



UNIVERSITY EXAMINATIONS: 2013/2014

EXAMINATION FOR THE MASTERS OF BUSINESS ADMINISTRATION

PSM 506 PROCUREMENT MANAGEMENT (EVENING)

DATE: APRIL, 2014

TIME: 3 HOURS

INSTRUCTIONS: Answer Question One and Any Other Three Questions

QUESTION ONE (31 MARKS)

In order to realize the Vision 2030, the Government of Kenya has launched the development of Konza Technocity. Konza is set to be one of the most successful cities in Africa, competing economically and culturally with the best cities in the world. Konza Technocity Managing Committee would like to procure several goods, works and services. They have consulted your University for assistance and you have been selected to guide the committee in making procurement decisions. Explain to the committee;

- a) Any FIVE emerging issues in procurement that will impact on development of Konza City.
- b) How establishing procurement function will be useful in the development of Konza City.
- c) How procurement function will relate with the other operations.
- d) Some FIVE major challenges likely to be encountered when negotiating with suppliers.

(31 Marks)

QUESTION TWO

Discuss the concept of 'Total Cost of ownership' in procurement management

(23 Marks)

QUESTION THREE

Using any appropriate model, explain the criteria you would use to select a supplier among many who have responded to an invitation to tender by your organization (23 Marks)

QUESTION FOUR

Write brief notes on the following;

- a) Total Quality Management
- b) Outsourcing
- c) Procurement policy
- d) Negotiation (23 Marks)

QUESTION FIVE

- a) Purchasing is procurement but procurement is not necessarily purchasing. Do you agree?
Explain with relevant examples (10 Marks)
- b) Discuss the merits and demerits of Reverse Auctions in procurement management. (13 Marks)

QUESTION SIX

As a consultant for Driller Oil Ltd., kindly advise the management on the best procurement process they need to adopt to be competitive in the Kenyan market. Explain the process, its merits and demerits. (23 Marks)