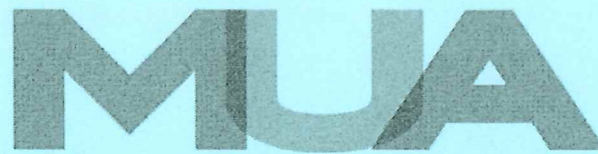


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

PSM 403: INTERNATIONAL PROCUREMENT

DATE: 17TH DECEMBER 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

GLOBAL SOURCING

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. 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. 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 the implications of this trend.

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. With growing scholarly and executive attention over the past couple of decades, sourcing and supply chain management have been shown to play a significant role in achieving competitiveness. Although it has not received the level of attention it deserves, global sourcing is an area of growing interest among scholars within the field of purchasing. Global sourcing is the worldwide integration of engineering, operations, logistics, procurement, and even marketing within the upstream portion of a firm's supply chain. 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. 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,

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 the implications of this trend. 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.

Required:

- a) In reference to the case study, global sourcing is one of the greatest strategic challenges for purchasing and supply managers. Highlight the challenges of global sourcing cited in the case study. **(10 marks)**
- b) Explain the reasons for global sourcing **(5 Marks)**
- c) From the case study, the trend towards global sourcing is likely to fundamentally change the dynamics of buyer-supplier relationships and networks. Discuss FIVE dynamics of buyer-supplier relationships and networks faced in global sourcing **(10 marks)**

QUESTION TWO

- a) Describe five benefits associated with creating and maintaining international supplier/buyer relationship. **(10 marks)**
- b) Explain the objectives of negotiation for procurement with suppliers in international procurement. **(5 marks)**

QUESTION THREE

- a) Mr Juma has been experiencing a lot of losses while carrying out international procurement due to currency fluctuations. Explain FIVE measures he would take to reduce the adverse consequences currency fluctuations. **(5 marks)**
- b) Explain the various categories of documents used in international procurement **(10 marks)**

QUESTION FOUR

- a) Elaborate the causes of business risk in international procurement. **(5 marks)**
- b) Explain the importance of customs planning in international trade. **(10 marks)**

QUESTION FIVE

- a) Elaborate FIVE sources of information in international procurement **(10 Marks)**
- b) Your organization is intending to use intermediaries during the process of acquiring its supplies. Evaluate FIVE factors that might have influenced this decision. **(5 marks)**

QUESTION SIX

- a) Explain the benefits of Effective customs planning in global logistics management. **(5 marks)**
- b) Describe the procedure of undertaking international tendering which they could have used in sourcing supplies from international markets. **(10 marks)**