

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

BACHELOR OF BUSINESS ADMINISTRATION AND MANAGEMENT

END OF SEMESTER ONE EXAMINATIONS, BBAM III EVENING 2022/2023

DEPARTMENT OF MANAGEMENT SCIENCE

PSM 3206: CORPORATE PROCUREMENT

DATE: Thursday 15th December 2022

Time allowed: 3 hours:

Instructions to Candidates:

1. *Answer four questions*
2. *Question one is compulsory and carries 40 marks*
3. *Using of examples and illustrations will be considered as important in evaluation / marking of this paper*
4. **DO NOT WRITE ANY OTHER THING ON THIS QUESTION PAPER**

Section A

Question One

Corporate Practices

Cooperative purchasing combines multiple buyers' requirements on a single contract to aggregate volume and raise the purchasing power of each participating entity. A lead agency typically conducts the solicitation, allowing other agencies to "piggyback" on the resulting contract. Through cooperatives, entities can negotiate lower prices and reduce time spent on procurement processes and establishing contracts. Vendors benefit from the large volume and efficient competitive bid process that come with multiple awards to a single contract. Through these outcomes, the cooperative model can offer incentives for governments and suppliers alike.

Cooperative purchasing programs are designed to enhance various aspects of public procurement value. When functioning well, they promote speedier contract creation and product delivery, reduce administrative costs, negotiate lower prices, and in some cases, improve social outcomes. Not all cooperatives are equal, nor are cooperatives a universal solution to procurement challenges. Used correctly, however, they can significantly benefit any agency's overall procurement strategy.

Public procurement teams are tasked with the responsibility of connecting states, counties, and municipalities with low-cost goods and services. These officials operate in a context dominated by an overarching commitment to strict procurement compliance standards of competition, transparency, and ethics, with other officials and media standing ready to scrutinize their actions. While agencies maintain a variety of individualized goals and needs, there are several channels through which procurement professionals aim to optimize the value of government-issued contracts. Given that procurement represents one quarter of public spending value achieved in this sector cascades across all levels of government. A variety of obstacles can hinder procurement officials' ability to obtain best value through the public procurement process. Budgets and internal customers place a premium on velocity, cost, and effectiveness in serving public need, but these factors can be inversely related; for instance, minimizing price can diminish service outcomes. Strict regulations may limit buying options or encourage risk-averse strategies. Severe penalties for infractions can reduce officials' willingness to be innovative in trying new methods or products. And overarching government rules, regulations, and ever-changing policies can slow time frames for any new procurement. Maintaining the status quo eventually becomes more appealing for understaffed agencies looking to conserve resources. On the supply side, vendors seeking to contract with government agencies may encounter inconsistent or confusing procurement procedures and regulations, making bid processes costly and time-consuming and, in some cases, discouraging participation. These and other challenges can delay purchases and reduce the quality of outcomes achieved, with the public bearing the costs. Increasingly, governments across the country are turning to cooperative procurement for greater value. Joining with other entities can significantly reduce administrative

Tasks:

- a. Elucidate the importance of group/cooperative procurement in business world (10marks)

- b. Piggyback is one of the cooperative procurement models. Discuss the statement and present any other four cooperative procurement models not mentioned in the case above **(10marks)**
- c. What are the challenges of cooperative procurement in attempt to obtain best value through the public procurement process? **(10marks)**
- d. Describe the role of corporate procurement in business world **(10marks)**

Section B

Question Two

- a. Explain any Five factors that can be considered when setting up corporate society. **(10marks)**
- b. The products that can be sourced by corporate procurement **(10marks)**

Question Three

- a. Why do some firms do not cooperate in purchasing? **(10marks)**
- b. Examine the Challenges encountered in Formation or in Operating a Cooperative Organization **(10marks)**

Question Four

- a. What are the benefits of using the Internet in procurement? **(10marks)**
- b. Describe the areas where e-procurement is applied in business world **(10marks)**

Question Five

- a. Justify the need for cooperative procurement **(10marks)**
- b. What are some of the steps that can be followed in forming a cooperative procurement **(10marks)**

Question Six

Explain the advantages and the disadvantages of being a Lead Contractor in a Cooperative **(20marks)**

Success