. |
| 2.6 | Purchasers can employ the same strategies on suppliers to save costs. |
| 2.7 | A good negotiator talks more and listen less. |
| 2.8 | Under centralised purchasing, there is one purchasing manager who has the right to purchase materials for all departments and divisions. |
| 2.9 | Supply chain management continue to become increasingly cost oriented. |
| 2.10 | E-commerce represents a short term and revocable environmental change in which the supply function has to perform. |

SECTION B

Question 3

- 3.1 Discuss at least five roles of Purchasing and Supply Management in Corporate Governance (10)
- 3.2 Any competent buyer needs to be aware and be able to manage risk. Identify the strategies a buyer would employ to deal with or eliminate purchasing and supply risk. (5)
- 3.3 Outline and explain the different types of buyer-supplier relationships. (6)
- 3.4 Maintaining and developing effective relationships with suppliers is critical, hence the purpose of negotiation is to move from a point where parties have conflicting interests to a point where a mutual agreement is reached. You are required to outline the phases/stages of the negotiation process. (10)
- 3.5 Most companies are implementing e-procurement solutions. Identify the most important categories of e-procurement. (3)
- 3.6 Effectively, strategic sourcing formalises the way information is gathered in supply chain management. By means of a diagram, illustrate the Strategic sourcing process. (10)
- 3.7 Why would one advise a company to follow a centralised purchasing and supply organisational structure. Explain three reasons (6)

Question 4

[20 Marks]

Read the case below and answer the questions thereafter.

SWAKOPMUND MUNICIPALITY CONFISCATES 70 BAGS OF ROTTEN MANGOS FROM ZAMBIA

The municipality of Swakopmund, through their health inspector, confiscated 70 bags containing 50 kilograms of rotten mangos after a truck was pulled over by police officers at the roadblock.

The rotten bags of mangos were transported from Zambia to Walvis Bay.

nbc News spoke to the Swakopmund municipality's health services and solid waste management manager, Abel Kationdorozi, who confirmed that the mangos are unfit for human consumption.

Kationdorozi says eating spoiled or toxic food can lead to food poisoning, which will lead to nausea, vomiting, and diarrhoea.

The mangos were fresh when they were loaded on the truck in Zambia, but because of the long journey, they became rotten as they had to endure all sorts of weather conditions on an open truck without any cooler.

The mangoes were to be sold on the street market for 10, 5, or 3 dollars.

Source:

<https://www.facebook.com/100064558605310/posts/pfbid0rYNqkbiyS4pkbVScJBGEUhFK11gEtLCLnus3ik7WZrZAWvqv8ohM3sdDoud3h78al/?sfnsn=mo&mibextid=6aamW6>

- 4.1 Kraljic's product classification matrix is a powerful tool designed with the purpose of helping purchasers to maximize supply security and reduce costs by making the most of their purchasing power. You are required to draw this product matrix. (10)
- 4.2 Assume these mangoes were going to be delivered to Laizer (Pty) Ltd, a firm that produces 100% fruits juice. Further assume that mango producers are very limited. On which quadrant of Kraljic's product classification matrix would Laizer (Pty) Ltd plot the mangoes? Motivate your answer (4)
- 4.3 Based on the assumptions made above (question 4.1), identify at least three parties in the supply chain of these mangoes that are affected by the confiscation of the rotten mangoes. (6)

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