



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING**

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**DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT**

**EXAMINATION PAPER**

**COURSE CODE** : CPS 401

**COURSE TITLE** : INTERNATIONAL PURCHASING

**SPECIAL REQUIREMENTS** : NO SPECIAL REQUIREMENTS

**DURATION** : 3 Hours

**LEVEL** : 4:1

04 JUL 2022

**DATE** :

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. **QUESTION ONE IS COMPULSORY**
3. Answer **QUESTION ONE AND ANY THREE (3)** questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets [ ]
6. Use of practical examples where necessary is encouraged

## SECTION A

### QUESTION ONE

#### **Brief History of the International Organisation System**

Modern international system has three main architectural features, built in overlapping phases over time. The first stage concerns the definition of the state as a primary tool of decision in international relations. The Treaty of Westphalia in 1648 established peace in Europe after decades of conflicts and bloody wars. Then it was set up the basis of global dialogue based on national sovereignty, each territory seeking political solutions to their religious problems. But the nation-state was consolidated as an expression of sovereignty in the 19th century and defined as an important factor in global policy-making process that took place in the 20th century.

The second stage refers to the trade agreements between states. This development is associated with the Congress of Vienna in 1815, where European powers negotiated the end of two decades of war and redrawn the political map of the continent. The agreements signed during Cold War and even today, are considered to be projections of diplomatic consensus that stabilised Europe in the 19th century. The third stage consists of the architecture of multilateral system, having in its core the United Nations. Built largely in the period after the Second World War, it has antecedents in the post-war period by creating the League of Nations and the International Labour Organization. Conferences at Bretton Woods, Dumbarton Oaks or San Francisco developed plans for building a wide range of universal rules and specialised institutions in order to promote international cooperation in economic, political and security areas including International Liberalised trading systems.

These three main elements of the system will remain important pillars of international trade relations for a long period of time. But many scholars consider them to be exceeded in the whole series of economic, political, technological and social benefits, which often led to debates on the legitimacy and efficiency in decision making process at international trade level.

*Adapted from: The role of International Organisations in the Global Economic Governance: Romanian Economic and Business Review – Special issue 2013 (Sterian Maria Gabriela).*

Discuss the reasons put forward by companies engaging in international trade as alternative source of material acquisition as stressed in the case study above. **(25 Marks)**

## **SECTION B**

### **QUESTION TWO**

‘Countertrade is a particular form of cross-border transaction that is reciprocal in nature, thus allowing a cashless transaction to be undertaken.’ Evaluate the potential benefits and possible limitations of countertrade. **(25 Marks)**

### **QUESTION THREE**

‘When a company chooses to operate in foreign markets, there are numerous exposures that it encounters.’ Identify these exposures and suggest risk management strategies to eliminate or mitigate them. **(25 Marks)**

### **QUESTION FOUR**

Explain the following terms about how and when they can be used in international trade, giving examples:

- a) Commercial Documents **(7 Marks)**
- b) Banking Documents **(8 Marks)**
- c) Transportation and insurance documents **(10 Marks)**

### **QUESTION FIVE**

As a newly appointed procurement manager, an organisation is considering offshoring its operations. Advise the management on the cost and benefit analysis of this initiative.

**(25 Marks)**

**END**