



COLLEGE OF BUSINESS AND ECONOMICS

MAIN EXAMINATIONS 2019

DEPARTMENT TRANSPORT & SUPPLY CHAIN MANAGEMENT

MODULE NAME PURCHASING MANAGEMENT 2A

MODULE CODE PUROY2A

DURATION 3 HOURS

TOTAL MARKS 120

PAGES 10

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GOOD LUCK!!

INSTRUCTIONS TO CANDIDATES:

- Answer all the questions
- Question papers must be handed in.
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Answer section A at the last page of the answer book in the answer sheet provided there.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

SECTION A

[30 MARKS]

Choose the correct answer from those given below each question. Use the answer book to answer this question in the answer sheet provided at the end of your answer book. Mark with a cross (X).

QUESTION 1

_____ include bodies such government departments and organisations, universities, retailers and wholesalers.

- A Services
- B Goods
- C Information
- D Logistics

QUESTION 2

_____ involves a network of organisations that perform the activities that make it possible for the movement of materials and the movement of the related information.

- A Supply Chain Management
- B Supply Chain
- C Integrated Logistics
- D Total Cost Analysis

QUESTION 3

Materials handling and production set-up costs represent a major cost element known as_____.

- A customer service cost
- B cost of lost sales
- C warehousing costs
- D lot quantity costs

QUESTION 4

_____ plays an important role in an organisation's value chain and its total costs and customer service and therefore competitive advantage, market share and profitability.

- A Value chain
- B Purchasing
- C Procurement
- D Supply management

QUESTION 5

_____ are activities associated with transforming inputs into the final product form, such as machining, packaging, assembly, equipment maintenance, testing, printing and facility operations.

- A Operations
- B Purchasing
- C Services
- D Procurement

QUESTION 6

The building of long-term relationships with a limited number of suppliers based on mutual trust is known as _____.

- A partner
- B partnerships
- C company
- D supplier base

QUESTION 7

A _____ is defined as a firm with whom your company has an on-going buyer-seller relationships, involving a commitment over an extended time period, mutual sharing of information and a sharing of risks and rewards resulting from the relationship.

- A partner
- B partnerships
- C company
- D supplier base

QUESTION 8

Faulty consignments and rejection of receipts must be handled by the _____ function.

- A stores
- B receipt
- C user
- D purchasing

QUESTION 9

'Closing the order' is the responsibility of the _____ function.

- A stores
- B finance
- C user
- D purchasing

QUESTION 10

Which step in the purchasing cycle can be regarded as a strategic responsibility?

- A Negotiation
- B Supplier selection
- C Supplier performance management
- D Bidding

QUESTION 11

Apart from impacting on our daily lives because of the products we need and want to buy, logistics also has a big impact on the _____ of organizations.

- A bottom – line
- B activities
- C purchases
- D suppliers

QUESTION 12

If low customer service and high costs mean that an organization sells less of its products, then its _____ gets smaller.

- A market share
- B competitive advantage
- C logistics
- D total cost

QUESTION 13

If people in a country want to maintain and improve their existing standard of living against the background of increasing numbers of people being born and increased inflation rate, improving _____ in logistics is also important.

- A gross domestic product
- B profitability
- C supply chains
- D production costs

QUESTION 14

_____ deals with the handling, movement and storage activities within the supply chain, beginning with suppliers and ending with the customer.

- A Logistics
- B Purchasing Management
- C Materials handling
- D Logistics management

QUESTION 15

_____ must be timely and accurate to support managers in their administration of the logistics activities.

- A Goods
- B Services
- C Information
- D Procurement

QUESTION 16

Supply chain management should focus on the management of _____ in order to achieve a more profitable outcome for all parties in the chain.

- A relationships
- B information
- C equipment
- D goods and services

QUESTION 17

When a seller offers standard products (e.g. Coca cola) to many customers who receive standard terms and conditions for purchasing, is known as _____.

- A relationship management
- B arms – length relationships
- C point of consumption relationships
- D supply chain management

QUESTION 18

The movement of materials as they flow from their source to the end customer is known as _____.

- A supply chain
- B purchasing
- C supply chain management
- D integrated logistics

QUESTION 19

_____ involves minimizing the total costs of logistics while achieving the desired customer service level.

- A Total cost analysis
- B Total costs logistics
- C Integrated logistics
- D customer service cost

QUESTION 20

The cost of employing the people to answer the phone when customers have a query is known as _____.

- A cost of lost sales
- B customer service cost
- C order processing cost
- D lot quantity costs

QUESTION 21

_____ are the activities that are related to receiving, storing and distributing inputs to the product, such as materials handling, warehousing, inventory control, vehicle scheduling and returns to suppliers.

- A Inbound logistics
- B Outbound logistics
- C Procurement
- D Operations

QUESTION 22

_____ are activities associated with transforming inputs into the final product form, such as machining, packaging, assembly, equipment maintenance, testing, printing and facility operations.

- A Inbound logistics
- B Outbound logistics
- C Procurement
- D Operations

QUESTION 23

_____ relate to advertising, promotion, sales, distribution channel selection, the management of channel relations and pricing.

- A Inbound logistics
- B Outbound logistics
- C Procurement
- D Operations
- E Marketing and sales activities

QUESTION 24

_____ is the acquisition of appropriate goods or services at the best possible total cost.

- A Purchasing
- B Technology management
- C Procurement
- D Operations
- E Marketing and sales activities

QUESTION 25

The building of long-term relationships with a limited number of suppliers based on mutual trust is known as _____.

- A contract
- B loyalty
- C partnership
- D buyer – seller relationship

QUESTION 26

It is not one of the purchasing activities.

- A Determining and transmitting the need;
- B Selecting the right supplier;
- C Arriving at the right price;
- D Specifying the terms and conditions of the agreement or contract;
- E producing goods at the lowest cost.

QUESTION 27

They are information cards forming part of the just in time (JIT) system and provide a supplier with clear description and specification of the firm's specific needs.

- A Purchasing requisitions
- B KANBANS
- C Materials lists
- D Purchasing orders

QUESTION 28

Technological innovation such as e-procurement, e-sourcing, electronic data interchange (EDI) and electronic catalogue are valuable in _____.

- A identifying potential suppliers
- B Placing the order
- C describing the need
- D bidding and negotiating

QUESTION 29

The process of asking for formal tenders and it is often described in the purchasing policy and procedure manual.

- A identifying potential suppliers
- B Placing the order
- C describing the need
- D bidding and negotiating

QUESTION 30

_____ consists of the constant monitoring of the supplier progress with the order so that the supplier may not fall behind delivery schedule.

- A Follow – up
- B Inspection
- C Expediting
- D Closing the order

QUESTION 31

_____ A business requirements-based request for specific solutions to the sourcing problem

- A Request for quotation
- B Request for information
- C Request for proposal
- D Request for preparation

QUESTION 32

Is characterised by the meaningful objectives and plans of actions that should be devised and drawn up.

- A The preparatory phase
- B The implementation phases
- C The information collection phase
- D The negotiation planning phase
- E The meeting phases

QUESTION 33

Identify the negotiation process.

- A The information collection: the preparation: meeting: the planning: the implementation phases.
- B The information collection: the planning: the preparation: meeting: the implementation phases.
- C The information collection: the preparation: the planning: meeting: the implementation phases.
- D The information collection: the planning: the preparation: meeting: the implementation phases.

QUESTION 34

Identify factors considered by buyer/seller in order to ensure successful negotiations
Establish the objectives of the negotiation for yourself.

- I. Asses the power position of each of the parties.
 - II. Negotiation power
 - III. Plan your concessions
 - IV. Gather facts the can have a big impact on the negotiations
 - V. Define your tasks.
- A I and II
 - B IV, II and v
 - C I, III, V and IV
 - D I, III and V

QUESTION 35

_____The person, who is more skilled in negotiating and has prepared his/her work more thoroughly, clearly has the advantage.

- A Negotiating power
- B Written word
- C Competition
- D Knowledge

QUESTION 36

_____Is to gather information to help decide what step to take next.

- A Re quest for proposal
- B Request for information
- C Request for quotation
- D Service level agreement
- E Mutually beneficial agreement

QUESTION 37

Which of the following is not the characteristics of the meeting phase?

- A Fact finding stage
- B Agreement stage
- C Discussion stage
- D Disagreement stage

QUESTION 38

Part of a service contract where the level of service is formally defined.

- A Mutual beneficial agreement
- B Service level agreement
- C Account management
- D Customer service agreement

QUESTION 39

Negotiation is _____.

- A a process where two parties, the buyer and the supplier each with different interest strive to reach mutual agreement on specific contractual terms.
- B a process where two parties, the buyer and the supplier with common interest.
- C a process whereby one party is striving for dominance of the objectives of one party.
- D a process where mutual understanding and regard is top priority.

QUESTION 40

What are the two types of negotiations?

- A Constructive and structural negotiation
- B Constructive and competitive negotiation
- C Structural and constrictive negotiation
- D Competitive and constrictive negotiation

SECTION B

[80 MARKS]

QUESTION 1

[10 MARKS]

Discuss the five categories of primary activities in a value chain of a manufacturing company.

QUESTION 2

[12 MARKS]

Explain the four buying situations in which each product category can be purchased.

QUESTION

[29 MARKS]

- 3.1 Identify the 7 aspects of power position in the negotiation process. (7)
- 3.2 List 12 factors which may weaken the buyers negotiating position. (12)
- 3.3. Discuss in detail the requirements of a good contract. (10)

QUESTION 4

[29 MARKS]

- 4.1 What is demand management? (1)
- 4.2. What can be the reasons for generating surplus stock? (8)
- 4.3. Discuss five elements of purchasing systems in detail. (15)
- 4.4 List five elements of the total quality management (TQM). (5)

END OF ASSESSMENT