



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## University Examinations 2015/2016

SECOND YEAR SECOND SEMESTER EXAMINATION FOR DEGREE OF  
BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

### BBS 3276: INVENTORY MANAGEMENT

DATE: NOVEMBER 2015

TIME: 2 HOURS

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INSTRUCTIONS: *Answer question **one** and any other **two** questions*

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#### QUESTION ONE (30 MARKS)

- a) Inventory is a necessary 'Devil' in any supply chain organization. Discuss the reasons that may prompt a procurement manager to hold inventory. (10Marks)
- b) State and explain the main functions of warehousing in supply chain management. (10Marks)
- c) Outline five assumptions of Economic Order Quantity (EOQ) (5Marks)
- d) Identify the components of Material Requirement Planning (MRPI) (5Marks)

#### QUESTION TWO (20 MARKS)

- a) Enumerate the characteristics of information used in making short-term, medium-term and long-term inventory decisions in supply chain (10Marks)
- b) Discuss the basic requirements that should be met for just-in-time (JIT) to be successful in inventory management. (10Marks)

**QUESTION THREE (20 MARKS)**

- a) State and explain the functions of inventory management (10Marks)
- b) Discuss the main principles that governs the operation and management of a warehouse (10Marks)

**QUESTION FOUR (20 MARKS)**

- a) Just-in-time inventory management system seems most appropriate to a modern supply chain organization. Discuss (10Marks)
- b) Discuss the main considerations that may prompt a procurement manager to hold safety stock in his organization (10Marks)

**QUESTION FIVE (20 MARKS)**

- a) Discuss the violations that the World Bank has identified as unethical in their department of institutional integrity. (20Marks)