



MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR
(ACADEMICS, RESEARCH & EXTENSION)

UNIVERSITY EXAMINATIONS 2018/2019 ACADEMIC YEAR THIRD YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF SCIENCE IN CIVIL AVIATION MANAGEMENT

COURSE CODE: BBM 340

COURSE TITLE: PURCHASING MANAGEMENT

DATE: 17TH DECEMBER, 2018 **TIME:** 2.00 P.M. – 5.00 P.M

INSTRUCTION TO CANDIDATES

- ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS

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BBM 340: PURCHASING MANAGEMENT

QUESTION ONE

- (a) Explain five objectives of purchasing department in an ideal organization. (15 marks)
- (b) Purchasing is an important function within any organization. Discuss the importance of purchasing function in relation to the Kenyan economic perspective in both public and private sector. (10 marks)

QUESTION TWO

The Kraljic Portfolio Purchasing Model helps purchasers understand how their products are classified in terms of supply risk and profit contribution, and also know whether the balance of power lies with them or with their suppliers. Discuss. (15 marks)

QUESTION THREE

- (a) Define the term Inventory management. (3 marks)
- (b) ABC analysis is an inventory categorization method which consists in dividing items into three categories, A, B and C. Discuss the application of ABC analysis in inventory management. (12 marks)

QUESTION FOUR

- (a) Discuss the FIVE Rights of purchasing. (10 marks)
- (b) Highlight the steps involved in purchasing negotiation process. (5 marks)

QUESTION FIVE

- (a) Differentiate between centralization and decentralization in relation to purchasing function. (5 marks)
- (b) Criteria refers to attributes that a buying organization values in its arrangements with suppliers. There are several common supplier selection criteria. Discuss. (10 marks)

QUESTION SIX

The procurement cycle consists of significant logical stages. Proper execution in each stage is aimed at delivery of results and positive benefits in addition to facilitation of the succeeding procurement stage. This 'continuous chain of success', result in increasingly beneficial outcome and stronger overall results. Discuss this argument while citing relevant examples. (15 marks)

