



UNIVERSITY EXAMINATIONS: 2013/2014

EXAMINATION FOR THE MASTER OF BUSINESS ADMINISTRATION

PSM 509 INTERNATIONAL PROCUREMENT AND LOGISTICS (EVENING)

DATE: APRIL, 2014

TIME: 3 HOURS

INSTRUCTIONS: Answer Question One and Any Other Three Questions

QUESTION ONE (31 MARKS)

The environment which business organisations are operating has become unstable, challenging and unpredictable. Mike Moore, the Director of Supply chain of Mable engineering was telling his members of staff during procurement strategy training. ‘Turbulent and volatile markets are becoming the norm as products life cycles shorten and global economic and competitive forces create additional uncertainty. The risk attached to lengthy and slow-moving logistics ‘pipelines’ has become unsustainable, forcing organizations to look again at how their supply chains are structured and managed. Organisations that deal with international purchasing and logistics have to know that the key to survival in these days is on changed conditions through ‘agility,’ in particular by the creation of responsive supply chains. A distinction is drawn between the philosophies of ‘leanness’ and ‘agility,’ and the appropriate application needs to be implemented. Basically Logistics must be agile. Being agile and lean has been made more difficult with cargo security concerns following the 9/11 attacks. Overseas procurement and logistics specialists need to up their game to enable their organisations remain relevant (Business review 2005)’.

Required:

- (a) Define the term agile logistics. (5 Marks)
- (b) Briefly discuss why logistics must be agile? (10 Marks)
- (c) Discuss the elements that must be in place for agility to function (11 Marks)

- (d) Do you agree that there is a difference between logistics and Supply chain? (5 Marks)

QUESTION TWO

Firms in supply chain to survive in the intensely competitive global economy, it is often critically important to not only develop existing suppliers but also to discover new suppliers. It is of critical importance for firms in International supply chain to develop selection criteria to identify and evaluate these firms. Identify and evaluate any six selection criteria applicable (23 Marks)

QUESTION THREE

Use of third party logistics providers enables participants in international trade gain place utility hence enabling firms gain competitive advantage over their rivals. Outline the importance of outsourcing/use of third party logistics providers in global sourcing. (23 Marks)

QUESTION FOUR

Define the term supply chain as used in international perspective 3 Marks

Explain the following documents as used in international purchasing and Logistics. (20 Marks)

- (i) Bill of Lading
- (ii) Mate receipt
- (iii) Black-listed Certificate.
- (iv) Certificate of origin.
- (v) Invoice

QUESTION FIVE

- (a) Define the term INCOTERM (3 Marks)
- (b) Explain the following INCOTERMS as used in international trade. (20 Marks)
 - (i) FOB
 - (ii) EX WORKS
 - (iii) FAS
 - (iv) CIF

QUESTION SIX

Discuss in detail the reasons why organisations/firms engage in international trade. (23 Marks)