



**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 AND SUPPLY MANAGEMENT</b>
<b>SESSION: JUNE 2025</b>	<b>PAPER: 1</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
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<b>MODERATOR:</b>	Mr. M B Simasiku

**THIS QUESTION PAPER 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. 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 Which of the following objectives is performed at the operational level in purchasing and supply?
- a. Analysing inventory
  - b. Studying alternative control systems
  - c. Developing existing suppliers
  - d. Ensuring availability of purchasing requirements
- 1.2 Select the correct statement below.
- a. MRP is a computerised information system.
  - b. MRP and ECR are virtually identical concepts.
  - c. MRP use kanbans as inputs.
  - d. MRP has nothing to do with inventory management
- 1.3 What is a "supply chain"?
- a. The process of selling products to customers.
  - b. The network of organizations involved in the flow of goods and services from raw materials to end consumers.
  - c. The marketing department of a company.
  - d. The financial reporting system.
- 1.4 What is the purpose of supplier relationship management (SRM)?
- a. To minimize the number of suppliers.
  - b. To develop and maintain long-term, mutually beneficial relationships with key suppliers.
  - c. To negotiate the lowest possible prices with all suppliers.
  - d. To switch suppliers frequently to gain competitive advantages.
- 1.5 What is a "purchase order" (PO)?
- a. A request for information from a supplier.
  - b. A legal document that authorizes a purchase transaction.
  - c. An invoice from a supplier.
  - d. A marketing brochure.
- 1.6 What is the function of a "buyer" in a purchasing department?
- a. To manage the company's finances.
  - b. To negotiate contracts and place orders with suppliers.
  - c. To develop marketing strategies.
  - d. To oversee production operations.
- 1.7 Which of the following is a key element of ethical purchasing?
- a. Accepting personal gifts from suppliers.
  - b. Maintaining confidentiality of supplier information.
  - c. Favoring suppliers based on personal relationships.
  - d. Sharing competitor's pricing with preferred suppliers.

- 1.8 What is the concept of "Just-in-Time" (JIT) inventory management?
- a. Maintaining large buffer stocks to avoid stockouts.
  - b. Receiving materials only when they are needed for production.
  - c. Ordering supplies once a month, regardless of demand.
  - d. Discarding excess inventory to reduce storage costs.
- 1.9 What is the primary goal of purchasing and supply management?
- a. Minimizing advertising costs.
  - b. Ensuring the availability of goods and services at the lowest possible cost while meeting quality and time requirements.
  - c. Maximizing sales revenue.
  - d. Increasing production output regardless of cost.
- 1.10 Which of the following is NOT a typical step in the purchasing process?
- a. Supplier selection.
  - b. Order placement.
  - c. Product marketing.
  - d. Invoice reconciliation.

**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	Supply chain management continues to become increasingly market oriented.
2.2	Cost saving is a possible advantage of outsourcing.
2.3	Strategic plans formulated at top management of purchasing and supply management are implemented and executed at top level management.
2.4	To ensure success a business it is advisable for a business to enter into strategic alliances with suppliers of bottleneck items.
2.5	All purchasing risks can be avoided.
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**

**[50 Marks]**

- 3.1 James aims to develop a standard purchasing process for her company. Outline the seven steps of the purchasing cycle that James should consider in developing such a model. (7)
- 3.2 A consultant has identified purchasing and supply control as a major stumbling block for performance in the company's purchasing and supply function. She advises the company to introduce a performance evaluation system. Outline the steps involved in the purchasing and supply function evaluation process. (10)
- 3.3 Explain the strategies to deal with or eliminate purchasing and supply risk. (10)
- 3.4 Inventory management is important as a firm has to maintain adequate inventory for smooth production and selling activities. On the other hand, a firm has to minimise the investment in inventory in order to enhance firm's profitability hence the importance of identifying poor inventory management. Elaborate on any five symptoms of poor inventory management. (5)
- 3.5 You are a procurement officer at Namibia Grow manufacturing company. Your team is currently negotiating a supply contract with a new international supplier. Your manager has asked you to apply effective negotiation tactics to help secure a favorable deal while maintaining a positive relationship with the supplier. Explain any four negotiation tactics that you could use to support constructive negotiations and influence the outcome positively. (8)
- 3.6 Purchasers often have control over significant financial resources and play a key role in selecting suppliers. As a result, they may be vulnerable to unethical temptations. Discuss five areas of unethical conduct among purchasers that purchasers must avoid at all costs. (10)

**Question 4****[20 Marks]**

A Namibian construction company, BuildWise Ltd., relies on imported roofing materials such as metal sheets from South Africa and sources cement locally from Ohorongo Cement. Roofing material prices fluctuate significantly, and occasional border delays create supply disruptions, while cement is readily available with stable pricing.

- 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. (8)
- 4.2 As the Procurement and Supply Chain Manager of BuildWise Ltd, on which on which quadrants of Kraljic's Product Classification Matrix, would you classify roofing materials and cement? (4)
- 4.3 What challenges does BuildWise Ltd face with the supply of roofing materials? (2)
- 4.4 What strategies can they implement to manage these challenges? (6)

*END OF THE QUESTION PAPER.*