

2903/201

PURCHASING MANAGEMENT

November 2022

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE II

PURCHASING MANAGEMENT

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of SEVEN questions.

Answer any FIVE questions in the answer booklet provided.

All questions carry equal marks.

Candidates should answer the questions in English.

This paper consists of 2 printed pages.

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

1. (a) Explain **five** reasons that may make it necessary to have an effective purchasing department in an organization. (10 marks)
- (b) Outline **five** purchasing decisions that are made at the tactical level of management in an organization. (10 marks)
2. (a) Explain **five** measures that a supply chain manager should take for quality assurance in an organization. (10 marks)
- (b) The supply chain manager at Kapi Limited intends to conduct an appraisal of its suppliers. Explain the criteria that may be used when carrying out the exercise. (10 marks)
3. (a) Explain **five** ways in which benchmarking may enhance quality assurance in supply chain operations. (10 marks)
- (b) Explain **five** key performance indicators that may provide a measure of overall supplier performance. (10 marks)
4. (a) Taliki Limited purchases its materials requirements from a monopolistic market. Outline **five** characteristics of such a market structure. (10 marks)
- (b) Explain **five** circumstances under which a purchase contract may be void. (10 marks)
5. (a) Explain **five** reasons why it is important for a supply chain officer to debrief suppliers in an organization. (10 marks)
- (b) Explain **five** strategies that a buyer may adopt to break through a deadlock when negotiating with a supplier. (10 marks)
6. (a) Explain **five** challenges that the Ethics and Anti-Corruption Commission may face when dealing with unethical purchasing practices in the public sector. (10 marks)
- (b) Explain **five** benefits that may accrue to an organization from adopting the open tendering method in its purchasing operations. (10 marks)
7. (a) Explain **five** factors that may contribute to unethical practices among supply chain professionals in the public sector. (10 marks)
- (b) Explain **five** limitations of adopting the delphi technique when forecasting demand for materials in an organization. (10 marks)

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