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**JOMO KENYATTA UNIVERSITY**

**OF**

**AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2018/2019**

**YEAR IV SEMESTER I EXAMINATION FOR THE DEGREE OF BACHELOR OF HUMAN RESOURCE MANAGEMENT**

**HPS 2101: PRINCIPLES OF PROCUREMENT**

**DATE: DECEMBER 2018 TIME: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (COMPULSORY)**

**CASE STUDY: JKUAT COMPUTER COMPANY**

JKUAT Computer Company was established in 2010 by faculty of Computer Engineering of Jomo Kenyatta University of Agriculture and Technology. The firm has maintained an enviable growth record. Today, JKUAT Computer Company has annual sales in excess of Ksh.4 billion. JKUAT Computer Company’s strategy requires two key resources; a highly competent and prolific research and development group out fit and the ability to convert promising ideas into marketable hardware quickly. Many of the components required to produce such state-of-art products are purchased.

Accordingly, purchasing department at JKUAT Computer Company must ensure that an adequate source of technologically advanced vendors is available for all items which JKUAT Computer Company may require.

The purchasing manager of JKUAT Computer Company has just received a memorandum reminding him that the annual corporate planning conference is in three weeks at the firm’s board room. This memo, together with recent discuss ion with major JKUAT computer company supplier, caused the materials manager to recall shortage of strategic components. The purchasing manager has decided to review the firm’s present suppliers’ ability to meet probable changes in technology and increases in demand over the next three to five years.

Using the case study answer the following questions;

1. What are these strategic components? [3 marks]
2. Which three areas should the purchasing manager investigate? [6 marks]
3. What action should the purchasing manager take if present suppliers appear unable to meet probable future requirements? [6 marks]
4. Explain any THREE reasons why purchasing, should be a part of long range planning activity of JKUAT computer company. [6 marks]
5. Explain any TWO factors that might have caused shortage of strategic components. [5 marks]
6. What purchasing strategy will you recommend to this company to avoid shortage of strategic components in future? [4 marks]

**QUESTION TWO (20 MARKS)**

1. Discuss how the buyer’s role likely to change as the buyer becomes more involved with proactive strategic purchasing. [10 marks]
2. Discuss why some organization pay insufficient attention to supplier management. [10 marks]

**QUESTION THREE (20 MARKS)**

1. Identify and discuss activities that add value that are to be undertaken by purchasing function. [10 marks]
2. Explain term ‘strategic drift’. Using examples identify FIVE symptoms of strategic drift. [10 marks]

**QUESTION FOUR (20 MARKS)**

1. Involving the supplier at the outset of product development cycle is referred as Early Supplier Involvement (ESI). Explain why ESI may be desirable and identify possible benefits of such involvement. Suggest some of the possible disadvantages of embarking on ESI. [10 marks]
2. Discuss any FIVE ethical issues facing the profession of purchasing today. [5 marks]
3. Give four examples, to determine the extent to which those working in the purchasing profession tend to find various factors which present challenges to their efforts to act ethically in the conduct of their work. [5 marks]

**QUESTION FIVE (20 MARKS)**

1. Discuss Economic Order Quantity (EOQ) as applied on inventory management. [10 marks]
2. Explain the FOUR principles of Just-In-Time (JIT) approach to inventory management. [10 marks]