

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT: ECONOMICS

OCT 2023

PROGRAMME: BCOM. PURCHASING AND SUPPLY CHAIN MANAGEMENT DEGREE
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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.
2. Begin a new question on a fresh page.
3. No cell phones are allowed in the examination room.

SECTION A: CASE STUDY

AGRI-CHEM is a manufacturer of agricultural chemicals. It started as a small enterprise without a purchasing department. However, in the past year, it has grown tremendously, and the managing director (MD) has been discussing with the works manager (WM) that its time to have a fully-fledged procurement department. The MD asked the WM to prepare a document on this matter under the following headings - Is it really necessary to have a procurement department, and what should AGRI-CHEM do when faced with "make or buy" decisions.

- a) Advise the WM on whether it is necessary for AGRI-CHEM to have a procurement department. [5 marks]
- b) What are the advantages of "making" instead of "buying"? [10 marks]
- c) What are the advantages of "buying" instead of "making"? [10 marks]

SECTION B

QUESTION 2

- (a) Discuss any 5 differences between consumer buying and organisational buying. **(20 Marks)**
- (b) Briefly explain any two organisational buying situations **(5 Marks)**

QUESTION 3

Activities within the purchasing cycle are directed by legal requirements, purchasing policies and procedures. Outline the purchasing cycle clearly explaining each stage with the aid of examples. **[25 Marks]**.

QUESTION 4

“Ethics is concerned with the moral principles and values which govern our beliefs, actions and decisions”. (Sims, Fineman and Gabriel, 1993).

- (a) Outline and explain any 5 ethical principles in procurement. **(20 Marks)**
- (b) Highlight and explain any 2 examples of bad and unethical practices in procurement. **(5 Marks)**

QUESTION 5

Inventory is a necessary evil. Discuss **(25 Marks)**

QUESTION 6

According to Schorr in Handfield et al. (2009), there are different qualities attributed to a good supplier. Highlight and briefly explain the qualities of a good supplier. **(25 Marks)**

THE END