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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR TWO**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

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

**COURSE CODE: BBM 228**

**COURSE TITLE: INTRODUCTION TO PURCHASING AND SUPPLIES**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 04/04/2021 TIME: 12.00-2.00 PM**

**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**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

When IBM decided to enter the personal computer (PC) business in 1981, the company did not have the infrastructure in place to design and build a PC and the time to develop these capabilities. The company outsourced almost all major components of the PC e.g. micro-processors were designed and built by Intel and the operating system (software was provided by Microsoft. IBM was able to get these computers to the market within 15 months of starting the design by tapping into the exercise and resources of these companies.

Within 3yrs, IBM had replaced Apple as the number one supplier of PC and had a market share of over 40%. However, the down side to IBMs strategy soon became clear as competitors such as Compaq were able to enter the market by using the same suppliers as IBM. By the end of 1995, IBM’s market share had fallen to less than 8% behind market leader Compaq.

**Required:**

1. Outsourcing is a management strategy by which major non –core functions are transferred to specialists, efficient, external providers. This strategy has risks and benefits. Refer to the case of IBM and discuss five risks associated with outsourcing (10 marks)
2. IBM outsourced almost all its major components of the PC. Assuming IBM decided to manufacture the components in house, discuss the benefits that the company would enjoy (10 marks)
3. Describe the stages involved in the sourcing process (10 marks)

**QUESTION TWO**

1. Explain the disadvantages of having a reduced supply base (5 marks)
2. Highlight the factors considered while making decisions on whether to make or buy materials and supplies (5 marks)
3. Discuss five methods of supplier performance rating (10 marks)

**QUESTION THREE**

1. Discuss the specific functions of the purchasing department in an organization (10 marks)
2. Explain the reasons why an organization would want to evaluate supplier performance (10 marks)

**QUESTION FOUR**

1. Define the term Specifications as its used in Purchasing and Supplies (2 Marks)
2. Describe four methods used in preparation of specifications and bidding document (8 marks)
3. Discuss the reasons why most organizations find it necessary to adopt green purchasing (10 marks)

**QUESTION FIVE**

1. State and discuss five major business transformations in purchasing and supply chain management (10 marks)
2. Explain the benefits of Supplier Relationship Management to an organization (10 marks)