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# POST GRADUATE UNIVERSITY EXAMINATIONS

## SCHOOL OF MANAGEMENT AND LEADERSHIP

## DEGREE OF MASTER OF BUSINESS ADMINISTRATION

**LSO 503: STRATEGIC PROCUREMENT**

**DATE: 30TH JULY 2026**

**DURATION: 3 HOURS**

**MAXIMUM MARKS: 60**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory.**
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 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:**

**STRATEGIC PROCUREMENT TRANSFORMATION AT KENYA AGROTECH INDUSTRIES LTD**

Kenya AgroTech Industries Ltd. is a large agro-processing company headquartered in Nairobi with regional operations across East Africa. The company manufactures processed foods, fertilizers, and agricultural inputs for both local and export markets. Over the past four years, the organization has experienced increasing procurement challenges including supplier unreliability, rising inventory holding costs, delayed deliveries, and quality inconsistencies in imported raw materials.

To address these challenges, senior management initiated a strategic procurement transformation programme. The organization adopted ERP-based procurement systems; AI-supported spend analysis tools, and supplier relationship management platforms. Procurement managers were also instructed to classify procurement items using the Kraljic Matrix and align sourcing decisions with corporate sustainability and competitiveness objectives.

Despite these initiatives, the company continues to face operational difficulties. Global supply chain disruptions have increased lead times for imported materials, while local suppliers struggle to meet quality standards and production capacity requirements. The company's inventory carrying costs have also risen significantly due to excessive safety stock maintained to hedge against supply uncertainty.

At the same time, Kenya AgroTech plans to introduce a new line of environmentally friendly organic fertilizers. This new product development initiative requires close collaboration between procurement, R&D teams, and strategic suppliers. Management is debating whether to outsource certain production processes or maintain internal manufacturing to protect intellectual property and quality standards.

In response, the Board of Directors has appointed a strategic procurement taskforce to redesign the procurement strategy, improve supplier relationships, strengthen negotiation practices, optimize inventory systems, and enhance long-term competitiveness and sustainability.

**Required:**

**a)** Critically evaluate the role of strategic procurement and procurement analysis in improving the operational performance and competitiveness of Kenya AgroTech Industries Ltd. **(10 marks)**

b) Examine the challenges associated with supplier identification, inventory management, and outsourcing decisions in the organization. **(10 marks)**

c) Recommend five advanced procurement and negotiation strategies that the company should adopt to strengthen long-term resilience and competitive advantage. **(5 marks)**

**d)** Recommend five advanced technology, and sustainability strategies that the company should adopt to strengthen long-term resilience and competitive advantage. **(5 marks)**

**QUESTION TWO**

a) Critically analyze four theoretical foundations of strategic procurement and evaluate the relevance of the Kraljic Matrix and Mintzberg’s strategic perspectives in modern organizations. **(8 marks)**

b) Examine how procurement analysis, measurable objectives, KPIs, and technology integration contribute to procurement effectiveness and organizational competitiveness. **(7 marks)**

**QUESTION THREE**

a) A tier one Supermarket in Kenya is in the sourcing for suppliers. Evaluate four strategic importance of supplier identification in achieving organizational competitiveness. **(8 marks)**

b) The process of New Product Development is critical in enhancing organizational innovation. Discuss the role of supplier collaboration in enhancing NPD and supplier management processes. **(7 marks)**

**QUESTION FOUR**

a) It is often said that inventory just like cash flow is the lifeline of organizational success. Critically examine four strategic roles of inventory management in improving organizational efficiency and resilience. **(8 marks)**

b) Success in negotiations is often a source of long-term relationships. Analyze three roles of negotiation strategies in modern strategic procurement management. **(7 marks)**