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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 444**

**COURSE TITLE: PROCUREMENT RISK MANAGEMENT**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 19/08/2021 TIME: 3.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

China has emerged as a favored lost-cost manufacturing spot among electronics companies because of the presence of component suppliers and contract electronics manufacturers, as well as the quality of its infrastructure (roads, electricity, etc.). Although electronics assembly may take only one to two days, transporting goods by ship between China and Europe takes three weeks. Add to this the time needed to reach the regional or country distribution centers, and the total fulfillment cycle can be six weeks. All this is subject to various form of risk at each stage of the supply chain. In a highly volatile market, these long fulfillment times can result in inventory that is out of sync with market demand. Companies can reduce this risk with several different options. One approach is to increase manufacturing flexibility to ensure that the supply chain plan is refreshed weekly instead of monthly to better meet changing market demand. Another approach—in-market postponement—creates standard products in the low-cost production center but does final configuration and packaging at a distribution point closer to the customer. Yet another option is to move to a low-cost manufacturing base closer to the target market. Again there are risks to be considered even for this option.

**Required;**

1. Strategic risks are risks that need to be considered in relation to medium and long-term goals. Discuss five main strategic risk that could affect China’s manufacturing during this pandemic (10 marks)
2. Explain five external financial risks that could affect the global supply chain of Chinese companies (10 marks)
3. Supply risk' is associated with an organization’s suppliers being unable to supply, suggest five supply risk mitigation approaches (10 marks)

**QUESTION TWO**

1. Discuss the role of project planning in managing supply chain risks (10 marks)
2. Operational risks arise from the functional, operational and administrative procedures in an organization, discuss five examples of operational risks in procurement (10 marks)

**QUESTION THREE**

1. Explain five examples of policies organizations should develop and implement that address broad risk issues related (10 marks)
2. A certain risk level is inherent in running a business. Highlight five internal risks and five external risks that a company cannot completely eliminate but can control or at least successfully manage (10 marks)

**QUESTION FOUR**

1. Discuss the types of risks caused by a lack of systematic succession planning (10 marks)
2. Explain the importance of proper system documentation in the management of procurement and supply risks (10 marks)

**QUESTION FIVE**

1. State any five benefits of effective disaster recovery planning (5 marks)
2. Highlight the seven Ps of the comprehensive Business Continuity Plan (7 marks)
3. Explain the four types of payment arrangements in contacting (8 marks)