



**UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF INDUSTRIAL TECHNOLOGY**

**FINAL EXAMINATION
JANUARY 2016 SEMESTER**

SUBJECT CODE : JLB 31403
SUBJECT TITLE : PROCUREMENT AND INVENTORY MANAGEMENT
PROGRAMME LEVEL : BACHELOR
DATE : 24 MAY 2016
TIME : 2:30 PM – 5:30 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of TWO (2) parts. Part A and B.
4. Answer ALL questions in Part A. For Part B, answer THREE (3) questions only.
5. Please write your answers on the answer booklet provided.
6. Answer all questions in English.

THERE ARE 3 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

Purchasing is not only aimed at lowering cost of purchase but it can also be viewed as support activity that can contribute to competitive advantage of a business. Explain with elaboration **FIVE (5)** ways of how purchasing can contribute to competitive advantage of a business

(15 marks)

Question 2

Purchasing plays an important role in organization's success. In fact, by doing the purchasing right it will contribute to company's competitive advantage. Define the role of purchasing in Supply Chain and Logistics and list the **SIX (6)** important Rs in purchasing.

(10 marks)

Question 3

Purchase specification is the heart of procurement. It will determine whether the purchase contract will be performed by the buying organization on the product requested. Purchase or product specification serves a number of purposes. List **FIVE (5)** purposes among them.

(15 marks)

SECTION B (Total: 60 marks)**INSTRUCTION: Answer THREE (3) questions only.****Please use the answer booklet provided.****Question 1**

Purchase specification can be specified into two broad categories - SIMPLE and COMPLEX that reflect to the development of specification not to the product or item. Both categories need balancing between department different needs, along with quality, delivery and complex specifications. Categorize **FIVE (5)** Simple Specifications. Provide an example for each specification.

(20 marks)

Question 2

It can be a very difficult task in development of product specification because it involves many parties. In order to ease the process, there are several approaches can be used. Categorize with elaborate **FIVE (5)** approaches.

(20 marks)

Question 3

A contract is a legally enforceable agreement between two or more parties with mutual obligations, which may or may not have elements in writing. In managing a good contract with suppliers, there are several type of contracts that can be choose according to the company's needs. Explain **FOUR (4)** of below contracts:

(a) Spot Contract

(5 marks)

(b) Forward Contract

(5 marks)

(c) Call Off Contract

(5 marks)

(d) Fixed Contract

(5 marks)

Question 4

Outsourcing or sub-servicing often refers to the process of contracting to a third-party. The success of experience by outsourcing business process has encourage many firm to outsource a part or in fact the entire of their operational functions. Outsource can be done with single or multiple supplier. Analyze **FIVE (5)** considerations for Single Sourcing and **FIVE (5)** considerations for Multiple Sourcing.

(20 marks)

END OF EXAMINATION PAPER