AFRICA UNIVERSITY®

A United Methodist-Related Institution

"Investing in Africa's future"

COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE (CBPLG)

MKT302 PURCHASING AND MATERIALS MANAGEMENT

END OF SEMESTER FINAL EXAMINATIONS

NOVEMBER/ DECEMBER 2019

LECTURER: MR T. MASESE

DURATION: 3 HRS

INSTRUCTIONS

Answer ANY TEN Questions in this paper.

Each question has 10 marks and total mark in this paper is 100

DO NOT repeat material.

Write legibly.

Credit is given to application of theory and practice

Answer ANY TEN QUESTIONS in this paper

1. Purchasing management develops policies to provide guidance and support to the professional purchasing and support staff.
   a. What is purchasing policy and what are the advantages for an organization to have a purchasing policy? **(4 marks)**
   b. What would you include in the following policies: Policies defining the role of purchasing? Policies defining buyer-seller relationships? Policies defining the conduct of purchasing personnel? **(6 marks)**

2. Purchasing management is concerned with the planning and controlling of the acquisition of suppliers' goods and resources, to fulfill the administrative and strategic objectives of the organization.
   a. What does the term "Purchasing" mean? **(2 marks)**
   b. Discuss the four objectives of purchasing **(8 marks)**

3. Perhaps the most important duty of purchasing is the right to evaluate and select suppliers. What are the responsibilities of the purchasing function? Describe the duties of the receiving department upon receipt of goods **(10 marks)**

4. List and explain the seven steps in the purchasing cycle **(10 marks)**

5. Describe the purposes, similarities, and differences among purchase requisitions, purchase orders, and requests for quotation **(10 marks)**

6. Besides functional specifications, what three other specifications must be determined? Why is each important?

7. Briefly explain each of the following terms:
   a. Tactical purchasing **(2 marks)**
   b. Strategic purchasing **(3 marks)**
   c. Individual purchasing **(2 marks)**
   d. Organizational purchases **(2 marks)**

8. Briefly discuss the key objectives of the purchasing function in an organization **(10 marks)**

9. In practice, the purchasing unit and purchasing manager have to deal with both internal and external customers.

a. Outline and explain the main responsibilities of the purchasing unit in an organization **(10 marks)**

b. What are the traits and characteristics you would expect to find in a purchasing manager **(10 marks)**

10. Explain the difference between material and inventory. Discuss the various classifications of inventory **(10 marks)**

11. Outline and briefly explain the primary and secondary objectives of the Materials Management Department **(10 marks)**

12. Discuss the 3 main motives for holding inventory in the organization **(10 marks)**

13. Explain the following concepts as they relate to the purchasing function:

a. Materials Resource Management (MRP) (5 marks)

b. Just-in-Time Purchasing (JIT) (5 marks)

14. Discuss the various classifications of inventory **(10 marks)**

15. Discuss the concerns and objectives of materials management in any organization **(10 marks)**

16. Discuss at least six factors you would consider in selecting a supplier **(10 marks)**

17. Explain each of the following elements of materials management:

a. Standardization **(2 marks)**
b. Inspection **(2 marks)**
c. Sampling **(2 marks)**
d. Specification **(2 marks)**
e. Quality control **(2 marks)**

18. Codification or cataloguing is an identification system for each item of the inventory. Explain each of the 3 approaches to developing a suitable identification system for inventory **(10 marks)**

19. Inventory costs can be divided into a number of categories. Briefly explain each of the following costs:

a. Item Costs **(2 marks)**
b. Carrying Costs **(2 marks)**
c. Ordering Costs **(2 marks)**
d. Stock-out costs **(2 marks)**
e. Capacity associated costs **(2 marks)**

20. Briefly outline reasons why firms keep inventories **(10 marks)**

END OF PAPER