

1. (a) Kutoyi Company Ltd which has been operating its procurement activities under the finance department has decided to set up an independent purchasing department. Explain the reasons that may have influenced the company's decision. (10 marks)
- (b) Highlight **five** disadvantages to an organization of decentralizing its supply chain function in its operations. (10 marks)
2. (a) As an expert in supply chain management, outline **five** dimensions that may define the quality of materials. (10 marks)
- (b) Mwangodi Manufacturing Company has in the recent past been experiencing poor relationship with its suppliers. Explain the measures that a supply chain officer should take to improve the relationship. (10 marks)
3. (a) A certain company has been acquiring its material requirements from a perfect market. Outline **five** features of such a market. (10 marks)
- (b) Mandali Construction Company has decided to enter into a lumpsum works contract with one of its contractors. Explain **five** advantages to the company of making the decision. (10 marks)
4. (a) Highlight **five** factors that may influence a tender committee in awarding of a tender for supply of goods to an organization. (10 marks)
- (b) Highlight **five** weaknesses that are associated with the adoption of the adversarial approach while negotiating a purchase contract. (10 marks)
5. (a) Explain **five** ways in which the Kenya Institute of Supplies Management (KISM) may enhance professionalism among its members. (10 marks)
- (b) Highlight **five** reasons that may influence a manufacturing firm to adapt partially centralised and partially decentralized organization approach in its supply chain operations. (10 marks)
6. (a) Outline **five** types of costs that a manufacturing firm may incur in an effort to prevent defective materials from reaching the customer. (10 marks)
- (b) A contractor who recently signed a contract with a buyer for the supply of goods has distanced himself from the contract. Explain **five** reasons that may justify the contractor's action. (10 marks)
7. (a) Mastery of communication skills is a vital asset to a supply chain officer while negotiating contracts with suppliers. Explain the significance of mastering such skills. (10 marks)
- (b) A contractor who has been working on a project for an organization has bought a gift to the project procurement officer. Explain **five** ways in which the procurement officer should treat the contractors gift. (10 marks)