

Name \_\_\_\_\_ Index No \_\_\_\_\_ / \_\_\_\_\_

2903/201

PURCHASING MANAGEMENT

July 2015

Time: 3 Hours

Candidate's Signature \_\_\_\_\_

Date \_\_\_\_\_



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN SUPPLY CHAIN MANAGEMENT  
MODULE II**

PURCHASING MANAGEMENT

3 hours

**INSTRUCTIONS TO CANDIDATES**

*Write your name and index number in the spaces provided above.*

*Sign and write the date of examination in the spaces provided above.*

*This paper consists of SEVEN questions.*

*Answer any FIVE questions in the spaces provided in this question paper.*

*Candidates should answer the questions in English.*

**For Examiner's Use Only**

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

**This paper consists of 16 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

1. (a) Top managers in many organizations are recognizing the importance of purchasing management. Explain the factors that may have led to this trend. (10 marks)
- (b) Highlight the capabilities on which suppliers are evaluated by a purchasing organization. (10 marks)
2. (a) Whenever a product is positioned for sale in a market, several factors affect its sales price. Explain **five** such factors. (10 marks)
- (b) Explain the areas where quality assurance programmes may be used to improve quality of products an organization obtains from its suppliers. (10 marks)
3. (a) Highlight the factors that may influence the purchasing structure used in purchasing operations in an organization. (10 marks)
- (b) XYZ Company Limited has decided to use sampling method instead of the 100% method of inspection for the materials received from suppliers. Explain **five** reasons that may have led to this decision. (10 marks)
4. (a) Explain the objectives of contract management in purchasing operations. (10 marks)
- (b) As a purchasing manager, explain the objectives which should be achieved by negotiations with suppliers. (10 marks)
5. (a) Highlight the benefits that would be accrued to an organization from adopting the matrix structure in its purchasing operations. (10 marks)
- (b) As a purchasing manager, highlight **five** guidelines which should be followed to ensure fairness in a competitive tendering process. (10 marks)
6. (a) Highlight the desirable characteristics of a negotiator in a purchase contract. (10 marks)
- (b) Explain the benefits that purchasing organization may derive from upholding high ethical standards in its operations. (10 marks)
7. (a) Explain the challenges that a purchasing organization may experience by entering into a cost reimbursable pricing contract with its suppliers. (8 marks)
- (b) Highlight the role of Ethics and Anti-Corruption Commission (EACC) in relation to public procurement in Kenya. (12 marks)