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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 13th December, 2022
Time: 2.30pm –4.30pm

KPS 100 - PRINCIPLES OF PURCHASING

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

Carefully read the following case study and answer the questions that follow.

Mavazi closet is a cloth line company that deals in women clothing especially African Ankara wear which is locally manufactured. The company has been in operational since 2010 and so far its doing well in the current market despite there being a lot of competition from other companies who deal with imported clothes from China and Turkey both new and 2nd hand (mtumba). During the Covid 19 pandemic period, the company had to seek, expert advice on how to overcome the alarming threat that glared at almost all players in the industry.

Being that Mavazi closet majorly uses local materials it was easy to stay afloat as other companies had to run out of stock due to the closure of most countries. That did not mean that mavazi closet was not affected, due to the hard economic times the sales fell drastically. However the consultants were able to come up with ideas that greatly improved the company's sales. One of them was the introduction of vitenge masks that really did well as they came with a number of benefits for the users i.e cheaper than the imported masks, could be recycled, they were stylish, among others. This idea was however quickly adopted by other dealers reducing the sales.

The experts also came up with the idea of setting up an online market, to enable the company sell its products online and even offered delivery options as most people were now discouraged from going out of their homes, most of them worked from home. One could pay in cash on delivery basis. This again came in handy for the company. Now that that tragic wave has passed, Mavazi closet's management has been having discussions on expanding their markets and even exporting the African wear to other countries. They are also considering diversifying their products to include imported clothes and other women's beauty products like wigs, shoes and other beauty products. This means they have a lot to research and investing to do but the founder is ready and set to make his company dominant in the industry.

- a) Identify skills the purchasing personnel at Mavazi Closet require to possess in order to do a proper audit of their new suppliers. (6 marks)
- b) If Mavazi Closet intends to partner with suppliers, explain areas necessary for supplier Appraisal. (6 marks)
- c) Highlight the market structure that can be adopted by Mavazi Closet. (7 marks)
- d) The purchasing manager of Mavazi Closet is scheduled to hold a negotiation meeting soon with new suppliers from Turkey. Explain the type of negotiations the manager can adopt. (6 marks)
- e) Highlight some of the challenges that Mavazi Closet is likely to encounter during its endeavor in international purchasing. (5 marks)

QUESTION TWO (20 MARKS)

- a) Explain the various pricing tools that a buyer may use to decide the price at which to procure. (6 marks)
- b) With the help of diagrams, Discuss the three quality management tools that are used for analysis. (8 marks)
- c) Examine some of the challenges of international purchasing. (6 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the processes involved in strategic sourcing. (10 marks)
- b) There are several factors that influence product design. Discuss these factors giving relevant examples. (10 marks)

QUESTION FOUR (20 MARKS)

- a) The design of a new product is the function of engineers/designers, highlighting the relationship between the purchasing function and the design department. (10 marks)
- b) Discuss Carter's 10 Cs as a tool for supplier evaluation. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Quality as a tool of competitiveness of an organization can elevate the loyalty of customers leading to the sustainability of a business. Evaluate the dimensions of quality. (10 marks)
- b) The sources of supply market analysis data can be categorized into two, internal sources and external sources. Discuss the external sources. (10 marks)