

2903/304

3305

INTERNATIONAL PURCHASING

November 2021

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

MODULE III

BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE
EXAMINATION

STAGE III

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 3 printed pages.

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

1. ✓ (a) A disagreement on terms of sale has arisen between an importer of cars in Kenya and his supplier in Japan. Explain **five** ways in which the conflict may be resolved. (10 marks)

(b) Explain **five** ways in which the application of the International Commercial Terms (INCOTERMS) 2020 may facilitate international purchasing operations in an organization. (10 marks)

2. ✓ (a) The Covid - 19 global pandemic has adversely affected international purchasing operations in many countries. Explain **five** measures that a government may take to minimize the negative effects of the pandemic to the economy. (10 marks)

(b) It is usually necessary for an importer to involve a clearing and forwarding agent in the purchasing process. Explain **five** challenges that the exporter may experience when using the agents. *Customer service* (10 marks)

3. ✓ (a) Outline **five** types of regulations that an importer is expected to comply with in the process of purchasing goods from foreign markets. (10 marks)

(b) You have been appointed to head the import section of the purchasing department at Pawa Limited. Explain **five** tasks you will be expected to perform in this position. (10 marks)

4. ✓ (a) Explain **five** methods that an importer should use to specify materials requirements when sourcing for the goods. *specification by m* *specification by brand* *specification by description* (10 marks)

(b) A certain local company has won a contract for the construction of a strategic infrastructural facility in a foreign country. Explain **five** challenges that the company may experience when managing the contract. (10 marks)

5. ✓ (a) Currency fluctuations pose certain challenges to importers of goods. Explain **five** measures that such an importer may take to address the challenges. (10 marks)

(b) The World Trade Organization (WTO) is expected to promote international purchasing in several ways. Explain **five** such ways. (10 marks)

6. ✓ (a) Outline **five** ethical guidelines that a buyer should observe when sourcing for goods from foreign markets. (10 marks)

(b) A certain importer intends to process payment for a purchase contract executed by a foreign supplier. Outline **five** documents that the importer may use when processing the payment. *Commercial* (10 marks)

Advance Payment
Consignment Purchase
Down payment
Credit letter
Consular Invoice

7. (a) Explain five positive effects of globalization on international purchasing operations.
Resource imperative, Foreign Investment, Multinational cooperation, Global economy. (10 marks)
- (b) Many organizations are increasingly adopting the use of the Electronic Technology (E- Tech) when sourcing for their materials requirements in the international market. Explain five measures that such organizations may take to ensure effective use of the technology. (10 marks)

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