



MUEO

MOI UNIVERSITY

OFFICE OF THE DVC ACADEMIC AFFAIRS, RESEARCH AND EXTENSION

UNIVERSITY EXAMINATIONS

2016/2017 ACADEMIC YEAR

END OF SEMESTER EXAMINATIONS

**FOR THE DEGREE IN BACHELOR OF
BUSINESS AND ECONOMICS**

EXAM CODE: BBM 442

EXAM TITLE: INTERNATIONAL PURCHASING

DATE: 12TH JUNE, 2017

TIME: 2.00 P.M. -5.00 P.M.

INSTRUCTION TO CANDIDATES

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BBM 442: INTERNATIONAL PURCHASING

INSTRUCTIONS:-

- Answer Question **ONE** and any other **THREE** questions.
- Question **ONE** carries **40 Marks**

QUESTION One

a) You are the purchasing manager of a small but successful engineering company based in Kenya. Due to heavy competition, a number of your suppliers have gone out of business and you are experiencing problems getting adequate quantities of some items. What you can get is often delivered late and the unit price is rapidly rising. Additionally, what you can get is often an inferior quality standard. At a recent trade exhibition you attended, you have been lucky in identifying a new source of supply. The quality looks excellent and this potential supplier already supplies a prestigious list of customers. The only problem that you can see is that the company is based in the far East and you know that your managing director hates the thought of exporting jobs from Kenya. However you feel that this is an opportunity that cannot be missed and decide to send a report to your managing director. What would you put in your report? What points would you emphasise? **(15 Marks)**

b) Differentiate between International Sourcing and Global Sourcing **(5 Marks)**.

c) Quality problems pose special challenges in international purchasing. As a manager in charge of global sourcing describe how these challenges can be managed **(20 Marks)**.

QUESTION Two

a) Exhaustively examine the various incoterms as expounded by the international chamber of commerce. Give relevant examples **(10 Marks)**.

b) Explain various methods used in payment of international purchasing **(5 Marks)**.

QUESTION Three

International Purchasing has no place and is quite irrelevant in today's business world. Discuss

(15 Marks)

QUESTION Four

Critically evaluate the challenges faced by purchasing professionals in the acquisition of services. How can such challenges be mitigated **(15 Marks)**

QUESTION Five

You have been appointed a purchasing/director of a blue chip company with special task of overseeing both domestic and international purchasing and more particularly the purchase of capital equipment. Your Managing Director is however, vehemently this arguing that purchase of capital equipment is strictly technical and should be undertaken by the operations department. What is your view on this? **(15 Marks)**

QUESTION Six

- a) An organisation's macro environment plays no role in the purchase of goods and services. Discuss. Using relevant examples **(10 Marks)**
- b) Service level Agreements (SLAs) play an important role in international purchasing. With the aid of relevant examples discuss its components **(5 Marks)**.