

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT: ECONOMICS

PROGRAMME: BCOM. PURCHASING AND SUPPLY CHAIN MANAGEMENT DEGREE

JUN 2025

COURSE CODE SCM 101: PRINCIPLES OF PROCUREMENT

DURATION: 3 HOURS

TOTAL MARKS: 100

INSTRUCTIONS TO CANDIDATES

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

SECTION A (CASE STUDY)

1. Plastico Pvt Ltd started in 2016 as a small enterprise, manufacturing plastic bags for two supermarkets. At that time, Plastico had only five employees and there was no need to have a procurement department.

By June 2021, Plastico's customer base consisted of seventeen supermarkets in five provinces of the country and had expanded to a fully fledged manufacturing company with a bigger factory. Sales projections show that Plastico 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 Plastico should establish a procurement department or continue having the buyer handling all procurement matters or even consider outsourcing the procurement function.

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

(b) Explain the advantages of outsourcing the procurement function at Plastico (10)

SECTION B (ANSWER ANY THREE QUESTIONS FROM THIS SECTION)

2. Negotiations with international suppliers take an added complexity. With the aid of examples, state and explain at least five challenges associated with international negotiations. **[25Marks]**
3. The individual stages in the purchasing cycle are influenced by the organisation's overall strategy. Using examples, outline and explain the stages involved in the procurement cycle. **(25 Marks)**
4. Every department in an organisation has objectives to be achieved. Outline and explain the general managerial level objectives of purchasing and supply department. **(25 Marks)**
5. (a) Outline and explain any four problems associated with holding excess inventory in a business organisation. **(16 marks)**

(b) Highlight and explain the main three costs associated with inventory **(9 Marks)**
6. Procurement unit is made up of organisational members who are involved in the buying decision process. With the aid of examples, state and explain the seven roles of the procurement unit members or the DMU. **(25 Marks)**

END OF PAPER