



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

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

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

<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	Ms O.N Kangandjo
<b>MODERATOR:</b>	Mr M B Simasiku

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

<b>INSTRUCTIONS</b>	
1.	Answer <b>all questions</b> .
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 From a strategic level, which of the following items is the most logical to outsource? (2)
- a. An item that is not critical to success of the organisation.
  - b. An item that is critical to the success of the organisation
  - c. An item that requires specialised design, manufacturing skills or equipment
  - d. An item that fits well within the firm's core competencies
  - e. None of the above
- 1.2 One of the following is not an objective of Purchasing and Supply Management. (2)
- a. To maintain and develop the quality of purchased products and services as well as internal service delivery
  - b. To ensure gender sensitive purchasing of materials
  - c. To contribute to the development of overall business strategies
  - d. To ensure that a timely, cost-effective and comprehensive information system is in place
  - e. None of the above
- 1.3 One of the advantages of decentralized structure for Purchasing and Supply function is.....(2)
- a. Wider publicity for the organization
  - b. Greater opportunities for Head Office staff to visit the branches.
  - c. Greater autonomy for profit centres
  - d. Expansion of market share of the organization's products
  - e. None of the above
- 1.4 The role of Purchasing function in Corporate Governance is ..... (2)
- a. Sustainability
  - b. To act ethically and lawfully
  - c. To provide intimate knowledge of products/services being purchased
  - d. b) and c)
  - e. a), b) and c)
- 1.5 The fixed cost per unit item produced remains ..... (2)
- a. Constant (Same) whether number of products increases or decreases
  - b. Increases as the number of products decreases
  - c. Increases as the number of products increases
  - d. Decreases as the number of products decreases
  - e. None of the above.
- 1.6 Which of the following tasks are required before the awarding of a contract or placement of an order in the purchasing cycle? (2)
- a. Identification of needs and producing specifications if required
  - b. Expediting, reviewing progress and processes
  - c. Reviewing quotations, gaining authorisation and placing orders
  - d. Assessing supplier performance and checking invoice details if required.
  - e. All of the above.

- 1.7 These items in the ABC analysis need careful consideration since they are responsible for the major part of the inventory investment: (2)
- a. A items
  - b. B items
  - c. C items
  - d. D items
  - e. E items
- 1.8 Large inventories will ..... the costs of stock shortage. (2)
- a. decrease
  - b. increase
  - c. equal
  - d. not affect
  - e. exceed
- 1.9 The following are the main key performance indicators of supplier evaluation: (2)
- a. Quality, cost, geographic location and speed.
  - b. Quality, cost, on-time delivery and environmental issues.
  - c. Cost, financial stability, flexibility and reliability.
  - d. Cost, on-time delivery, responsiveness and quality.
  - e. Quality, cost, on-time delivery and Black Economic Empowerment.
- 1.10 The last stage of the strategic sourcing process is: (2)
- a. Develop a strategy.
  - b. Manage supplier relations.
  - c. Conduct market research.
  - d. Negotiate the contract.
  - e. Build the team.

**Question 2 (True or False)****[10 Marks]**Indicate whether the following statements are **True** or **False**.

<b>Which of the following statements are true or false?</b>	
2.1	In a transactional relationship buyer and seller do not get closely involved with each other, but simply exchange goods or services for payment.
2.2	Uncertainty arises from a person's imperfect state of knowledge concerning future events.
2.3	Logistics management only involves the safety storage materials.
2.4	E-commerce reduces the speed of transactions and increases costs.
2.5	The purchasing and supply function of a firm operates independently from the other enterprise functions.
2.6	Just In Time philosophy requires high levels of inventory to secure an uninterrupted flow of materials.
2.7	It is possible for individual purchasers and suppliers to influence market prices in perfectly competitive free markets.
2.8	Prices can be determination by means of negotiation.
2.9	The first three stages of the negotiation process are individually and separately performed by both the purchasing organisation and the supplier.
2.10	The supplier selection decision is based on a uniform set of weighted criteria that can be applied to every purchase.



**SECTION B**

**Question 3**


**[50 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 Although negotiations can foster effective supplier relationships, not all circumstances require negotiations. Name and explain five circumstances that require or warrant negotiations.(10)
- 3.3 A manufacturer of vehicle parts consists of four separate business units, the purchasing activities are undertaken by the purchasing and supply function.
- (a) Which type of a purchasing and supply organisational structure is employed by this manufacturer? (2)
- (b) Explain two advantages of the purchasing and supply organisational structure identified in (a) above. (2)
- 3.4 The execution a purchasing transaction requires the performance of various activities in a logical sequence. Unavi aims to develop a standard purchasing process for his company. Identify the seven steps of the purchasing cycle that Unavi should consider in developing such a model. (14)
- 3.5 Walter 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 decided to start a small business purchasing programme, what problems do you foresee for your company and for the small supplier? (10)

Question 4

[20 Marks]

Study the advert below and answer the questions thereafter.



**NAMIBIA UNIVERSITY**  
OF SCIENCE AND TECHNOLOGY

**Office of the Bursar**  
Procurement Management  
Unit

### INVITATION FOR BIDS (IFB)

#### Open National Bid (ONB)

Pursuant with Section 29(a) of the Public Procurement Act, 15 (Act No 15 of 2015), the Namibia University of Science and Technology (NUST) invites registered and reputable 100% Namibian-owned companies to submit their best bids for the Supply and Delivery of Laptops and Desktops at the Namibia University of Science and Technology (NUST), Main Campus.

<b>DESCRIPTION OF THE BID:</b>	Supply and Delivery of Laptops and Desktops at the Namibia University of Science and Technology (NUST), Main Campus
<b>PROCUREMENT REFERENCE NO:</b>	G/ONB/NUST-002/2023
<b>BID DOCUMENTS:</b> (Sealed envelope marked as per instructions in the bid document)	Bidding documents will be available during office hours, from the NUST Main Campus, 13 Jackson Kaujeua Street, at the Cashier Offices. Bid documents will be issued upon the payment of a non-refundable tender levy of Three Hundred Namibian Dollars (N\$ 300.00) per tender document.
<b>DATE OF ISSUE:</b>	Friday, 27 January 2023
<b>CLOSING DATE AND TIME:</b>	Thursday, 09 March 2023 at 12h00
<b>LEVY:</b>	N\$ 300
<b>CLARIFICATIONS (Strictly by email):</b>	All requests for clarifications should be addressed to <a href="mailto:bidbox@nust.na">bidbox@nust.na</a> and reach NUST before 20 February 2023. Late requests will NOT be responded to.
<b>SUBMISSION OF BIDS:</b>	Bids must be enclosed in an envelope (clearly marked as indicated in Instruction to Bidder) and delivered at the following address: <b>Namibia University of Science and Technology</b> 13 Jackson Kaujeua Street Bid Box Administration Building, First Floor, Windhoek West Companies must register their bid submission in the registry book available at the Foyer upon bid delivery.
<b>BID OPENING:</b> (Strict COVID-19 safety measures will be applied as per University guidelines)	Bids will be opened in the presence of the bidders who choose to attend at the Namibia University of Science and Technology, 13 Jackson Kaujeua Street, Windhoek West, Elizabeth Haus on <b>Thursday, 09 March 2023, immediately after closing.</b>
<b>ELECTRONIC BIDDING WILL NOT BE PERMITTED. LATE BIDS WILL BE REJECTED AND RETURNED UNOPENED</b>	

Enquiries:  
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- 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 laptop suppliers are very few, using Kraljic's product portfolio matrix, on which quadrant would you advice NUST Purchasing and Supply Management Officers to plot these needed laptops/desktops. Motivate your answer. (5)
- 4.3 Based on your answer above, what strategies would you recommend and why? (5)

**END OF THE QUESTION PAPER**