



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2018/2019 ACADEMIC YEAR
SECOND YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF COMMERCE**

COURSE CODE: BCM 2213

**COURSE TITLE: INTRODUCTION TO PURCHASING
AND SUPPLY MANAGEMENT**

DATE: 29TH APRIL 2019

TIME: 0830 - 1030HRS

INSTRUCTIONS TO CANDIDATES

1. Question ONE is compulsory
2. Answer Question **ONE** and any other **THREE** questions.
3. All Examination Rules Apply.

QUESTION ONE (COMPULSORY)

You are advised to read the following case study carefully before answering question one.

Metropolitan University

Metropolitan University is a large city-based university with about 15,000 students. The current university buildings were constructed in the 1960s and several have come to the end of their useful life. As a consequence, the buildings are becoming expensive to maintain. The university has recently appointed a new Vice Chancellor who is keen to develop the campus buildings to enhance the reputation of the university. The first major building identified in need of rebuilding is the Business School.

An architect has been appointed and initial plans developed for a \$100m new building with state of the art teaching and research facilities. The project is estimated to take three years to complete. A lease has been taken up on a nearby office building to act as a temporary home for the staff during the building transition with business students sharing the teaching facilities with other faculties during the development period.

The head of purchasing for the university has to find a suitable building contractor to manage both the demolition of the existing business school and the subsequent rebuilding of the new school on the current site. The head of purchasing realizes that the contract needs to be tendered but also knows they need to think carefully about the process to ensure that the process is carried out ethically.

Required:

- (a) Explain TWO reasons using a restricted tender may be the more appropriate method of tendering for the building contract rather than using an open tender. **(4 marks)**
- (b) Discuss TWO issues that may need to be addressed in order to ensure that the tender process is ethical. **(3 marks)**
- c) Describe THREE criteria for pre-qualification of a supplier prior to the issue of a tender for the building work. **(9 marks)**
- (d) Describe THREE specific criteria which could be used for evaluation of suppliers' bids after the receipt of tenders for the Newhouse contract. **(9 marks)**

Question Two

- a) List FIVE elements of a valid procurement contract. **(5 marks)**
- b) Explain how purchasing function can contribute to an organization's competitiveness. **(10 marks)**

Question Three

- a) Discuss what constitutes the substance of a negotiation process. **(6 marks)**
- b) Explain the importance of purchasing procedures in the procurement process. **(9 marks)**

Question Four

- a) Explain the difficulties in purchasing performance and control. **(5 marks)**
- b) Identify FIVE ways in which information technology can be applied to the purchasing and supply function and evaluate the possible benefits.

(10 marks)

Question Five

- a) Describe SEVEN parameters used to evaluate suppliers **(7 marks)**
- b) Explain FOUR reasons why firms use the outsourcing strategy **(4 marks)**
- c) List FOUR details that are likely to be included in a technical specification.

(4 marks)

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