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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 13th December, 2023
Time: 11.30am –1.30pm

KPS 100 - PRINCIPLES OF PURCHASING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

CASE STUDY: TOYOTA KENYA

Introduction: TOYOTA KENYA, a distinguished automotive parts manufacturer, is poised for a significant expansion of its product line and a venture into new markets. Renowned for its commitment to high-quality products and punctual deliveries, the company is strategically positioning itself for growth. To facilitate this expansion, Toyota Kenya is currently engaged in the critical process of evaluating and selecting new suppliers for the essential components integral to its manufacturing process.

The Landscape: As Toyota Kenya embarks on this expansion journey, the selection of suppliers becomes a pivotal element in shaping the company's future trajectory. The stakes are high, with the need for suppliers capable of not only meeting the existing quality and delivery standards but also aligning with the company's vision for innovation and growth.

The Crossroads: As Toyota Kenya stands at the crossroads of supplier selection, the choice between tactical and strategic sourcing becomes a pivotal decision that will shape the company's future. The examination of immediate needs versus long-term goals necessitates a meticulous evaluation, considering the intricacies of the automotive industry, the company's growth aspirations, and the evolving dynamics of the global market.

Part A: Supplier Evaluation Criteria

Scenario: TOYOTA KENYA has identified three potential suppliers for a crucial component used in their new product line. The company needs to establish evaluation criteria to select the most suitable supplier.

- a) Develop a comprehensive list of at least FOUR supplier evaluation criteria that TOYOTA KENYA should consider when assessing these potential suppliers explaining why each criterion is essential for the selection process. **(4 marks)**
- b) Justify why these specific criteria are crucial for TOYOTA KENYA in ensuring the success of their new product line. **(4 marks)**

Scenario: Having established the criteria and selected the best suppliers, TOYOTA KENYA is now tasked with entering into contracts with the suppliers.

- c) Explain four key elements that TOYOTA KENYA must include in the contracts. **(4 marks)**
- d) Justify why each of the above contract elements are important to TOYOTA KENYA. **(2 marks)**

Scenario: TOYOTA KENYA is considering its approach to sourcing these critical components.

- e) Differentiate between strategic and tactical sourcing approaches. Explain how each approach aligns with TOYOTA KENYA's objectives for its new product line. **(4 marks)**
- f) Recommend which sourcing approach (strategic or tactical) TOYOTA KENYA should adopt for the procurement of the critical components. Justify your recommendation based on the company's goals and the nature of the product line. **(4 marks)**

Scenario: TOYOTA KENYA recognizes the importance of building strong relationships with their chosen suppliers.

- g) Identify and explain four key elements or strategies involved in effective Supplier Relationship Management that TOYOTA KENYA should implement to maintain successful partnerships with their selected suppliers. **(4 marks)**
- h) Discuss the expected benefits of implementing these strategies. **(4 marks)**

QUESTION TWO (20 MARKS)

- a) The concept of Total Cost of Ownership (TCO) in procurement and supply chain management is very important. Outline the various cost elements that should be considered when calculating TCO for a product or service. **(6 marks)**
- b) Describe key historical milestones that shaped the development of purchasing practices. **(8 marks)**
- c) Discuss the key elements that should be included in a well-structured contract in purchasing and supply chain. **(6 marks)**

QUESTION THREE (20 MARKS)

- a) Discuss the THREE ethical challenges that procurement professionals may encounter and provide examples to illustrate these challenges. **(6 marks)**
- b) Describe THREE steps that organizations can take to promote ethical behavior and integrity in the procurement process. **(6 marks)**
- c) Identify FOUR key features and functionalities of SRM software and how it can enhance supplier collaboration and performance monitoring **(8 marks)**

QUESTION FOUR (20 MARKS)

- a) Discuss THREE roles of purchasing in supply chain management. **(6 marks)**
- b) Compare and contrast competitive bidding and single sourcing by describing each method, highlighting factors influencing their selection, and mentioning at least ONE strength and ONE weakness of each. **(8 marks)**
- c) Identify and describe THREE emerging trends or innovations in the field of technology in purchasing. **(6 marks)**

QUESTION FIVE (20 MARKS)

- a) Highlight the importance of conducting environmental and social impact assessments in the procurement process **(6 marks)**
- b) Explain how CSR initiatives can impact various stakeholders, including customers, employees, and the community . **(6 marks)**
- c) Describe the FOUR key stages involved in contract negotiation. **(8 marks)**