



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF MARKETING, LOGISTICS, AND SPORTS MANAGEMENT

QUALIFICATION: BACHELOR OF PROCUREMENT & SUPPLY CHAIN MANAGEMENT	
QUALIFICATION CODE: 07BPSM	LEVEL: 5
COURSE CODE: IPS511S	COURSE NAME: INTRODUCTION TO PROCUREMENT AND SUPPLY CHAIN MANAGEMENT
SESSION: JULY 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100
SECOND OPPORTUNITY QUESTION PAPER	
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INSTRUCTIONS	
1. Answer all questions. 2. Write clearly and neatly. 3. Number the answers.	

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

SECTION A: MULTIPLE CHOICE AND TRUE OR FALSE QUESTIONS

QUESTION 1

(40 MARKS)

There are 20 Multiple-choice questions with several possible choices each. Choose the best possible answer, for example, 1a. Each question is equivalent to 2 marks.

- 1.1 What is the primary goal of SCM? (2 marks)**
- a) To increase the number of suppliers
 - b) To improve customer satisfaction and reduce costs
 - c) To enhance marketing strategies
 - d) To improve company profitability through higher prices
- 1.2 Which of the following is a key component of the procurement process? (2 marks)**
- a) Customer feedback
 - b) Supplier selection
 - c) Product Marketing
 - d) Financial analysis
- 1.3 What does the term "lead time" refer to in procurement? (2 marks)**
- a) The time taken from order placement to payment
 - b) The time taken to produce a product
 - c) The time from placing an order to receiving goods
 - d) The time taken to deliver a product to the customer
- 1.4 Which of the following describes the JIT inventory system? (2 marks)**
- a) Ordering large quantities of stock to minimise costs
 - b) Maintaining a high level of inventory to avoid stockouts
 - c) Purchasing raw materials in advance to avoid price increases
 - d) Receiving goods only when they are needed for production
- 1.5 What is a "purchase order" in the procurement process? (2 marks)**
- a) A request for payment
 - b) A shipping receipt
 - c) A supplier's invoice for goods supplied
 - d) A document that confirms the terms and conditions of a purchase
- 1.6 Which of the following is NOT typically a factor in selecting a supplier? (2 marks)**
- a) Price competitiveness
 - b) Supplier's delivery performance
 - c) Supplier's financial stability
 - d) Competitor's marketing strategy
- 1.7 What is the function of a "procurement contract"? (2 marks)**
- a) To define the obligations, terms, and conditions of an agreement between buyer and seller
 - b) To outline the warranty and service terms for products
 - c) To set the budget for purchasing
 - d) To track inventory levels and shipments

1.8 In the context of supply chain management, "vertical integration" refers to: (2 marks)

- a) A strategy of acquiring or merging with companies in the same supply chain
- b) Collaborating with competitors to improve efficiency
- c) Expanding the supply chain to multiple countries
- d) Outsourcing production to reduce costs

1.9 What is the main advantage of centralising organisational procurement activities? (2 marks)

- a) Standardisation of processes and better control of spending
- b) Increased supplier base
- c) Increased complexity in decision-making
- d) Faster decision-making at individual departments

1.10 Which of the following best describes the "bullwhip effect" in supply chain management? (2 marks)

- a) The amplification of demand fluctuations as orders move upstream in the supply chain
- b) The reduction in inventory costs through better forecasting
- c) The ability to match supply with demand
- d) The trend of reducing lead times for product delivery

1.11 What does the term "Total Cost of Ownership" (TCO) refer to in procurement? (2 marks)

- a) The cost of producing goods
- b) The cost of raw materials only
- c) The complete cost of acquiring, using, and disposing of a product
- d) The cost of shipping only

1.12 Which of the following is an example of "strategic sourcing" in procurement? (2 marks)

- a) Selecting a supplier based on cost alone
- b) Establishing long-term partnerships with suppliers to ensure supply chain stability
- c) Outsourcing all procurement activities to third-party vendors
- d) Negotiating prices for a one-time purchase

1.13 Which of the following is a key objective of demand forecasting in supply chain management? (2 marks)

- a) To reduce the production lead time
- b) To predict future product demand to optimise inventory levels
- c) To lower transportation costs
- d) To forecast supplier prices

1.14 What is the primary purpose of a "Vendor-Managed Inventory" (VMI) system? (2 marks)

- a) To allow the buyer to control stock levels
- b) To have the supplier manage and replenish inventory at the buyer's location
- c) To reduce the number of suppliers
- d) To automate payment transactions between the buyer and the seller

1.15 What is the role of "logistics" within supply chain management? (2 marks)

- a) To manage product design and development
- b) To plan, implement, and control the efficient movement of goods and services
- c) To track supplier performance
- d) To create procurement contracts

16. What does the term "supply chain resilience" refer to? (2 marks)

- a) The ability of a supply chain to meet customer demands with minimal lead time
- b) The ability of a supply chain to recover quickly from disruptions or unexpected events
- c) The ability of a supply chain to reduce transportation costs
- d) The ability of a supply chain to negotiate favourable contract terms

17. What is the primary advantage of using "global sourcing" in procurement? (2 marks)

- a) Reduced supplier risks
- a) Lower labour and material costs from international suppliers
- b) Easier communication with suppliers
- c) Faster delivery times

18. In procurement, the term "ethical sourcing" refers to: (2 marks)

- a) Sourcing products from local suppliers only
- b) Ensuring that products are obtained through responsible and sustainable practices
- c) Purchasing based on the cheapest price available
- d) Avoiding sourcing from competitors

19. Which of the following is an example of "reverse logistics"? (2 marks)

- a) Delivering products to customers
- b) Collecting returned goods for recycling or disposal
- c) Managing supplier relationships
- d) Optimising transportation routes

20. What is the function of inventory management in the supply chain? (2 marks)

- a) To manage the transportation of goods
- b) To ensure that the right products are available at the right time and cost
- c) To track supplier performance
- d) To forecast future market demand

QUESTION 2: TRUE OR FALSE

(10 MARKS)

Read each of the following statements carefully. Indicate whether the statement is **True** or **False** by writing **ONLY** the correct answer. Each correct answer is worth one mark.

- 2.1 The EOQ model assumes that demand is constant and known in advance.
- 2.2 Cross-docking in a warehouse involves receiving and immediately shipping goods without long-term storage.
- 2.3 Shrinkage refers to intentionally reducing inventory levels to lower holding costs.
- 2.4 Procurement encompasses a broader strategic scope than purchasing, which focuses primarily on the transactional acquisition of goods and services.
- 2.5 The bullwhip effect in supply chains describes how minor variability in consumer demand can lead to increasingly volatile orders upstream among suppliers and manufacturers.
- 2.6 JIT is a type of inventory management that aims to minimise inventory levels.
- 2.7 Reverse auction is a procurement method where suppliers compete to offer the highest price.
- 2.8 Lean supply chain management emphasises the elimination of waste in the supply chain.
- 2.9 Supply chain management is exclusively concerned with the downstream physical flow of finished goods to end consumers.
- 2.10 Outsourcing supply chain functions invariably mitigates an organisation's risk exposure by transferring all operational liabilities to third parties.

SECTION A: 50 TOTAL MARKS

SECTION B: STRUCTURED QUESTIONS

(50 MARKS)

QUESTION 3

FreshHarvest Namibia is a company that specialises in producing, packaging, and distributing perishable fresh produce such as tomatoes, spinach, and berries. The company operates from northern Namibia and supplies domestic supermarkets and export markets in Angola and South Africa. Due to the sensitive nature of their products, FreshHarvest has invested heavily in a cold chain supply. This includes refrigerated warehouses, GPS-monitored transport, and coordinated order management systems.

Using the case of FreshHarvest Namibia, briefly discuss the four utilities and explain how the company's supply chain practices contribute to adding value through each. Support your discussion with practical examples from the case? **(20 Marks)**

QUESTION 4

Read the terms listed below carefully. Provide a clear and concise explanation for each term in your own words. Support your explanation with examples to demonstrate understanding. Each correctly explained term is worth two marks. **(20 Marks)**

- a) Just In Time
- b) Sustainable supply chain
- c) Supply chain network
- d) ABC Analysis
- e) MRP
- f) Bullwhip effect
- g) EOQ
- h) Cross-docking
- i) Agility
- j) Procurement Methods

QUESTION 5

Okamatapati Ltd. uses EOQ logic to determine the order quantity for its various components and plans its orders. The Annual consumption is 80,000 units, the Cost to place one order is N\$1,200, the Cost per unit is N\$ 50, and the carrying cost is 6% of the Unit cost. **(10 Marks)**

- a) Find EOQ **(4 marks)**
- b) No. Of order per year **(2 marks)**
- c) and Total Cost of Inventory **(4 marks)**

SECTION B: 50 TOTAL MARKS

TOTAL: 100 MARKS