



Kasarani Campus  
Off Thika Road  
Tel. 2042692 / 3  
P. O. Box 49274, 00100  
NAIROBI  
Westlands Campus  
Pamstech House  
Woodvale Grove  
Tel. 4442212  
Fax: 4444175

**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2019/2020 ACADEMIC YEAR**  
**FOURTH YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**( BUSINESS ADMINISTRATION)**

Date: 6<sup>th</sup> December, 2019  
Time: 2.30pm – 4.30pm

**KPS 404 - CONTEMPORARY ISSUES IN INVENTORY MANAGEMENT**

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE ( 30 MARKS)**

- a) Explain five various costs incurred when holding inventories in an organization  
(5 Marks)
- b) Differentiate between process auditing and stock rotation.  
(4 Marks)
- c) Explain four advantages of inventory management software in a supply chain organization.  
(4 Marks)
- d) Clearly differentiate between codification and classification of materials  
(4 Marks)
- e) Explain four ways of preventing a whiplash effect supply chain when managing Inventories.  
(4 Marks)
- f) Discuss five reasons why inventory management is important in an organization  
(5 Marks)
- g) Explain what you understand by the term contemporary inventory management?  
(4 Marks)

**QUESTION TWO (20 MARKS)**

- a) Examine five different ways of how to reduce inventories in a supply chain.  
(10 Marks)
- b) Discuss five key principles of inventory management in a supply chain organization  
(5 Marks)
- c) Describe three methods of stock rotation in inventory management for an organization  
(5 Marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss the concept of ABC analysis as a contemporary method of inventory management  
(4 Marks)
- b) Discuss six demerits of codification of materials in a store.  
(6 Marks)
- c) Discuss five modern methods and approaches of how organizations are managing their stock  
(10 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain five modules of inventory management software and state the functions of each module  
(10 Marks)
- b) Explain five reasons for appropriate demand forecasting in an enterprise  
(5 Marks)
- c) Discuss five benefits of Vendor Managed Inventories to the customer  
(10 Marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain six costs that may be incurred for not holding stock in an enterprise  
(6 Marks)
- b) Discuss eight challenges of managing inventories in modern organizations  
(8 Marks)
- c) Explain six advantages of lean manufacturing in supply chain organizations.  
(6 Marks)