THIS EXAMINATION PAPER CONSISTS OF 4 SECTIONS:

SECTION A: CONSISTS OF:
(i) 10 MULTIPLE-CHOICE QUESTIONS (10 MARKS)
(ii) 5 TRUE OR FALSE QUESTIONS (10 MARKS)
(iii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)

SECTION B: CONSISTS OF 3 SHORT QUESTIONS
ANSWER ALL THE QUESTIONS (10 MARKS)

SECTION C: CONSISTS OF 3 LONG ANSWER QUESTIONS
ANSWER ALL THE QUESTIONS (40 MARKS)

SECTION D: CONSISTS OF 3 INTERPRETATIVE QUESTIONS
ANSWER ANY ONE OF THE QUESTIONS (20 MARKS)

INSTRUCTIONS:

1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don't waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.
(i) **MULTIPLE-CHOICE QUESTIONS**

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. Which is the correct formula for calculating return on investment?
   - (a) ROI = profit margin – turnover of assets
   - (b) ROI = profit margin + turnover of assets
   - (c) ROI = profit margin × turnover of assets
   - (d) ROI = profit margin / turnover of assets

2. A product with a low level of complexity and a low commercial uncertainty is:
   - (a) purchasing dominant.
   - (b) finance and administration dominant.
   - (c) production dominant.
   - (d) marketing dominant.

3. Buying a new product from a known supplier is called:
   - (a) a new task buy.
   - (b) a straight re-buy.
   - (c) a new re-buy.
   - (d) a modified re-buy.

4. A low-level complexity product is usually:
   - (a) non-standard.
   - (b) technically complicated.
   - (c) difficult to install.
   - (d) relatively standard.

5. High commercial uncertainty products are:
   - (a) high investment products.
   - (b) small orders.
   - (c) relatively low price products.
   - (d) products with low impact on sales results.

6. Industrial purchases have _____ compared to consumer purchases.
   - (a) relatively small order sizes
   - (b) relatively large order sizes
   - (c) low cost order sizes
   - (d) None of the above.
7. What is the objective of organisational buying?
   (a) to satisfy personal need
   (b) to satisfy employee need
   (c) to enable production
   (d) to enable after sales

8. Which of the following is a characteristic of consumer buying?
   (a) negotiation and intense interaction.
   (b) little negotiation and interaction.
   (c) no interaction at all.
   (d) None of the above.

9. Which of the following is a cost associated with outsourcing?
   (a) freight
   (b) purchasing costs of the completed good
   (c) administration
   (d) All of the above.

10. The objective of strategic planners is:
    (a) to ensure availability of materials at affordable prices.
    (b) to study different inventory control systems.
    (c) to maintain a long-term and mutually beneficial relationship with suppliers.
    (d) to enter into contracts with reliable suppliers. [10]

(ii) TRUE OR FALSE QUESTIONS

Indicate whether the following statements are true or false. Motivate all your answers.

1. Services cannot be kept as inventory.

2. Low commercial uncertainty products need high capital investment.

3. Selecting an evaluation method and analysing a supplier is the third stage in the supplier selection process.

4. The demand in organisation buying may fluctuate greatly.

5. Operational planning is concerned with materials requirements planning. [5 × 2 = 10]
(iii) **MATCHING-STATEMENT QUESTIONS**

Match the statements in Column B to the terms in Column A. Write down the answers only, for example 1. (a).

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. an effective buyer</td>
<td>(a) functional planning</td>
</tr>
<tr>
<td>2. unitisation</td>
<td>(b) has brought changes in the business environment</td>
</tr>
<tr>
<td>3. tactical planning</td>
<td>(c) short-term planning</td>
</tr>
<tr>
<td>4. consumer packaging</td>
<td>(d) can judge the feasibility of an idea</td>
</tr>
<tr>
<td>5. strategic planning</td>
<td>(e) must foster a high level standard of professional competence</td>
</tr>
<tr>
<td>6. rapid growth of service industry</td>
<td>(f) bundling primary packages into secondary packages.</td>
</tr>
<tr>
<td>7. good negotiators</td>
<td>(g) purchaser has no previous experience with supplier</td>
</tr>
<tr>
<td>8. new task buy</td>
<td>(h) gives information about the product</td>
</tr>
<tr>
<td>9. a straight re-buy</td>
<td>(i) long-term planning</td>
</tr>
<tr>
<td>10. operational planning</td>
<td>(j) the purchaser has bought the product before</td>
</tr>
</tbody>
</table>

[10]

[30]
SECTION B: SHORT QUESTIONS (10 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
Define 'logistics'. [2]

QUESTION 2
What is industrial packaging? [2]

QUESTION 3
(a) Define 'inelasticity of demand' from an industrial point of view. (3)
(b) List the three functions of bar codes. (3) [6] [10]
SECTION C: LONG ANSWER QUESTIONS (40 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1

(a) Identify five factors that determine whether the purchasing function can play a role in the strategic planning process. (5)

(b) Briefly explain the concerns of purchasing planning at tactical level. (5) [10]

QUESTION 2

Give ten reasons for intense competition in the world. [10]

QUESTION 3

(a) Explain which aspects of a sales contract can be negotiated. (5)

(b) Explain the impact of packaging on costs. (5)

(c) Explain any five functions of packaging. (5 × 2 = 10) [20] [40]
SECTION D: INTERPRETATIVE QUESTIONS  

(20 MARKS)  

ANSWER ANY ONE OF THE QUESTIONS

QUESTION 1

(a) Explain five reasons why identifying, selecting, developing and managing the right supplier has become important over the years.  

(5 × 2 = 10)

(b) Discuss the advantages of outsourcing and subcontracting.  

(5 × 2 = 10)  [20]

OR

QUESTION 2

Explain ten steps to be followed when planning for negotiation.  

[10 × 2 = 20]

OR

QUESTION 3

(a) Identify five strategic sourcing activities and practices.  

(5)

(b) i Identify five factors that influence the position of the purchasing function in the organisational structure.  

(5)

ii Explain five purchasing activities.  

(5 × 2 = 10)  [20]

[20]

Section A: 30 marks
Section B: 10 marks
Section C: 40 marks
Section D: 20 marks
TOTAL: 100 MARKS