



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF LOGISTICS**  
**AND SUPPLY CHAIN MANAGEMENT**  
**3<sup>RD</sup> YEAR 2<sup>ND</sup> SEMESTER 2022/2023 ACADEMIC YEAR**  
**KISUMU CAMPUS**

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**COURSE CODE:** BAB 1344

**COURSE TITLE:** Relationships & Negotiations Management

**EXAM VENUE:**

**STREAM:** (BLSM)

**DATE:**

**EXAM SESSION:** SEPT-DEC

**TIME:** 2 HOURS

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**Instructions:**

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

**Question one (Compulsory) (25 Marks)**

- a) You have just taken over responsibility for purchasing function at a major information logistics company and you are reviewing purchases for the last 2 years. The company spends a fortune on fuel. You have discovered that because of the diverse nature of your company's transportation methods ( which is air, ground and ocean freight) each individual department purchases its own jet fuel, the trucking division purchases its own diesel and the shipping freight division purchases its own oil. On further analysis you have discovered that fuel takes 25% of all expenses and there were periods in the last 2 years when there were stock-outs (The few suppliers in the Middle East could not supply in time due to late placement of orders). Your further analysis revealed that the company spends a further 20% of all expenses on stationery and related items. You also discovered that there were periods in the last 2 years when there were stock-outs in the stationery. There was also a big variance in prices of similar items for orders placed in the last 2 years. Further, the organization uses Toner cartridge HQ82F which is manufactured by a dealer in Germany. The cartridge is not available locally and the total spend on this item is 10% of the total expenses. The variety of staff uniforms and apparel also account for 20% of the value of all expenses. The organization has not disposed idle, surplus and unserviceable stores for the last 2 years. The items earmarked for disposal are: 4 motor vehicles, 20 servers, 1000 liters of adulterated fuel, 450 computers and assorted computer stationery.
- i) With the aid of a diagram, illustrate procurement categories for the company using the product purchasing classification matrix. (5 marks)
- ii) Explain purchasing approaches that a procurement professional should consider in each product in the case (5 marks)

iii) Explain the importance of procurement plan in the budgeting process  
(5 Marks)

b) As a procurement specialist, explain to the organization factors that affect cross cultural negotiations? Give relevant examples of each factor mentioned.  
(10 Marks)

**Question Two 15 Marks**

a) Your organization is in the process of selecting suppliers to have a relationship with, advice the CEO five factors to consider before they can engage with any supplier  
(10 Marks)

b) Explain factors to consider when negotiating with a monopoly (5mks)

**Question Three (15 Marks)**

a) Your firm is about to engage in supplier relationship. Explain to the organization the merits of partnering relationship with a supplier. Support your answers with relevant examples  
(15 Marks)

**Question Four 15 Marks**

a) In many organisations supplier relationships have failed. Discus four reasons that may cause failure of supplier relationship (8 Marks)

b) Explain seven key planning and preparation steps to consider before going for negotiation  
(7 Marks)

**Question five 15 Marks**

a) Your head of department is set for negotiation with a major firm. Explain four principles he needs to understand in order to have a successful negotiation process with the firm  
(8 Marks)

b) The organisations contract manager is assigned 8 duties that he needs to undertake. Advise him on five skills that he needs to acquire to enable him carry out his duties effectively and efficiently  
(7 Marks)