



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## University Examinations 2015/2016

SECOND YEAR FIRST SEMESTER EXAMINATION FOR DEGREE OF  
BACHELOR OF BUSINESS ADMINISTRATION

### BBS 3125: PRINCIPLES OF PROCUREMENT

DATE: NOVEMBER 2015

TIME: 2 HOURS

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INSTRUCTIONS: *Answer question one and any other two questions*

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#### QUESTION ONE (30 MARKS)

- a) Over the last one decade procurement function has gained importance and more recognition in both private and public entities in Kenya. Justify this statement by analyzing the new trends and developments in procurement. (6 Marks)
- b) Discuss how an organisation can gain competitive advantage through procurement (8 Marks)
- c) Identify and discuss the key rights of purchasing in an organisational set up. (6 Marks)
- d) Discuss specific activities in line with supplies management (6 Marks)
- e) Explain the importance of proactive procurement in business sector (4 Marks)

**QUESTION TWO (20 MARKS)**

- a) Discuss the correlation between purchasing function and production department (6 Marks)
- b) Explain how an organisation can gain economies of scale through centralized purchasing (6 Marks)
- c) What are the key parameters used to appraise the suppliers performance (8 Marks)

**QUESTION THREE (20 MARKS)**

- a) Many organisations in the business environment are replacing quality control concept with quality assurance. Explain the rationale behind this development ( 6 Marks)
- b) Highlight the distinct sourcing tools used by procurement professionals in the business (6 Marks)
- c) Explain the importance of negotiation in procurement (8 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Discuss the contribution of purchasing function in acquisition of capital goods (10 Marks)
- b) Discuss ethical practises in supply chain management (10 Marks)

**QUESTION FIVE (20 MARKS)**

- a) What is the difference between purchasing and procurement (4 Marks)
- b) Explain the importance of specification in acquisition of goods or services in an organisation (6 Marks)
- c) Discuss the functional objectives of purchasing in an organisation. (10 Marks)