

2903/201
PURCHASING MANAGEMENT
July 2017
Time: 3 Hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL
DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE II

PURCHASING MANAGEMENT

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of SEVEN questions.
Answer any FIVE questions in the answer booklet provided.
All questions carry equal marks.
Candidates should answer the questions in English.*

This paper consists of 2 printed pages.

Candidates should check the question paper to ascertain that both pages are printed as indicated and that no questions are missing.

1. (a) As part of their purchasing management strategy, Tawala Company Limited has adopted the Total Quality Management (TQM) Technique. Highlight the benefits that may accrue to the organisation from such a move. (10 marks)
- (b) Highlight the factors that may influence the status of the purchasing function in an organisation. (10 marks)
2. (a) Explain the measures that a supply chain officer should put in place for purposes of quality assurance in an organisation. (10 marks)
- (b) A tender evaluation committee has been set up at Watika Company Limited to evaluate the submitted bids. Explain the main aspects that should form the basis for the evaluation. (10 marks)
3. (a) Explain the challenges likely to be experienced by a firm that procures its material requirements from the local market. (10 marks)
- (b) BCD enterprises has just entered into a purchase contract with one of its suppliers for the supply of its stationery. Highlight the information that such a contract may contain. (10 marks)
- ~~4.~~ (a) Explain the importance of debriefing suppliers in the procurement process. (10 marks)
- (b) Highlight the factors that may negatively influence the outcome of a negotiation for a purchase contract. (10 marks)
5. (a) Explain the nature of preparation that a negotiator may make for effective negotiations in a purchase contract. (10 marks)
- (b) Explain the benefits that may accrue to an organisation from practising ethical buying. (10 marks)
6. (a) Explain the circumstances under which the 100% inspection of incoming goods would be appropriate in an organisation. (10 marks)
- (b) Highlight the likely causes of unethical procurement practices among procurement officers in the public sector. (10 marks)
7. (a) Jawabu Company Limited has adopted a horizontal organisation structure for its purchasing department. Highlight the advantages of such a structure. (10 marks)
- (b) Explain the conditions which are necessary for an effective contract management. (10 marks)

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