



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

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

<b>QUALIFICATION: BACHELOR OF PROCUREMENT &amp; SUPPLY CHAIN MANAGEMENT</b>	
<b>QUALIFICATION CODE:</b> 07BPSM	<b>LEVEL:</b> 5
<b>COURSE CODE:</b> CPM521S	<b>COURSE NAME:</b> CONTRACT AND PERFORMANCE MANAGEMENT
<b>SESSION:</b> NOVEMBER 2022	<b>PAPER:</b> THEORY
<b>DURATION:</b> 3 HOURS	<b>MARKS:</b> 100
<b>FIRST OPPORTUNITY EXAMINATION</b>	
<b>EXAMINER(S)</b>	MS. SELMA KAMBONDE (FT/DI) MR. TANGI NEPOLO (PM) MR. PUIS SHIFETA (DI)
<b>MODERATOR:</b>	<b>MS. EMILIA SALOMO</b>
<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. Answer ALL the questions.</li><li>2. Write clearly and neatly.</li><li>3. Number the answers clearly.</li></ol>	

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

**SECTION A: MULTIPLE CHOICE QUESTIONS**

**(50 MARKS)**

**QUESTION 1**

There are twenty (20) Multiple-choice questions with several possible choices each. Choose the best possible answer, for example 1.1 A. Each question is equivalent to 2 marks. Only write the letter next to the correct answer.

**1.1 The transactional part of procurement which is defined as the act of obtaining raw materials, services, and other assets, mainly focusing on the acquisition activity is called.....**

**(2 marks)**

- a) Procurement management
- b) Purchasing
- c) Contract management
- d) Supply chain management

**1.2 Valid contracts involve parties whose judgments are not categorically questioned. The following list represents groups of people whose consent, and therefore legal capacity, could be challenged, EXCEPT?**

**(2 marks)**

- a) Insolvent
- b) Bankrupt
- c) People with mental impairments
- d) Young people over the age of 18 years

**1.3 An agreement between two private parties that creates mutual legal obligation, which can either be either oral or written is called.....**

**(2 marks)**

- a) Breaching of contract
- b) An agreement
- c) A contract
- d) Mutual agreement

**1.4 Which of the following is NOT the key requirement of valid and enforceable contract?**

**(2 marks)**

- a) An offer and unacceptance
- b) Capacity of the parties
- c) Consideration
- d) Legality of purpose

**1.5 In a procurement context, the process of arriving at an agreement on the conditions of a contract, through discussions between buyer and seller is called. (2 marks)**

- a) Contract management
- b) Negotiation
- c) An agreement
- d) Breach of contract

**1.6 A primary aim of a procurement should be to achieve\_\_\_\_\_? (2 marks)**

- a) Stock Control
- b) Value for money
- c) Outsourcing
- d) Inventory management

**1.7 The following is NOT an objective of Procurement Management (2 marks)**

- a) To achieve corporative productive internal relationships
- b) To accomplish organizational procurement objectives at the lowest possible operating cost and as efficiently as possible
- c) To regulate the government procurement of goods, works and services, the letting or hiring of anything or the acquisition or granting of rights for or on behalf of, and the disposal of assets of, public entities
- d) To support and supplements the activities of the other functions within the business

**1.8 Which of the following statements do you think has greatest validity? (2 marks)**

- a) Purchasing has a broader meaning than procurement
- b) Procurement is broadly equivalent to purchasing.
- c) Procurement has a broader meaning than purchasing
- d) None of the above

**1.9 Which one of the below is not essential requirement of a contract? (2 marks)**

- a) Technical matter of nature
- b) Proper and valid consideration
- c) Written and signed
- d) Free consent of parties

**1.10 Which ONE of the following is a provision in a contract under which one party commits to compensate the other for any harm or loss arising out of the contract? (2 marks)**

- a) Indemnity
- b) Intellectual property
- c) Exclusion clause
- d) Warranty

**1.11 A Namibia local company is under pressure from customer to place more emphasis on social value when sourcing its products. It should prioritise which of the following criteria when developing specifications and selecting suppliers? (2 marks)**

1. Reducing product costs
2. Supporting local communities
3. Improving working conditions
4. Increasing sales revenues

- a) 1 and 2 only
- b) and 3 only
- c) and 4 only
- d) 1 and 3 only

**1.12 Model form contracts are popular because they offer additional protections to suppliers. Is this statement correct? (2 marks)**

- a) Yes, in industries that use model contracts they protect a buyer from all supplier conditions
- b) No, they are popular because it is a legal requirement to use them if available in that industry sector
- c) Yes, in those industries that use them model contracts considerably limit supplier liability
- d) No, they are popular because they are widely accepted and understood in industries that use them

**1.13 What is the well-accepted term for the function that deals with the operation's interface with its supplier markets? (2 marks)**

- a) Materials management
- b) Physical distribution management
- c) Purchasing and supply management
- d) Logistics

**1.14 If any parties to the business contract refuses or fails to perform his part of the contract or by his act makes it impossible to perform his obligation under the contract, it is called as \_\_\_\_\_. (2 marks)**

- a) breach of contract
- b) void contract
- c) tender
- d) novation

**1.15 Which one of the following statements is true? (2 marks)**

- a) If a condition in a business contract is breached the infringed party may treat the whole contract as terminated but may choose to carry on with the contract and claim damages.
- b) If a warranty in a contract is breached the injured party may treat the whole contract as terminated.

- c) If a condition in a contract is breached the injured party may claim damages but must continue with the contract otherwise, he will be in breach of contract.
- d) If a warranty in a contract is breached the injured party has no remedy.

**1.16 Why is sharing of information a key part of achieving a win-win outcome from a negotiation? (2 marks)**

- a) It gives the buying party important information that it can use to negotiate lower prices
- b) It allows the buyer to improve its specification to get better offers from other suppliers.
- c) It allows both parties to offer solutions that will help solve the other parties' issues
- d) It builds mutual trust as each party will return the trust shown in them by the other and gives the supplying party important information to negotiate a longer contract term

**1.17 Which of the following is an indication of a competitive style of negotiation? (2 marks)**

- a) Win-lose
- b) Win-win
- c) Each parties win and lose a bit
- d) Conflict avoiders

**1.18 To most people the term "bargaining" and "negotiation" are used? (2 marks)**

- a) Interchangeable
- b) Mutual exclusive
- c) Not related
- d) Interdependent

**1.19 Which of the following is true about compromising style of negotiation? (2 marks)**

- a) Both parties give up part of what they really want.
- b) From a personal-satisfaction standpoint, compromise is win/win.
- c) Compromising is appropriate when the issue is moderately important.
- d) Compromising is appropriate when attempts at forcing or collaborating haven't worked.

**1.20 What is BATNA short for? (2 marks)**

- a) Best Alternative to a Negotiated Agreement
- b) Best Arbiter to a New Agreement
- c) Best Analogy used by the person who won the Negotiating Agreement
- d) Best Alternative to No Agreement

**1.21 Which of the following best describes a force majeure clause? (2 marks)**

- a) Prevent unauthorized disclosure of confidential information
- b) Detailing how any party can opt-out of the arrangement and conditions that will end the contract.
- c) To protect parties from liabilities caused by a breach of contract or negligent acts of third parties.

- d) To remove liability for failure to perform contractual obligation caused by unforeseen and unavoidable circumstances

**1.22 A sold a cow to B with a warranty that it was free from disease, but in fact was suffering from some mouth disease at the time of sale. As a result, the cow purchased died and also infected other cows of What should B do? (2 marks)**

- a) B is not entitled to claim any damages from A
- b) B is entitled to claim loss suffered in his business
- c) B is entitled to claim cost of the cow and the loss due to diseases inflicted on other cows, from A
- d) None of the above

**1.23 Which of the following is not a component of contract management? (2 marks)**

- a) Managing relationships
- b) Managing service performance
- c) Contract administration
- d) Humanitarian disaster management

**1.24 An agreement becomes a contract if: (2 marks)**

- a) It is by the free consent of the parties.
- b) Parties are competent.
- c) It is enforceable by law.
- d) None of the above

**1.25 A large manufacturing group is going through a period of investment under which several facilities will close on a short-term basis for re-fit and upgrade works to be undertaken. The chief procurement officer (CPO) is concerned about the organization's ability to meet customer orders should any work carried out by suppliers overrun. In respect of this concern, the CPO should consider using which of the following contractual terms with these suppliers? (2 marks)**

- a) Insurance
- b) Force majeure
- c) Liquidated damages
- d) Warrantee clause

**SECTION A: 50 TOTAL MARKS**

**SECTION B: STRUCTURED QUESTIONS**

**(50 MARKS)**

**QUESTION 2**

Discuss the roles and objectives of Procurement Management in a business environment?

**(20 Marks)**

**QUESTION 3**

Recently, you have been appointed as a Contract Manager for New Dimensions Trading in Oshakati. The company wants to award a contract to PJT Holdings, to renovate its aging buildings, however, there is no clear understanding of the key requirements of a valid and enforceable contract that leads to contract formation.

3.1 You are required to scrutinize the key elements of a valid contract and advise the board on how to ensure that all the legal key requirements are met? **(20 Marks)**

3.2 What is contract risk and with practical examples, explain the different types of contract risks **(10 Marks)**

**SECTION B: 50 TOTAL MARKS**

**GRAND TOTAL:100 MARKS**