



# MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

**MAIN CAMPUS**

**ORDINARY UNIVERSITY EXAMINATIONS**

**2015/2016 ACADEMIC YEAR**

**ORDINARY UNIVERSITY EXAMINATION**

**FOR THE BACHELOR OF PURCHASING AND SUPPLIES  
MANAGEMENT**

**YEAR THREE SEMESTER TWO**

**DATE: 21<sup>ST</sup> APRIL 2016**

**TIME: 2 HOURS**

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**COURSE CODE: HPS 2308 - PROCUREMENT MANAGEMENT**

**INSTRUCTIONS:**

*Answer Question 1 and any Other Two*

## **QUESTION ONE**

- a) Mr. Simiyu Omamo has been recruited to head one of the public procurement entities in the country. In respect of the Public procurement and Disposal Act 2005, describe what is procurement plan and its importance (10 marks)
- b) Innovation approaches provide a more commercial approach to public procurement. While they may be desirable in enhancing value for money, they may require greater vigilance in respect to tender planning and governance. Describe such three innovations (6 marks)
- c) Highlight four major objectives of contract administration in procurement management (4 marks)
- d) Purchasers both in industrial and public sector utilize professional techniques and modern methods, and they employ professional buyers to ensure that the purchasing program fully supports their organizational needs. Discuss the characteristics of Government procurement (10 marks)

## **QUESTION TWO**

Mr. Kamau is a newly employed purchasing officer of Ward four, a new sub county in the large Muranga County. He has been given a task of disposing off stores in a public entity. Write a brief report detailing on:-

- i) Identification and categorization of the stores i.e. the stores for disposal and their categories: (5 marks)
- ii) Mode of Disposal i.e. at least three modes of disposal recommended by the Standing Disposal Committee (SDC) (10 marks)
- iii) government organizations have been classified by PPOA in gazette notice Number 719 into classes A,B, and C. Highlight five organizations (two in class A and B and one in class C) (5marks)

## **Question Three**

- a) In the year 2005, the then Minister of Finance came up with Act of Parliament which regulates the procurement procedures in all public entities. The Act has bodies which assist

in the monitoring of procurement processes. One of the bodies is the Public Procurement Oversight Authority (PPOA). Discuss the principles of public procurement (10 marks)

b) What is specifications and what are different types of specifications (10 marks)

#### **QUESTION FOUR**

(a) Public institutions are being accused by the public and other stakeholders for abuse of the procurement process. In order to achieve value for money and to effectively contribute to the efficient service delivery, public procurement practice must adopt a strong ethical bent.

Discuss five applicable ethics in public procurement (10 marks)

(b) Explain four major approaches to competitive tendering , supporting your argument with relevant examples where applicable (10 marks)

#### **QUESTION FIVE**

(a) Apart from the classification of public entities into groups A, B and C and the concomitant procurement threshold (ceilings) stipulated in the Public Procurement Act (2005) and regulations (2006), there are other factors that may influence procurement approach. Discuss four such factors (10 marks)

(b) Discuss the major activities involved in evaluation of tenders (10 marks)



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**YEAR THREE SEMESTER TWO**

**COURSE CODE: HPS 2306 - RELATIONSHIP MANAGEMENT**

**DATE: 20<sup>TH</sup> APRIL 2016**

**TIME: 2 HOURS**

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## Instructions:

*Answer Question 1 and any Other Two*

Chem Co was dedicated to production of a chemical additive used in the production of rubbers, paints and other compositions. The feedstock used in the ChemCo process was supplied by the WheatCo 'Basics' unit. The manufacturing process of the additive generated a gaseous by-product, which was recycled back into the WheatCo feedstock. Half of the additive made on the ChemCo site was sold to WheatCo's 'Rubber' unit, and the rest to other customers in Europe and the USA (see Figure 9.9). The two firms thereby formed a 'closed loop' supply chain – whereby they were both customer of, and supplier to, each other. The production processes operated on a round-the-clock basis and there was very little buffer stock within the supply loop: 'if we have a problem, then ChemCo has a problem 10 seconds later'. This close interdependency of logistics processes meant that operating teams were in contact on a 24-hour basis. There was a direct telephone link between WheatCo and ChemCo operators to allow easy communication and instant warning of changes in either of the processes, or to inform of production stoppages.

The supply relationship was multifaceted, with interactions taking place at many levels. Locally it included plant management, engineers and operators. In the USA, an executive contact was appointed by each firm to manage the relationship at a strategic level. This applied in particular to the global contract agreement, which provided the commercial terms for the relationship. A joint steering committee determined the local operational strategy for the relationship and provided guidelines to two other joint teams: 'quality improvement' and 'technical'.

Eight years after the supply relationship began; the upstream Wheat Co process had become unreliable. There were also quality issues with the chemical additive supplied by Chem Co, which affected rubber production at the downstream Wheat Co unit. In the early days of the relationship, operators had been encouraged to socialize through company events and plant visits. This allowed a common language to be developed 'we may spend a day there, they spend a day here' and thus 'we didn't need to communicate where if something did go wrong they would automatically take care of it'.

More recently, the relationship had developed some disturbing ‘arm’s length’ characteristics. Both partners were implementing internal programmes which drew attention away from the supply relationship. At shop floor level, less interaction and fewer visits were allowed. This was made worse by employee turnover. As a consequence, operators felt that they could no longer ‘put a face to a name’. Lack of interaction, together with the recurring technical issues, put a strain on the overall relationship. Recognizing that a blame culture had developed, site management from Wheat Co and Chem Co decided to organize a ‘team day’ to ensure that operators, shift managers and engineers from the three manufacturing units could meet, socialise and be trained on the specifics of the supply loop. However, the ‘team day’ was cancelled due to a company-wide workforce reduction plan announced by WheatCo: given the circumstances, such a socialisation event was seen as inappropriate.

### **QUESTION ONE**

- i) What had happened to the relationship between Chem Co and WheatCo? What kind of relationship exists between these two partners (10 Marks)
- ii) Companies want to develop partnerships with the best suppliers to leverage supplier’s expertise and technologies to create competitive advantage. How would ChemCo appraise his suppliers / benchmarking factors (10 Marks)
- iii) What barriers would ChemCo encounter while developing his suppliers’ (ie barriers to supplier development) (10 Marks)

### **SECTION B ANSWER ANY TWO QUESTIONS**

#### **QUESTION TWO**

- a) True partnerships are not easily created and much has to be done to get the most out of any partnerships. Using well articulated examples discuss six major ingredients for developing successful partnerships. (12 Marks)
- b) Supplier networks can be formal or informal group of companies whose common interest is that they all supply to a particular customer or support an entire industry. Discuss the Japanese Kairetsu supporting your argument with relevant examples. (8 Marks)

#### **QUESTION THREE**

- a) In the late 1940,s Japanese assemblers began to recognize the potential benefits of becoming active members of the associations. Describe five major objectives and rationale of developing supplier associations. (10 Marks)

- b) Choosing which type of relationship to adopt in a given supply chain situation is an important strategic issue, as such a number of approaches seek to segment suppliers into various categories. In light of the above discuss the purchase portfolio matrix (10 Marks)

#### QUESTION FOUR

- a) What are the salient advantages of electronic collaboration (6 mks)  
b) Differentiate order winners from order qualifiers (4 mks)  
c) There are various ways of creating competitive advantage in supply chain relationships. Describe how you would:-
- i) Create hard objectives (6 Marks)  
ii) Design supportive capabilities (6 Marks)



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**FOR THE BACHELOR OF PURCHASING AND SUPPLIES  
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**YEAR THREE SEMESTER TWO**

## **COURSE CODE: HPS 2314 CLEARING AND FORWARDING**

DATE: 21<sup>ST</sup> APRIL 2016

TIME: 2 HOURS

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### **INSTRUCTIONS:**

Answer 3 Questions. Question ONE is compulsory

Sean O'Daid runs part of a family business in Cork, Ireland, producing a range of natural conditioners for gardens. The main product is peat. This is dug from local bogs owned by the company, dried, shredded to give a uniform texture, treated to remove unwanted material and then compressed for packing into 25 kg and 50 kg bags. These are delivered throughout Ireland, but the highest sales are in the south around Cork, and east around Dublin.

Over the past 20 years, trade has varied, depending on the state of the economy and enthusiasm for gardening (which is often affected by television programmes). A more serious problem is the environmental damage done by peat extraction, and which is encouraging gardeners to look for environmentally friendly alternatives. O'Daid Garden Products is a small company, but they extract more than 10,000 tonnes of peat a year. Sean summarises this situation by saying, 'we have lots of peat in the ground, but demand is certainly falling, and is likely to go even lower. We are actively developing new materials as alternatives to peat, but these are more expensive and will probably be more attractive in the longer term. In the medium term we want to exploit our existing reserves, and get a smooth transition to the new products. In particular, we want to increase current peat production, and start exporting to the UK and the rest of Europe.'

Sandra O'Daid runs another part of the family business. She imports materials to make a range of high-value Celtic jewellery, which she exports to 42 countries around the world. Her materials are largely gemstones and precious metals from South Africa and Australia. Her main exports are to the countries around the Pacific Rim, particularly Singapore and Australia. Last year sales from her traditional customers fell slightly, and she started looking for sales in the Middle East and South America.

- i) What would be the role of freight forwarder in Sandra O'Daid business (5 marks)
- ii) Highlight five points Sandra O'Daid requires to consider while selecting the clearing & forwarding agent (5 marks)
- iii) Discuss the rights and duties of freight forwarder when acting as an agent and as a principal (10 marks)

iv) Financial arrangements for imports or exports are normally more complex than those for domestic trade. How would Sandra O'Daid prepare for import payments( 10 mks )

## **SECTION B**

### **QUESTION TWO**

International sourcing emerged initially as a reactive strategy employed to neutralize the threat of foreign competition. Today however, international sourcing enables firms to utilize worldwide resources more efficiently by allowing them to decouple regional economic (comparative advantage) factors from their countries' of origin. In right of the above write brief explanatory notes on the following international purchasing terminology

- i. Bill of lading ( 10 Marks)
- ii. Bills of exchange (4 Marks)
- iii. Letter of credit (6 Marks)

### **QUESTION THREE**

- a) There are three heritages that form the legal system of the world. Using well articulated examples discuss the following heritages
  - i. Common / Code law (4 Marks)
  - ii. Islamic law (4 marks)
- b) Write brief explanatory notes on the following international trade terminology
  - i) Manifest (2 marks)
  - ii) Escrow account (2 marks)
  - iii) Free On Board (FOB) ( 2marks)
  - iv) Commercial attaché (1 mark)
  - v) Cost insurance freight (CIF) (1 mark)
- c) Enumerate four advantages of containerization (4 marks)

### **QUESTION FOUR**

- a) Foreign exchange risk occurs when the purchaser of an overseas product will be required to pay more or less than expected owing to fluctuations in the exchange rates between the purchaser's currency and that of the supplier in which payment may be made. Companies buying overseas can minimize foreign currency risk exposure through several ways: Discuss those various ways supporting your argument with relevant examples (10 Marks)
- b) There are various ways of solving international trade disputes. Using well-articulated examples discuss arbitration technique (10 Marks)

### **QUESTION FIVE**

- a) The movement of goods from one place to another increases the risk of damage and loss of the goods. Cargo insurance covers the risk of physical damage to your goods or their loss in transit by any of the modes of transport mentioned previously. Discuss any four basic principles of insurance (8 marks)
- b) Briefly explain the role of Kenya International Freight & Warehousing Association (KIFWA) (4 marks)
- c) Write brief explanatory notes on the classification of ports based on the services rendered (8 marks)



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**FOR THE BACHELOR OF PURCHASING AND SUPPLIES  
MANAGEMENT**

**YEAR TWO SEMESTER TWO**

**COURSE CODE: HPS 2209 OPERATIONS MANAGEMENT**

**Instructions:**

Answer 3 questions. Question one is compulsory and any other two in sec B

**SECTION A****QUESTION ONE**

- a) Operations management focuses on specific capabilities that give an organization competitive advantage. Using well-articulated examples discuss the four operational priorities. (6 Marks)
- b) Alpha Manufacturing Incorporation has an opportunity to improve its production processes. The following table gives the activities and other relevant data for the project.

Activities	Predecessor	Normal cost (\$)	Normal time	Crash cost	Crash time
A	-	200	3	400	2
B	-	250	8	700	5
C	-	320	5	380	4
D	A	410	0	800	4
E	C	600	2	670	1
F	B,E	400	6	950	1

G	D	550	12	1000	6
H	G,F	300	11	400	9

Note: there is \$140 per day variable overhead cost during the project

- i) Draw the network corresponding to normal time (5 mark)
- ii) Determine the
  - a. Critical Path (1 mark)
  - b. Normal duration of the project (1.5mark)
  - c. Cost of the project (2 mark)
- iii) Suitably crash activities so that normal duration may be reduced and determine minimum cost (10 marks).
- c) Strategic decisions can be classified as those decisions which make major long term changes to the resource base of the organization in response to the external factors. Briefly discuss the three level of strategy (4.5 marks)

## **SECTION B**

### **QUESTION TWO**

- a) ISO 8402 states that quality is the totality of features and characteristics of the product that bears the ability to satisfy stated or implied needs. Garvin identified five approaches and eight dimensions of quality. Elaborate the statement supporting your argument with relevant examples (12 marks)
- b) Using well articulated examples describe any four types of wastes and how these waste can be eliminated (8 marks)

### **QUESTION THREE**

- a) Kakamega County has approached you as an operations expert. The county wants to set up a milk processing plant. Write an outline report detailing two types of facility layout and the factors to consider while selecting the facility location (10 mks).
- b) New product design can provide a competitive edge by bringing new ideas to the market. Discuss idea generation bringing out clearly various strategies employed by the companies to find good ideas (10 mks)

### **QUESTION FOUR**

- a) A company is engaged in the production of three products A, B, and C. Products A and B are processed in three operations I, II and III, whereas product C is processed in operation I and II only. The maximum capacities of operations per week are 80, 120, 140 hours respectively for A, B and C. The times required to produce one item in each of the operations are given below:

Operations	Time (hrs) required to produce one unit		
	A	B	C
I	3	1	2
II	1	4	1
III	2	3	0

Profit (\$) per unit A, B and C is \$10, \$12 and \$8 respectively, find the optimum production of A, B and C so as to maximize profit (12 marks)

- b) What is capacity planning? Describe the relevance and significance of capacity sharing (8 marks)

### Question five

- a) There are a number of methods available that help improve the design process in production. Discuss the design for manufacturer (8 mks)
- b) Write brief explanatory notes on the following operations' terminology
- i) Jobbing (4 mks)
  - ii) Batch (4 mks)
  - iii) Mass/continuous (4 mks)

