

2903/304

3305

INTERNATIONAL PURCHASING

July 2017

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SUPPLY CHAIN MANAGEMENT
MODULE III

BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE
EXAMINATIONS

INTERNATIONAL PURCHASING

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) Some organizations may be reluctant to acquire their material requirements from foreign countries. Highlight the reasons that may account for the reluctance. (12 marks)
- (b) Ujusi Company Limited has decided to adopt the co-makership strategy with one of its foreign suppliers when sourcing materials for one of its projects. Explain the benefits that the company may achieve from adopting this strategy. (8 marks)
2. (a) Buyers involved in international purchasing are usually faced with the problem of price fluctuations when acquiring materials from foreign countries. Explain the measures that buyers should take to cushion themselves against the adverse effects of such fluctuations. (12 marks)
- (b) Nyuki Company Limited is involved in a dispute with one of its foreign suppliers. Explain the methods which the company could use to resolve the dispute. (8 marks)
3. (a) Outline the role of the World Bank (WB) in promoting international purchasing operations. (12 marks)
- (b) Explain the importance of applying the international commercial terms (INCOTERMS) in contractual commitments with foreign suppliers. (8 marks)
4. (a) Describe the characteristics of global procurement concept. (8 marks)
- (b) Outline the usefulness of the bill of lading to a buyer in the international purchasing operations. (12 marks)
5. (a) Counter trade is not commonly used as a strategy for sourcing materials in international purchasing. Explain the factors that may account for this state of affairs. (10 marks)
- (b) Buyers involved in international purchasing are occasionally faced with the challenge of cultural differences. Explain cultural factors that a buyer should consider in international purchasing. (10 marks)
6. (a) A promissory note is one of the tools that a buyer may use to settle suppliers' payments in international purchasing. Explain to the buyer the risks associated with the use of this tool. (10 marks)
- (b) Explain the characteristics of commodity markets with respect to international purchasing. (10 marks)
7. (a) Wingu County has decided to use direct procurement strategy when acquiring petroleum products for its government. Explain the disadvantages to the county of using this strategy. (10 marks)
- (b) Explain the ways in which the adoption of international standards as a method of specifying material requirements has promoted international purchasing operations. (10 marks)

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