

**FACTORS INFLUENCING INVENTORY MANAGEMENT IN LARGE
MANUFACTURING FIRMS IN KENYA: A CASE STUDY OF EAST AFRICA
PORTLAND CEMENT COMPANY.**

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ABSTRACT.

The purpose of this study was to find out factors affecting inventory management in East Africa Portland Cement Company. The aim of inventory control is to minimize the cost of holding these stocks whilst ensuring that there are enough materials for production to continue and be able to meet customer demand. Obtaining the correct balance is not easy and the inventory control department will work closely with the purchasing and other departments. Good inventory management by a firm will lower costs, improve efficiency and ensure production can meet fluctuations in customer demand. It will give the firm a competitive advantage as more efficient production can feed through to lower prices and also customers should always be satisfied as products will be available on demand. However, poor inventory control can lead to problems associated with overstocking or stock-outs. If a business holds too much buffer stock (inventory held in reserve) or overestimates the level of demand for its products, then it will overstock. The fundamental of managing inventory will be determined by two critical issues: how much to order and when to order. The reorder level is the basic method of controlling inventory by fixing each commodity levels to which it should not stocked beyond. The need to hold stocks include: To keep down productions costs. Often it is costly to set up machines, so production runs need to be as long as possible to achieve low unit costs. It is essential, however, to balance these costs with the costs of holding stock. To avoid stock-outs, therefore, some level of safety stock must be held to take account of variable supply (lead) times. Inventory management take advantage of quantity discounts. The target population of the research was 90 respondents but only 45 responded. 67% of the respondents were male while 37% were female. Descriptive research design was used in the study. The design used seeks to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. The independent variables included: inventory policy, information technology and distribution facility while the dependent variable was level of inventory. 23 respondents strongly agreed that inventory control is one of the great factors to be considered in inventory management. 18 respondents agreed that it's a great factor in the management of inventory while 1 disagreed that inventory control has no impact in the management of inventory. 78% of the respondents strongly agreed that the availability of equipped warehouses is a factor in the business performance and growth while 16% agreed that maximum warehouse availability will greatly contribute in business growth. 2% of the population also disagreed warehouses will help in growth and performance of the business.