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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR**  
**FIRST YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 13<sup>th</sup> August, 2024  
Time: 11.30am – 1.30pm

**KPS 2100 PRINCIPLES OF PURCHASING**

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE ( 30 MARKS)**

**KILIMBOGO NATIONAL HOSPITAL SUPPLIES TNO.17/2023**

Kilimbogo National Hospital is a medical hospital under the Ministry of Health whose mandate is to provide access to health services to citizens of the country. One of its core tasks is to procure and issue drugs and medical supplies for the hospital. KNH awarded a tender to Tembelle Pharmaceuticals Ltd in April 2023 to supply Dukoral vaccine which is a cholera protection vaccine when cases of the diseases were reported in Rukira ward. All the vaccines were to be delivered within 14 days from the date of the contract signing. Tembelle Pharmaceuticals Ltd delivered all vaccines that were received by stores team at KNH at the waiting bay awaiting inspection and acceptance team. On verification the inspection and acceptance team established some vaccines had expired and were half of what was indicated on the contract. Tembelle Pharmaceuticals Ltd was notified and required to pick up the drugs to create space at the bay for the suppliers to deliver other consignments ordered.

(This case study is for academia use only)

Required;

- Recommend to Tembelle Pharmaceuticals Ltd ways in which issues of expired drugs can be addressed and managed. (5marks)
- Discuss how KNH can fasten best practices to ensure smooth and seamless flow of operations in purchasing. (8 marks)
- It is unethical for a vendor/supplier to supply expired items/goods to a buying organisation because it's a breach of contract. Describe the role of contract management team in KNH. (6 marks)
- Define the term sourcing and recommend to KNH which type of sourcing to use and why? (5marks)
- Identify and explain the importance of inspection and acceptance department to KNH. (8 marks)

## **QUESTION TWO ( 20 MARKS)**

- a) Pricing strategy is a model used to establish the best price for a product /service, helping an organization to choose prices to maximize profits and shareholder value while considering consumer and market demand. Using practical example, identify and explain pricing strategies that an organization can use to remain competitive in their market niche. (8 marks)
- b) Discuss the role of Information, Communication and Technology in purchasing function. (6 marks)
- c) Every purchase in a business must be backed by verifiable transaction data since decision making is required at several stages before the transaction is approved. Therefore all businesses are required to analyse risks at every stage of the process to maximise accuracy and efficiency. Discuss the objectives a purchasing department can set to address various/such risks. (6 marks)

## **QUESTION THREE( 20 MARKS)**

- a) Quality management system is a formalized system that documents processes, procedures and responsibilities for ensuring products or services consistently meet customer and regulation requirements. Discuss the fundamental factors affecting quality of goods and quality service delivery. (9 marks)
- b) Using a practical example describe supplier appraisal and its importance to an organization. (5 marks)
- c) Identify and discuss any three sources of information available to a buying organization seeking information about potential sources of supply. (6 marks)

## **QUESTION FOUR ( 20 MARKS)**

- a) Effective negotiation is critical for sourcing professionals responsible for producing goods and services, however it can be challenging especially if clear and systematic steps are not taken. Discuss the steps for successful supplier negotiation. (5 marks)
- b) Most major companies and even government organizations have a purchasing/ procurement department as part of everyday operations calling for a liaisons and comprehensive communication strategy. Relationship between purchasing and other departments is an integral part of such organizations/companies. Identify and explain any three key departments and areas of liaison/relations in a manufacturing company. (6 marks)
- c) Highlight the advantages of a decentralized purchasing organization. (5 marks)
- d) The agreement being negotiated would negatively affect you or your business's integrity but with cross-cultural business negotiations various strategies have been formulated including several Cs. Identify and explain any 4Cs to the above regard. (4 marks)

## **QUESTION FIVE ( 20 MARKS)**

- a) With the current sudden large increase for economic globalization, international buying activities are becoming more pronounced, businesses looking to global markets to ensure smooth flow of their operations. What are the difficulties that many businesses encounter during international purchasing? (5 marks)
- b) Every purchase in a business in a business must be backed by verifiable transaction data. Highlight the importance of record keeping to an organization. (5 marks)
- c) Emerging issues and trends is a necessary 'evil' to any organization/firm that is focused to achieve expansion and growth strategy. Discuss. (10 marks)