

## BINDURA UNIVERSITY OF SCIENCE EDUCATION

## FACULTY OF COMMERCE

## DEPARTMENT: ECONOMICS

PROGRAMME: BCOM. PURCHASING AND SUPPLY CHAIN MANAGEMENT DEGREE

COURSE CODE SCM 101: PRINCIPLES OF PROCUREMENT 1

DURATION: 3 HOURS

TOTAL MARKS: 100

## INSTRUCTIONS TO CANDIDATES

1. Section A is compulsory
2. Answer any three (3) questions from section B
3. Begin a new answer on a fresh page.
4. No cell phones are allowed in the examination room.

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Section A: Case study

Mostoky Pvt Ltd started in 2020 as a small enterprise, manufacturing plastic bags for two supermarkets. At that time, Mostoky had only five employees and there was no need to have a procurement department. By March 2022, Mostoky's customer base consisted of fifteen supermarkets in five provinces of the country and had expanded to a fully fledged manufacturing company with a bigger factory. Sales projections show that Mostoky will increase its sales by 20% in the next two years, which means that production must increase, which also entails increase in the procurement activities.

The owner is wondering whether Mostoky should establish a procurement department or continue having the buyer handling all procurement matters or even consider outsourcing the procurement function.

## QUESTION 1

- (a) Outline and explain the reasons that can be cited in favour of establishing a procurement department at Mostoky. (15 Marks)

- (b) Explain the advantages of outsourcing the procurement function at Mostoky. (10 Marks)

## SECTION B

### QUESTION 2

With the aid of examples, explain the following terms:

- (a) Purchasing and supply (5)
- (b) Procurement (5)
- (c) Supply chain management (7)
- (d) Purchasing and supply chain management (8)

### QUESTION 3

With the aid of practical examples, outline the purchasing cycle clearly explaining each stage of the cycle. (25 Marks)

### QUESTION 4

The perfection of the five rights of procurement invariably creates a desired service level necessary for optimal supply of materials. Outline and explain the 5 Rs of procurement. (25 marks)

### Question 5

The procuring unit is made up of those organizational members who are involved in the buying decision process. Identify and explain seven principal roles in the DMU of a buying organisation. (25 Marks)

### Question 6

According to Deresky (2008), Negotiation process consists of five stages. Highlight and explain the stages of negotiation. (25Marks)

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