

**FACTORS AFFECTING STOCK LEVELS AT KENYA ELECTRICITY
GENERATING COMPANY (KENGEN)**

BY

RUTH W.MUGO

BBM (DL) 312/0685

**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A
BACHELORS OF BUSINESS MANAGEMENT (PURCHASING AND
SUPPLIES OPTION) AT MT.KENYA UNIVERSITY**

2015

ABSTRACT

The aim of the study was to determine factors affecting stock levels of a procurement function in an organization. Specific objectives included, to find out how planning of inventory in the company affects stock levels, to find out the extent to which lead time affects stock levels in the company, to find out the extent to which demand variability affects stock levels in the company and to find out how perishability of goods in store affects stock levels and to recommend strategies that will apply in order to have the correct choice of strategies that will suit Kengen.

The study design was descriptive and the target population was to be 100 staff members of Kengen supply chain department. For sample design, stratified sampling method was employed to allow for adequate representation of different categories of the population. Both open and close-ended questionnaires were used. The study population composed of employees from procurement, Technical stores, Commercial stores, Logistics and Material planning.

After collecting the data, the researcher analyzed the data using statistical analysis tools e.g. tables, graphs and pie charts to make it easier to understand. The researcher came up with the findings that planning of inventory, lead time, demand variability and perishability of goods in store affects stock levels in the company as it was indicated by majority of the respondents. A computer package SPSS (Statistical Package for Social Sciences) was also used to facilitate the statistical analysis. The researcher came up with the conclusion that combination of planning of inventory, lead time, demand variability and perishability of goods in store were found to have a major effect affecting procurement function in an organization and they require to be looked at so that they do not negatively affect the operations of the company at large.