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**GARISSA UNIVERSITY**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**MAIN EXAMS**

**COURSE CODE: BBM 442**

**COURSE TITLE: INTERNATIONAL PURCHASING**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**QUESTION ONE (30 MARKS)**

Global sourcing is one of the greatest strategic challenges for purchasing and supply managers. Under increasing pressures to reduce costs, companies have shifted, and continue to shift, sourcing from local suppliers to low cost country-based suppliers. The current economic recession shows little evidence of reversing this trend; in fact, it is likely to increase the pressure to source globally. Yet, the global sourcing process is riddled with difficulties and frequently underestimated by firms. Furthermore, the lower prices offered by low-cost country suppliers rarely translate into significantly lower total costs of ownership (Steinle and Schiele 2008). Despite the popularity of global sourcing across both service and manufacturing industries, research into global sourcing is still playing catch-up and remains poorly conceptualized, for example in comparison with research on buyer-supplier relationships or industrial networks (Quintens, Pauwels, and Matthyssens 2006b). The trend towards global sourcing is likely to fundamentally change the dynamics of buyer-supplier relationships and networks, but little research to date has examined. In particular, current models of global sourcing development need a better and wider theoretical grounding, connecting the upstream-focused purchasing and supply chain approach with established theories of internationalization that tend to adopt a downstream perspective.

1. In reference to the above, define international purchasing **(2 marks)**
2. Describe some of the international sourcing costs **(8 marks)**
3. Discuss factors considered with increased risk exposure  **(10 marks)**
4. Discuss the benefits of international global sourcing **( 10 marks)**

**QUESTION TWO (20 MARKS)**

1. Describe some of the payment methods in global transactions **(8 marks)**
2. Discuss the rights of global logistics **(12 marks)**

**QUESTION THREE ( 20 MARKS)**

1. Write short notes on the following

* Letter of credit **(3 marks)**
* Reciprocal trading **(3 marks)**

1. Highlight the four types of letters of credit **( 4marks)**
2. Discuss the major documentations in international purchasing **(10 marks)**

**QUESTION FOUR ( 20 MARKS)**

1. Describe some of the reasons why governments implement tariffs **(5 marks)**
2. Explain some of the ways of locating international suppliers **(5 marks)**
3. Describe the phases of negotiation **(5 marks)**
4. Discuss the five levels of offshore purchasing **(5 marks)**

**QUESTION FIVE ( 20 MARKS)**

1. Discus ethical issues associated with international purchasing**(10 marks)**
2. Discuss the major types of counter trade an organization can be involved in **(10 marks)**