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**GARISSA UNIVERSITY**

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

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

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

**COURSE CODE: BBM 442**

**COURSE TITLE: INTERNATIONAL PURCHASING**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 09/04/2021 TIME: 3.00-5.00 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)**

International purchasing involves a commercial transaction between a buyer and a supplier located in

different countries. A review of the literature indicates that there are a number of terms used to describe the purchasing process from suppliers outside the buying firm’s country. For instance, foreign sourcing, international sourcing, international purchasing, worldwide sourcing and global sourcing have all been referred to in the literature to date. International sourcing has been defined by Johnson and Wood (1996) as buying components and inputs anywhere in the world in such a way that the manufacturer puts out a much broader net rather than relying only on local sources. Spekman (1991) cites global sourcing as the efficient use of worldwide human, material, energy, and capital resources. Mol (2000) provides a more general definition of global sourcing as ‘finding and managing sources for production of final products on a world-wide basis. Trent (1991) argue that international purchasing involves a commercial transaction between a buyer and a supplier located in different countries. Conversely, global sourcing differs from international buying in scope and complexity; it involves proactively integrating and coordinating common items, materials, processes, technologies, designs and suppliers across worldwide buying, design and operational locations. Furthermore, global sourcing requires horizontal integration between product design and development groups as well as between supply and demand planning activities.

1. In reference to the above, describe the reasons for souring globally **(10 marks)**
2. Discuss the risks associated with international buying **(10 marks)**
3. Describe some of the international sourcing costs **(10marks)**

**QUESTION TWO (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 THREE (20 MARKS)**

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

**QUESTION FOUR (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)**

**QUESTION FIVE (20 MARKS)**

1. Write short notes on the following
2. Letter of credit **(3 marks)**
3. Reciprocal trading **(3 marks)**
4. Highlight the four types of letters of credit **( 4marks)**
5. Discuss the major documentations in international purchasing **(10 marks)**