



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3

P. O. Box 49274,

00100

NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212

Fax: 4444175

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 15th August, 2023

Time: 11.30am –1.30pm

KPS 100 - PRINCIPLES OF PURCHASING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

THE ROLE OF PROCUREMENT IN THE MANAGEMENT OF SUPPLY CHAIN - KUMBATIA LTD

In business, procurement is the process of acquiring goods or services from an external source. It usually involves requesting bids from vendors, selecting the best option, and then negotiating terms and conditions. At Kumbatia Limited, a company that specializes in the manufacture of consumer as well as other different products, procurement is a critical part of supply chain management within the organization, as it encompasses all activities involved in acquiring materials and services needed to produce products or deliver services. In the sourcing of materials, purchasing officers at Kumbatia employ the six principles of purchasing. The main functions of procurement is to obtain supplies at the best possible price while ensuring that quality standards are met at all times to ensure competitiveness of the products in the market. Buyers in the procurement department use different types of procurement methods, each having its own set of challenges.

The most common types of procurement include: direct purchase, competitive bidding, Request for Proposal (RFP), and Request for Quotation (RFQ). The main goals of procurement at Kumbatia is to ensure that all required materials and services are delivered at the right time, place and price among others. Each type of procurement has its own advantages and disadvantages. The buyers at Kumbatia therefore always select the option that best suits the needs of the organization. Procurement can be a complex and time-consuming process, but working with an experienced partner can help make it easier. Procurement is a critical part of the supply chain and can have a significant impact on the overall performance of the supply chain. There are many different procurement strategies that can be employed, and the most effective strategy will vary depending on the specific industry and supply chain. However, there are some general principles that all successful procurement strategies should follow. To ensure compliance with the procurement processes, Kumbatia has developed several steps used in sourcing that have been named the

Strategic Steps of sourcing which is used when sourcing for goods and services. The Kumbatia has a centralized purchasing organization which helps to leverage on obtaining better material prices from suppliers among many other benefits in purchasing.

As a centralized purchase organization, the purchasing team sits at the Head office and sources materials for all the plants. In order to harness the full benefits of strategic sourcing, Kumbatia uses six steps in the procurement cycle while carrying out purchasing of raw materials for production. The purchasing team has grown into a formidable business support function by consistently attaining the set purchasing objectives. Over time the team has made purchasing a model.

- a) Explain the known principles of purchasing that Kumbatia uses to purchase goods for production. (6 Marks)
- b) Explain the advantages of a centralized purchasing structure that Kumbatia enjoys. (6 Marks)
- c) Describe the strategic sourcing steps used by Kumbatia in the purchase of goods. (6 Marks)
- d) Highlight at least three different purchasing methods used by Kumbatia to purchase goods. (6 Marks)
- e) In order to support the business, explain at least three known purchasing objectives that Kumbatia team uses in the purchase of goods. (6 Marks)

QUESTION TWO (20 MARKS)

- a) The CEO of your organization, (Boresha Ltd) wants to understand the contribution that the Purchasing department can make to the growth of the organization. Discuss the Purchasing activities that if implemented, will contribute to the growth of the organization. (10 Marks)
- b) To improve the quality of finished products produced by Boresha Ltd, Discuss the Principles applied in Purchasing that the Purchasing team at Boresha must use when sourcing for raw materials used in production (10 Marks)

QUESTION THREE (20 MARKS)

- a) Kamata Ltd has a planned visit by Supply chain students of Kiriri Womens University of Science and Technology at their site to provide the students with better understanding of Purchasing. As the Purchasing Manager at Kamata Ltd, explain in detail the Advantages of effective purchasing to the visiting students. (10 Marks)
- b) Kamata Ltd, has appointed a new Managing Director, as the Purchasing Manager, in your first meeting with the new with the new Managing Director, provide the MD with detailed functions of the Purchasing department in the organization. (10 Marks)

QUESTION FOUR (20 MARKS)

- a) You have been tasked to prepare notes for supply chain students visiting your site. Describe to the students, the types of sourcing that you use in your organization to help with profit maximization. (10 Marks)
- b) There are several challenges experienced in Global Sourcing. As the Purchasing Manager, you are required to prepare a detailed presentation for the CEO/ Secretary to the Boar. Discuss in details the challenges the organization faces in pursuit of global sourcing (10 Marks)

QUESTION FIVE(20 MARKS)

- a) Supplier Selection is a very important step in the material sourcing. Discuss in detail the first five steps in the supplier selection process. (10 Marks)
- b) Explain in detail, the different criteria used in supplier selection. (10 Marks)