



# CERTIFIED PROCUREMENT AND SUPPLY PROFESSIONAL (CPSP)

## PART I

### ORGANISATIONAL ENVIRONMENT



MONDAY: 27 November 2017.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

#### SECTION A

##### QUESTION ONE

- (a) Distinguish between “organisational environment” and “organisational behaviour”. (4 marks)
- (b) Explain the responsibilities of the following procurement personnel:
- (i) Procurement manager. (2 marks)
  - (ii) Contract manager. (2 marks)
  - (iii) Procurement analyst. (2 marks)
- (c) A monopoly market structure is a situation where no competition exists.  
Discuss FIVE sources of monopoly power in an imperfect market. (10 marks)

**(Total: 20 marks)**

#### SECTION B

##### QUESTION TWO

- (a) The ability of an organisation to produce goods and services that its customers want is a product of the behaviour of all its members.  
Discuss how you would manage the human resources to gain a competitive advantage. (10 marks)
- (b) Demonstrate your understanding of the following models in structuring procurement operations:
- (i) Devolved structures. (3 marks)
  - (ii) Centralised structures. (3 marks)
  - (iii) Explain TWO ways through which organisational culture can be inducted to new employees. (4 marks)

**(Total: 20 marks)**

##### QUESTION THREE

- (a) Explain FIVE challenges that may arise in procurement as a shared service provider. (10 marks)
- (b) Michael Porter developed a five forces model regarding competition in an industry.  
With the aid of a diagram, discuss the FIVE threats faced by businesses. (10 marks)

**(Total: 20 marks)**

**SECTION C**

**QUESTION FOUR**

**Case study**

Mama Grace opened a grocery shop in the year 2000 in Thika County to sell fruits and vegetables. She bought the produce from local farmers and sold it directly to her customers. Initially she owned and financed the business. In year 2005, she approached two of her women group members for funding to expand her business and incorporated them as partners.

Today, the business has evolved from the sole proprietorship/partnership to a big food processing limited company. The company has employed about fifty people and expanded its market in terms of product range and its geographical reach.

Last year, Mama Grace underwent training in various institutions on procurement and supply chain management. She is now more knowledgeable about sourcing strategies and marketing of products from her factory.

**Required:**

- (a) Discuss the disadvantages of carrying on the business as a partnership as opposed to a limited liability company. (10 marks)
  - (b) Identify FIVE challenges that are likely to face the above business due to its recent growth from a green grocer shop to a food processing company. (10 marks)
  - (c) Discuss the contributions of the above business to the growth of Thika County. (10 marks)
  - (d) Outline FIVE legal factors that Mama Grace should consider for her business continuity. (10 marks)
- (Total: 40 marks)**

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