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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR  
FOURTH YEAR, SECOND SEMESTER EXAMINATION  
FOR THE DEGREE OF BACHELOR OF SCIENCE  
(BUSINESS ADMINISTRATION)

Date: 8<sup>th</sup> December, 2023  
Time: 11.30am –1.30pm

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

**INSTRUCTIONS TO CANDIDATES**

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

**QUESTION ONE (30 MARKS)**

**Case Study - Contemporary Issues in Inventory Management at Paymax Corporation**

Paymax Corporation is a leading multinational company operating in the electronics industry. The company is currently facing many challenges in managing her inventory efficiently due to various contemporary issues in the field of inventory management.

In recent years, Paymax Corporation has experienced fluctuating demand, supply chain disruptions, and rapid changes in consumer preferences. These issues have led to surplus inventory, stock outs, and increased inventory carrying costs. The company is seeking solutions to optimize her inventory management processes and enhance overall operational efficiency.

The contemporary inventory Issues faced by Paymax include the following:

- i) Demand Forecasting Challenges:
  - Fluctuating market demands and trends
  - Seasonal variations in product demand
  - Unpredictable consumer preferences and behaviors
- ii) Supply Chain Disruptions:
  - Impact of global events (e.g., pandemics, natural disasters)
  - Supplier reliability and lead time variability
  - Transportation and logistics challenge
- iii) Technological Advancements:
  - Implementation of advanced forecasting tools and artificial intelligence
  - Integration of IoT (Internet of Things) for real-time inventory tracking
  - Automation in inventory replenishment processes
- iv) Sustainability Concerns:
  - Environmentally friendly inventory management practices
  - Reducing waste and optimizing packaging
  - Ethical sourcing and supplier sustainability practices

- a) If Paymax is to survive the many challenges of Demand forecasting affecting their inventory, they must urgently seek to address these challenges. Explain known strategies that Paymax can adopt to forestall the demand forecasting challenges facing the organization. (5 Marks)
- b) Inventory management is a critical component of any business success. To optimize her inventory, Paymax must review the role that technology will play in her business success. Discuss strategic roles that technology can play in optimizing inventory management processes for Paymax. (5 Marks)
- c) Sustainability has become a big driving force to business. Discuss five ways in which Paymax Corporation can incorporate sustainable practices in her inventory management processes to improve her business. (5 Marks)
- d) An effective inventory management system will take Paymax to the next level. Discuss ways in which Paymax Corporation can create an effective inventory management system. (5 Marks)
- e) Supply chain disruptions cause untold challenges to inventory management. There are known strategies for managing supply chain disruptions. Discuss strategies which Paymax Corporation can employ to mitigate the impact of supply chain disruptions on inventory. (5 Marks)
- f) Inventory management is dynamic and keep changing with the time. Discuss emerging trends in inventory management that increasingly threaten the survival of Paymax. (5 Marks)

### **QUESTION TWO (20 MARKS)**

- a) Daniel Evans, the Production Manager at Citadel Enterprises is scheduled to present to Management team about inventory management. Discuss at least EIGHT drivers of inventory management Mr Daniel Evans should present to management to show the value that inventory management has on the business. (8 Marks)
- b) Dick Martins, the Demand Planning Manager at Sokomoko Engineering Works wants to present to newly employed interns in the supply chain department. Dick wants to discuss inventory management with the interns since inventory management is the engine driving supply chain management at Sokomoko. Discuss key principles of inventory management that Dick should present to the interns. (8 Marks)
- c) Effective inventory management is a daunting task in supply chain management. discuss eight common inventory management challenges that Dick Martins is likely to experience. (4 marks)

### **QUESTION THREE (20 MARKS)**

- a) Inventory management at ICSS Kenya is facing many challenges. Discuss FOUR common ways of overcoming challenges of inventory management that ICSS can adopt to overcome inventory challenges. (8 Marks)
- b) The future of inventory management at ICSS Kenya lies in effective inventory management. discuss eight features of inventory management that ICSS Kenya can adopt. (8 Marks)
- c) ICSS is an organization that embraces Best in class business practices. Explain at least FOUR Principles of inventory management that ICSS should adopt in order to manage their inventory effectively. (4 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Kamata Ltd want's to introduce effective inventory management as an integral part of the business. Discuss key components of inventory management that Kamata Ltd must introduce in the management of inventory. (8 Marks)
- b) Boma ltd want's to introduce new inventory management techniques within the organization. Discuss inventory management techniques Boma can employ to improve their inventory management. (8 Marks)
- c) Boma is an organization on a growth trajectory based on a culture of continuous improvement and implementation of Best Practices among other activities. Discuss at least EIGHT Features of an effective inventory management that Boma must employ in order to develop a world class inventory management system. (4 Marks)

**QUESTION FIVE( 20 MARKS)**

- a) Global Chemicals PLC has consistently faced challenges of inventory management. Atyang has been newly employed as the Inventory coordinator. Discuss four inventory management actions which Atyang has to do to overcome inventory management challenges. (8 Marks)
- b) Jane has been employed as Inventory Planner with Pata Pata PLC. Discuss goals of inventory management that Jane should seek to achieve for Pata Pata PLC. (4 Marks)
- c) Driving continuous improvement is a critical key to success in inventory management. Describe eight drivers of inventory management that Pata Pata PLC should adopt in the management of inventory in order to improve their inventory management. (8 Marks)