NOVEMBER 2013 EXAMINATION

DATE: 14 NOVEMBER 2013

TIME: 14H00 – 16H00
TOTAL: 100 MARKS

DURATION: 2 HOURS
PASS MARK: 40%

(OL-41)
PROCUREMENT AND PACKAGING

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)

ANSWER ALL THE QUESTIONS

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.
ANSWER ALL THE QUESTIONS

(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. What are the responsibilities of a person who analyses the invoice?
   (a) to verify calculations
   (b) to check discounts
   (c) to compare quantities delivered against those ordered
   (d) All of the above.

2. Which of the following is a capital good?
   (a) machine
   (b) car radio
   (c) engine part
   (d) industrial gas

3. What is the major drive for global sourcing?
   (a) to source expensive raw materials from other countries
   (b) to source quality and cheaper raw materials from other countries
   (c) to improve trade relations
   (d) to expose the company to many different environments

4. What is the responsibility of purchasing planners at tactical level?
   (a) to make long-range resource requirements
   (b) to make short term resource requirements planning
   (c) to plan the resource requirements for achieving derived objectives
   (d) All of the above.

5. What is the advantage of centralised purchasing?
   (a) Departments can react faster.
   (b) There is better and closer contact with suppliers.
   (c) There is better liaison between decentralised purchasing functions and end-user functions.
   (d) Purchasing staff become experts in the field.

6. Which of the following is an unethical practice in negotiation?
   (a) accepting gifts
   (b) using own power and position for personal gain
   (c) showing lack of integrity in business relations
   (d) All of the above.
7. How does packaging reduce warehousing costs?
   (a) The goods are always available.
   (b) Goods can be packed more effectively into a certain space size.
   (c) It facilitates recycling, therefore costs are reduced.
   (d) It protects the product.

8. What is unitisation?
   (a) bundling primary packages into secondary packages
   (b) bundling primary packages into tertiary packages
   (c) disassembling large packages into small packages
   (d) All of the above.

9. What is an advantage of packaging?
   (a) It increases pilferage.
   (b) It increases the risk of theft.
   (c) It reduces breakages.
   (d) It increases breakages.

10. How can an organisation protect the environment with its packaging methods?
    (a) by manufacturing products that perish fast
    (b) by avoiding the use of packaging completely
    (c) by using plastic packaging
    (d) by using reusable and recyclable (biodegradable) products, if possible.

(ii) TRUE OR FALSE QUESTIONS

Indicate whether the following statements are True or False. Motivate all your answers.

1. The procurement and packaging department must make use of new suppliers when needed.
2. Efficient purchasing increases costs.
3. Services are labour intensive.
4. The purchasing price usually determines the selling price.
5. The objective of consumer buying behaviour is to enable production.
(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. strategic objectives</td>
<td>(a) persuasively asking the other party to change his terms</td>
</tr>
<tr>
<td>2. centralised purchasing</td>
<td>(b) to ensure the long-term availability of materials at affordable prices</td>
</tr>
<tr>
<td>3. tactical objectives</td>
<td>(c) characteristic of consumer buying behaviour</td>
</tr>
<tr>
<td>4. decentralised purchasing</td>
<td>(d) to enter long term contracts with reliable suppliers</td>
</tr>
<tr>
<td>5. operational objectives</td>
<td>(e) the purchasing department is responsible for all the purchasing</td>
</tr>
<tr>
<td>6. derived and fluctuating demand</td>
<td>(f) use of power by imposing terms on the other party without a concession</td>
</tr>
<tr>
<td>7. 'good cop bad cop' negotiating tactic</td>
<td>(g) to always maintain a mutually beneficial relationship with suppliers</td>
</tr>
<tr>
<td>8. autonomous demand that is stable</td>
<td>(h) one member shows a take it or leave it attitude and the other member acts in a conciliatory way</td>
</tr>
<tr>
<td>9. 'bogey' negotiation tactic</td>
<td>(i) each business department is free to buy what it needs from suppliers</td>
</tr>
<tr>
<td>10. 'take it or leave it' negotiating tactic</td>
<td>(j) characteristic of organisational buying behaviour</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 the procurement cycle? [2]

QUESTION 3
(a) i. What is recycling? (1)
    ii. Explain the function of protection in packaging. (2)
(b) Identify any three objectives of performance evaluation. (3) [6]

[10]
SECTION C: LONG ANSWER QUESTIONS (40 MARKS)

ANSWER ALL THE QUESTIONS

QUESTION 1
(a) Identify and briefly explain any five classes of goods. (5)
(b) Explain the characteristics of services. (5) [10]

QUESTION 2
Explain ten reasons for intense competition in the world. [10]

QUESTION 3
(a) i. Describe the factors that determine whether the purchasing function can play a role in the strategic planning process. (5)
ii. Enumerate five factors that influence the position of the purchasing function in the organisational structure. (5)
(b) Describe five characteristics of organisational purchasing behaviour. (5 × 2 = 10) [20]

[40]
SECTION D: INTERPRETATIVE QUESTIONS (20 MARKS)

ANSWER ANY ONE OF THE QUESTIONS

QUESTION 1

You are the purchasing manager of a large company. You have a new assistant and need to explain to this person how the department works and the objectives of purchasing management.

Discuss purchasing by:

(a) explaining the main purchasing functions. (10)
(b) outlining ten objectives of purchasing management. (10) [20]

OR

QUESTION 2

Comment on the variables that affect the buying process. [20]

OR

QUESTION 3

(a) i. Discuss tactical planning and the purchasing planning responsibilities at this level. (5)
    ii. Identify five factors that weaken the buyer's negotiation position. (5)
(b) Explain five functions or objectives of packaging. (5 × 2 = 10) [20]

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