



MUEO

# MOI UNIVERSITY

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

## UNIVERSITY EXAMINATIONS 2022/2023 ACADEMIC YEAR SECOND YEAR SECOND SEMESTER EXAMINATION

### FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

**COURSE CODE:** BBM 222

**COURSE TITLE:** PRINCIPLES OF PURCHASING &  
SUPPLY

**DATE:** 1<sup>ST</sup> DECEMBER, 2022 **TIME:** 9.00 P.M. – 12.00 P.M

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### INSTRUCTION TO CANDIDATES

- SEE INSIDE.

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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**BBM 222: PRINCIPLES OF PURCHASING & SUPPLIES MANAGEMENT**

**INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS**

**QUESTION ONE**

- a) As companies struggle to increase customer value by improving performance, they are turning their attention to purchasing and supply management. discuss **(8 Marks)**
- b) Purchasing Cycle follows an elaborate process which is prone to fraud risks, explain the purchasing cycle, possible fraud risks per stage and highlight mitigation measures. **(8 Marks)**
- c) Materials Management is a core purchasing and supplies function, explain the principles of material management. **(5 Marks)**
- d) Kenya's Public Procuring Entities are required to comply with Procurement laws during tendering, highlight four commonly used procurement method. **(4 Marks)**

**QUESTION TWO**

Negotiation with suppliers is a large and important part of any purchasing role that can be very difficult, explain the process of negotiation and highlight its objectives. **(15 Marks)**

**QUESTION THREE**

- a) Procuring Entities ought to have a robust inventory management framework to enhance seamless operations, explain the principles of inventory management and highlight inventory control techniques **(10 Marks)**
- b) Quality is an important aspect in procurement process in regards to the end customer satisfaction. Discuss **(5 Marks)**

**QUESTION FOUR**

- a) Sourcing products at the right price is a key objective of institutional purchasing, explain the factors affecting pricing decision. **(8 Marks)**
- b) Outsourcing has emerged as a common business strategy in purchasing management. Discuss **(7 Marks)**

**QUESTION FIVE**

- a) Purchasing & Supply planning is subject to overall business planning which should be carried out in consultation with other user departments/units, explain the levels of purchasing & supply planning. **(8 Marks)**
- b) Organizations are encouraged to invest in the buyer-supplier relationships, Discuss and highlighting the different types of buyer-supplier relationships. **(7 Marks)**

#### **QUESTION SIX**

- a) Effective supplier management process is a key to procurement entities performance, explain the ways of evaluating supplier performance. **(9 Marks)**
- b) Purchasing practitioners face ethical dilemmas at the course of their official duty, explain the common ethical issues and how they can be mitigated. **(6 Marks)**

