



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS**

**2021/2022 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS**

**BACHELOR OF COMMERCE**

**COURSE CODE: BCM 3148**

**COURSE TITLE: PURCHASING MANAGEMENT**

**INSTRUCTIONS TO CANDIDATES**

- 1. Answer Question ONE and any other THREE questions**
- 2. Do NOT write on this Question paper**

**QUESTION ONE**

- a) Explain five objectives of procurement in an organisation (5mks)
- b) Describe five advantages of centralized purchasing structure of an organisation(5mks)
- c) Explain five assessment criteria which are used to evaluate purchasing performance in an organisation (5mks)
- d) Examine five elements of total quality management in purchasing and supply management (5mks)
- e) Explain five benefits of variety reduction in purchasing and supply management (5mks)

#### QUESTION TWO

- a) Explain five interrelationships of procurement and supply with production department in an organisation (5mks)
- b) Explain five reasons why organisations are always concern with suppliers quality(5mks)
- c) Describe five dimensions of product quality in purchasing and supply management (5mks)

#### QUESTION THREE

- a) Explain five benefits of standardisation in purchasing and supply management(5mks)
- b) Examine five reasons for the use of outsourcing in purchasing and supply organisation(5mks)
- c) Describe five benefits of vendor managed inventory as a tool of inventory management in an organisation.(5mks)

#### QUESTION FOUR

- a) Explain five factors which affect pricing decisions in purchasing and supply management (5mks)
- b) Discuss five benefits of buyer suppliers relationship in purchasing and supply in an organisation(5mks)
- c) Describe five factors which influence in-house sourcing in purchasing and supply in an organisation (5mks)

#### QUESTION FIVE

- a) Describe five criteria which purchasing and supply professionals use in supplier evaluation in an organisation (10mks)
- b) Explain five factors which influence negotiations in purchasing and supply management (5mks)

**BCM 3148**

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## **PURPOSE**

**This course aims at enabling the learners to manage purchasing effectively.**

### **Expected learning outcome**

By the end of the course the learners should be able to;

- 1) Explain the nature of purchasing or procurement and the tasks involved
- 2) To equip student with in depth understanding of procurement management
- 3) To develop an understanding of key drivers of procurement function, performance and inter relationship with strategy

## **COURSE CONTENT**

### **1) Definition and scope**

- Objectives of procurement.
- Procurement department responsibilities.
- Centralization versus decentralization.
- Procurement in the organization structure.
- Relationship of procurement and supply with other functions.
- Differences between purchasing and procurement

### **2) Quality concept**

- Definition of quality
- Philosophies of quality
- Quality gurus

### **3) Quality determination**

- Definition of specification
- Objectives of specification
- Roles of suppliers /buyers in quality specification
- Standardization
- Variety reduction
- Quality control versus quality assurance
- Value analysis versus value engineering
- Tools and methodologies of quality management
- Price determination

### **4) Factors affecting pricing decision**

- Definition of price
- Obtaining prices-buyer versus supplier
- Government influence on pricing

- Types of purchases
  - Methods of price determinations
  - Strategic sourcing
  - Sourcing decisions
  - Supplier evaluation
- 5. Advances in sourcing**
- Vendor inventory
  - Definition of vendor management inventory
  - Features of vendor management inventory
  - Advantages of vendor inventory management

**6) Instrument for purchasing**

**7) Contemporary purchasing concept**

- Performance evaluation
- Buying plan
- Negotiation
- Information system
- Outsourcing
- Make or buy decision

**Course assessment**

CATS	30%
EXAMS	70%
TOTAL	100%

**Core Reading Material**

Chopra. S, Meindi.P.& Halra (2013). Supply chain management: Strategy planning and operations 3<sup>rd</sup>

Ed. Noida India: Prentice-Hall

Heizer j. & Reader B. (2008) principals of operations management. Pearson international edition

Johnson, p. (2008) logistic & supply chain management Boston: MC GROW HILL.

Supply chain management strategy planning & operation 3<sup>rd</sup> edition India

Leaders, M.R & Feason H.E (2012). Purchasing & Materials Management 10<sup>th</sup> Ed. Chicago, Irwin

**END**