

## 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

JUN 2023

## INSTRUCTIONS TO CANDIDATES

1. Answer any four (4) questions.
2. Begin a new answer on a fresh page.
3. No cell phones are allowed in the examination room.

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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)
2. With the aid of practical examples, outline the purchasing cycle and clearly explain each stage of the purchasing cycle. **(25 Marks)**
  3. 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)**
  4. Discuss in detail at least five unethical practices in procurement and potential remedies. **(25 Marks)**
  5. 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)**
  6. Reasons for holding inventory can vary from case to case basis. Using practical examples, outline and explain the reasons for holding inventory in an organisation. **(25 Marks)**

**END OF PAPER**