

Name: _____ Index No: _____ / _____

2903/201

PURCHASING MANAGEMENT

November 2015

Time: 3 hours

Candidate's Signature: _____

Date: _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE II

PURCHASING MANAGEMENT

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.

Sign and write the date of the examination in the spaces provided above.

This paper consists of SEVEN questions.

Answer any FIVE questions in the spaces provided in this question paper.

All questions carry equal marks.

Do not remove any page from this question paper.

Candidates should answer the questions in English.

For Examiner's Use Only

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

This paper consists of 16 printed pages.

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

1. (a) A certain organization has been experiencing an increase in the cost of procuring materials. Explain the measures that the organization should take to minimize the cost. (10 marks)
- (b) Jumla Enterprises intends to devise the structure of its supply chain department. Highlight the factors that the enterprise should consider when undertaking the task. (10 marks)
2. (a) Quality control is one of the activities that a supply chain officer may undertake in an organization. Outline the objectives of this activity. (10 marks)
- (b) Explain the factors that would influence supply chain officers in selecting a pricing method to use for a purchase contract. (10 marks)
3. (a) Mr. Juma has been directed to draft a purchase contract for an organization. Highlight the factors that he should consider in establishing the validity of the contract. (10 marks)
- (b) Sisiko Company Limited has decided to develop one of its suppliers. Explain the advantages that the company may derive from this decision. (10 marks)
4. (a) The Kenya Institute of Supplies Management (KISM) plays a critical role in ensuring that its members observe the purchasing code of ethics. Outline the ways in which KISM plays this role. (10 marks)
- (b) Highlight the skills that a supply chain officer should possess to be effective in negotiating purchase contracts. (10 marks)
5. (a) Ujuzi Manufacturing Company is concerned about increased cases of unethical practices among its supply chain officers. Highlight the reasons that may account for the trend. (10 marks)
- (b) Sese Enterprises has adopted a hybrid structure in organization of its supply chain function. Highlight the challenges that the enterprise may face under this situation. (10 marks)
6. (a) Explain the ways in which benchmarking technique may enhance quality assurance (QA) in the supply chain operations. (10 marks)
- (b) A purchasing contract confers certain rights and obligations to both the purchaser and supplier. Outline the obligations of a purchaser in this regard. (10 marks)
7. (a) Highlight the assumptions upon which the Economic Order Quantity technique may be applied in an organization. (10 marks)
- (b) Pre-negotiation is one of the phases that are involved in negotiating purchase contracts. Outline the activities that are carried out at this phase. (10 marks)