

**FACTORS AFFECTING INVENTORY MANAGEMENT IN FOOD
PROCESSING INDUSTRIES: A CASE STUDY OF ENNSVALLEY BAKERY
LIMITED**

MUIA NDUKU JANET

BBM/2013/50452

**A PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE IN BUSINESS
MANAGEMENT (PURCHASING AND SUPPLIES MANAGEMENT) OF
MOUNT KENYA UNIVERSITY**

NOVEMBER 2015

ABSTRACT

The study took place at Ennsvalley Bakery Limited, a company involved in bakery and food products and is experiencing two inventory problems, stock-out and overstock occur frequently. Therefore purpose of this study is to investigate the factors affecting effective inventory management in food manufacturing industries. The specific objectives were to; determine the effects of management style, technology, and customer forecast and finance on inventory management in food manufacturing industries. The research design used was descriptive research design. The target population for this study was 100 employees. Method of sampling used was stratified random sampling procedure to obtain a sample size. The sample size was 50 respondents. The study employed primary and secondary data. Questionnaires were used as an instrument to collect data. The significance of the study is to enable Ennsvalley Bakery Limited to improve its efficiency and incorporate the change required in the inventory management. The findings indicated that out of the sampled population. The respondents said that customer forecast affects inventory management which was represented by 87%. Lastly the respondents indicated that finance affects inventory control by 72%, Majority of respondents 83% indicated that there was effect in information technology and 87% said there was effect on customer forecast on inventory management. It was recommended that there was need for Ennsvalley to adopt a new management style that involves managing with coaching and empowering the staff through training and motivation. They should also adopt new technology at all levels of inventory control and create awareness to the staff. They need to accurately and regularly measure customer forecast. Lastly they need to allocate sufficient funds and proper budgeting to inventory control aspects.