



**Claremont
Business School**
Unlocking Unlimited Possibilities

In partnership with



**FACULTY OF COMMERCE
ECONOMICS DEPARTMENT**

DIPLOMA IN LOGISTICS AND SUPPLY CHAIN MANAGEMENT

FINAL EXAM ASSESSMENT

DSM018: BUSINESS NEGOTIATION AND CONTRACTING

Duration 3 hours

Date:

NOV 2017

INSTRUCTIONS TO CANDIDATE:

1. This paper has **THREE** (3) Sections
2. Section A and B are **compulsory**, Answer any **TWO** (2) questions in Section C.

SECTION A

Answer ALL the questions from this section – 30 marks

1. What is the purpose of a request for quotation (RFQ) in procurement?

- a) To invite suppliers to submit competitive bids
- b) To negotiate pricing and payment terms
- c) To establish long-term partnerships with suppliers
- d) To ensure compliance with local laws and regulations

2. Which negotiation style involves avoiding or delaying the negotiation process?

- a) Avoiding
- b) Accommodating
- c) Competing
- d) Collaborating

3. What is the significance of conducting a risk assessment in procurement negotiation?

- a) To negotiate pricing and payment terms
- b) To ensure compliance with local laws and regulations
- c) To identify potential risks and develop mitigation strategies
- d) To establish long-term partnerships with suppliers

4. Which of the following is an example of a fixed-price contract?

- a) Cost-plus contract
- b) Time and materials contract
- c) Lump sum contract
- d) Incentive-based contract

5. What is the purpose of a non-disclosure agreement (NDA) in procurement contracting?

- a) To establish long-term partnerships with suppliers
- b) To negotiate pricing and payment terms
- c) To protect confidential information shared during the procurement process
- d) To ensure compliance with local laws and regulations

6. Which negotiation tactic involves making small concessions to gain agreement incrementally?

- a) Anchoring
- b) Escalation
- c) Lowballing
- d) Nibbling

7. What is the role of a procurement contract administrator?

- a) To ensure compliance with local laws and regulations
- b) To negotiate pricing and payment terms
- c) To manage and administer procurement contracts
- d) All of the above

8. What is the purpose of a performance bond in procurement contracting?

- a) To establish long-term partnerships with suppliers
- b) To negotiate pricing and payment terms
- c) To guarantee the supplier's performance and completion of the contract
- d) To ensure compliance with local laws and regulations.

9. Which negotiation style involves high cooperation and assertiveness to find a mutually beneficial solution?

- a) Avoiding
- b) Accommodating
- c) Competing
- d) Collaborating

10. What is the purpose of a quality assurance plan in procurement contracting?

- a) To establish long-term partnerships with suppliers
- b) To negotiate pricing and payment terms
- c) To ensure compliance with local laws and regulations
- d) To define the quality requirements and standards for the procured goods or services

11. Which negotiation approach focuses on creating a mutually beneficial outcome for both parties?

- a) Win-lose approach
- b) Competitive approach
- c) Collaborative approach
- d) Distributive approach

12. What is the purpose of conducting a supplier performance evaluation in procurement negotiation?

- a) To establish long-term partnerships with suppliers
- b) To negotiate pricing and payment terms
- c) To ensure compliance with local laws and regulations
- d) To assess the supplier's performance against predefined metrics

13. Which negotiation tactic involves making incremental concessions to gain agreement?

- a) Anchoring
- b) Escalation
- c) Lowballing
- d) Nibbling

14. What is the role of a procurement lawyer in negotiation and contracting?

- a) To ensure compliance with local laws and regulations
- b) To negotiate pricing and payment terms
- c) To establish long-term partnerships with suppliers
- d) To provide legal advice and support in procurement contracts

15. Which of the following is an example of a cost-reimbursement contract?

- a) Fixed-price contract
- b) Time and materials contract
- c) Lump sum contract
- d) Indefinite delivery contract

SECTION B

Answer ALL the questions from this section – 30 marks

Case Study: The Impact of Culture on Procurement Negotiation in Zimbabwe

You are a procurement manager for an international company aiming to establish a procurement partnership with a local supplier in Zimbabwe. However, you have noticed that cultural differences and norms are influencing the negotiation process. You need to understand and navigate these cultural aspects to ensure a successful procurement negotiation in Zimbabwe.

Question 1

Explore and analyze the impact of culture on procurement negotiation in Zimbabwe. Discuss how cultural factors can affect the negotiation process and provide strategies for effectively managing these cultural dynamics. **(30 marks)**

SECTION C

Answer two questions of your choice – 40 marks

Question 1

Successful negotiators tend to display a number of common characteristics and qualities. Explain the generally recognised characteristics and qualities of successful integrative negotiators. **(20 marks)**

Question 2

Explain why location is such a critical factor in the negotiation process. Illustrate your answer with examples. **(20 marks)**

Question 3

Contract negotiators need to demonstrate a wide range of skills in a negotiation. Body language, listening skills and questioning skills are just three attributes that they should focus on. Analyse each of these attributes, illustrating their use in negotiations. **(20 marks)**

END OF EXAMINATION