

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE  
(PROCUREMENT OPTION)**

**BPLM 216: PURCHASING POLICY AND STRATEGY**

**STREAMS: BCOM Y4S1**

**TIME: 2 HOURS**

**DAY/DATE: FRIDAY 06/12/2019**

**2.30 P.M. – 4.30 P.M.**

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**INSTRUCTIONS:**

- **Answer question one (compulsory) and any other two questions.**
- **Marks allocated to each question are shown at the end of the question.**
- **Arrange your work neatly and indicate the questions answered in the examination booklet.**

**QUESTION ONE (COMPULSORY 30 MARKS)**

- (a) State and explain five drivers of supply chain and how they can be aligned to an organizations corporate strategy. (10 marks)
- (b) Evaluate the factors that should be considered when investigating, to improve the supply chain, the option of whether to outsource capital equipment. (10 marks)
- (c) A manufacturer of electrically powered tools for the engineering industry consists of four separate business units, each of which undertakes its own purchasing activities. Discuss THREE benefits of centralizing all purchasing activities with those of retaining the present decentralized structure. (10 marks)

**QUESTION TWO**

- (a) Identify and explain ten indicators that would suggest that the purchasing function has built effective internal and external relationships. (10 marks)
- (b) Identify ten preconditions that are needed to implement effective strategic purchasing. (10 marks)

**QUESTION THREE**

- (a) Evaluate FIVE differences between a reactive sourcing process and a strategic sourcing process. (10 marks)
- (b) Using relevant examples, explain FIVE importance of long term capacity planning in an organization. (10 marks)

**QUESTION FOUR**

- (a) Modern day enterprises are opting for strategic outsourcing in order to remain competitive in today's global markets. Discuss the benefits an organization is likely to enjoy from outsourcing of non-core functions. (10 marks)
  - (b) Discuss the benchmarking strategy and its application in improving the supply chain strategy. (10 marks)
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