FACTORS AFFECTING INVENTORY MANAGEMENT IN THE HOTEL INDUSTRY IN KENYA: CASE OF SILVER SPRINGS HOTEL NAIROBI

OWII ANYANGO JACKLINE

A RESEARCH PROPOSAL SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DIPLOMA OF LEADERSHIP AND MANAGMENT OF THE MANAGEMENT UNIVERSITY OF AFRICA

FEBRUARY, 2020

DECLARATION

Declaration by Student:

This project report is my original work and has not been presented to any other university or institution. No part of this research should be reproduced without the authors consent or that of the Management University of Africa.

Signature**……………………….**Date**………………………..**

Owii Anyango Jackline

DIP.ML/4/00039/1/19

Declaration by Supervisor:

This research has been submitted for examination with my approval as the appointed University Supervisor.

Signature**……………………….**Date**………………………..**

Mr Moses Leseiyo

The Management University of Africa

DEDICATION

I dedicate this Research Project to the Almighty God for He has guided me through this work. I also dedicate this work to my late father, my mother, sister, brothers and friends for their support spiritually, financially and emotionally. I shall remain indebted always.

ACKNOWLEDGMENT

I wish to acknowledge the almighty God for giving me the strength, ability, wisdom, resources and determination to work on this Research Project. I acknowledge the lecturers of Management University of Africa for their contribution in the coursework and most important my supervisor, Mr Moses Leseiyo for his pieces of advice, untiring assistance, encouragement and patience for the entire period. I would like to recognize the support of my classmates who helped with their ideas when things were not right. Lastly, I wish to acknowledge Silver Springs Hotel Nairobi for allowing me to use their organization as my case study area.

ABSTRACT

The purpose of this study was to find out the factors affecting inventory management in the hotel industry in Kenya: a case study of Silver Springs Hotel Nairobi. The study focused on four key objectives which included; effects of employee training, information technology, cost and internal control system on the inventory management in the hotel industry. The research utilized primary data. The source of data primarily adopted in order to create a room for high reliability of data acquired and also reduce the gap that may exist as a result of technological advancements leading to changes in the economies of scale. The primary data involved use of questionnaires and interviews (personal interviewing) to fill the gaps left. The target population used were employees working at the Silver Springs Hotel in Nairobi estimating about 100 employees. The respondents were drawn from the Top Department, Middle Department and the Support Staff Department since the inventory management efficiency was an issue that affects the entire organization. The sample size obtained was 40. The simple stratified sampling was used since the study involved several departments. Respondents from each stratum were selected using simple random sampling. Purposive sampling was also used to select managers who are directly involved in procurement of goods, works or services. The data analysis and processing utilized frequency tables which were generated to highlight the percentage scores and cumulative percentages for the variables of interest. For quantitative data, tabulated findings, calculated frequencies and percentages on each variable under study was used and then interpreted to make research findings. The information was then presented in form of table frequencies and percentages, pie charts, use of tables to present data. Quantitatively the response of 56% indicated that employee training affects inventory management while 44% indicated that it does not affect. 78% indicated that information technology affect inventory management while 22% indicated that it does not affect inventory control system management. According to the study, 78% of the total respondents indicated that cost affects inventory management while 22% stated that it does not affect. Based on the study, 67% indicated that internal control system affects inventory management while 33% on the other hand stated that internal control system does not affect inventory management. The results from the study have clearly indicated that provision of employee training, information technology, cost and internal control system would go a long way in enhancing business performance. It is recommended that organizations should continuously endeavor to use technology so as to undercut competition; hotels with lower costs can set lower prices that result in greater sales and profits and finally the management needs to understand that security is hygiene factor; when it’s there and inefficient, people hardly notice it at all.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS AND ABBREVIATIONS

ABC	Activity Based Costing
EOQ	Economic Order Quantity
FIFO	Fist in First out
IT	Information Technology
JIT	Just in Time
LIFO	Last in First Out
MRP	Material Requirements Planning
SS	Safety Stock Based System
VMI	Vendor Managed Inventory
WIP	Work in Progress
AST	Adaptive Structuration Theory

OPERATIONAL DEFINITION OF TERMS

Cost: Any buying firm needs to consider transportation cost before placing any order as it would be irrelevant to order for goods if materials ordered for will not be able to reach the destination where needed. Effective and efficient inbound transportation cost has to be considered if the materials are to be received on time, safe and undamaged, and at the lowest possible cost.

Control: It's a comprehensive, systematic independent and periodic examination of a company's purchasing environment, objectives and tactics to identify problems and opportunities to facilitate the development of appropriate action plan.

Technology: This is the term that covers any product that is concerned with storage retrieval, manipulation, transmission or receipt of data.

Training: Training has the important duel function of utilization by improving people's ability to perform the tasks required by any organization. It allows them a better use of human resource by giving them a feeling of mastery over their work. Training is the transmission of relevant abilities in terms of knowledge, skills or attitude organized to prepare people for productive activities to change their working behavior. The other dimension though of training factor is the capacity to sustain the existing drivers and conductors in the backdrop of assort of options cropping up every other day.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of study, statement of the problem, objectives of the study including the specific objectives, the research questions, the significance and scope of the study.

1.1 Background of the Study

According to Donald, (2009), inventory refers to the total amount of goods a business has on hand at a given time. It is a vital asset that keeps that business running smoothly, but too large amounts of inventory can lead to exorbitant cost levels. In manufacturing a substantial amount of raw material inventory must be available to ensure production stays on time. According to Baily, Farmer, Jessop and Jones, (2005), inventory management is an activity employed in maintaining the optimum number or amount of each item. Inventory management is important for all organizations to implement but more specifically it is important for different industries to implement the type of inventory management system that best fits their needs. Various types of inventory management have been used around the world and locally and they include; the perpetual system, Just in Time (JIT), Last in First out (LIFO) or First in First out (FIFO), Economic Order Quantity based system (EOQ), and Safety Stock based system (SS), finally Material Requirements Planning (MRP), the ABC Method, and Vendor Managed Inventory (VMI). The material requirements planning is a computerized ordering and scheduling system that uses data generated from the company, like the Bill of Materials, to project what material will be needed in the future.

The system keeps track of the parts that production is dependent on and analyzes it to perfect the production schedules. Management is very critical about any shortage of inventory items required for production. Any increase in the redundancy of machinery or operations due to shortages of inventory may lead to production loss and its associated costs. These two aspects call for continuous inventory control. Inventory control and management not only looks at the physical balance of materials but also at aspects of minimizing the inventory cost. James, (2005) noted that after the Industrial Revolution, efficiency and mass production became the main goals of business, along with an improved customer experience at the point of sale. A team at Harvard University designed the first modern check-out system in the early 1930s. It used punch cards that corresponded with catalog items. A computer would read the punch cards and pass the information to the storeroom, which would then bring the item up front to the waiting customer. Because of the automated system, the machines could also generate billing records and manage inventory.

The system proved to be too expensive to use, but a version of it is in use today in some stores, where merchants place cards with product information on the aisle for customers to select and bring to the checkout line. This usually applies to items that are expensive or large and to controlled items, such as medicines. Merchants knew they needed a better system, in early 1950s. It used ultraviolet light-sensitive ink and a reader to mark items for sale. Again, the system was too cumbersome and lacked the computing power needed to make it work. Technology had yet to catch up with their ideas. In recent years, according to Jessop, (2009), another promising technology for tracking inventory has also made its way into stores, warehouses and factories. Radio frequency identification, or RFID, which uses a microchip to transmit product information such as type, manufacturer and serial number to a scanner or other data collection device. It's superior to bar codes in several ways. For instance, a scanner reads the information from an RFID from several yards away, making it ideal for tracking items stacked on high shelves in warehouses. It also can encode more data than a bar code and, in some systems, tell merchants if an item is out of place in the store, providing excellent characteristics.

1.2 Statement of the Problem

For many organizations, there is no doubt that inventory management enhances their operations and offers competitive advantage because it results in higher product availability and service level as well as lower inventory monitoring and ordering costs (Waller, Johnson and Davis, 1999). Organizations with high levels of finished goods inventory can offer a wide range of products and make quick delivery from their backyards to the customers. In organizations such as Silver Springs Hotel Nairobi, the stock requirements enable it to provide the required items to its customers, thereby enabling the firm's operations to be carried out smoothly. There are also challenges that may exist in practice and that have the potential to reduce the benefits obtained from application of inventory management. These could be due to the management of the efficiency of inventory management procedures in place resulting from inconsistencies of inventory levels leading to various weaknesses like losses that come as a result of overstocking, under stocking, expired inventory, failure to meet targets and low morale of the company members. As a result, the hotel's stores are overcrowded making the work of a store keeper difficult, late issue of materials to the department and these in turn result into poor inventory service delivery. This study therefore aligned on addressing the factors affecting inventory management in the Hotel Industry in Kenya. Its main focus was on finding out effects of employee training, information technology, cost, internal control system on the inventory management in the hotel industry. The finding of this research was to be of greater impact on the profitability and operations of major inventories.

1.2.1 Silver Springs Hotel Company Profile

Silver Springs Hotel is a three-star hotel with a variety of inventory ranging from food and beverages which is one or the fast-moving subcategory of inventory. In this category, the main inventory is food and drinks for example, the beef supplied by Kenya Meat Commission, the bread, the cheese and any other accoutrements like lettuce, tomatoes or ketchup, liquor supplied by East African Breweries Limited. Bar managers keep track of the liquor inventory by comparing the number of drinks sold by the amount left in the bottles. This area is carefully watched to avoid running out of stock. The food and beverages stores are well equipped with preservation equipment such as refrigerators and freezers. Accommodation sector also has a range inventory. While hotel guests clearly and legally do not take anything home with them, there is still inventory to account for. In this case the inventory is the hotel rooms. Hotel managers consider vacant rooms as unused inventory.

When a two-bed suite is rented to a single person, that inventory can be considered half unsold. Hotel rooms also have cleaning detergents and equipment, towel, bathing soaps, beddings, which are routinely purchased items. Ultra-modern health club inventory contains gym with high quality equipment, sauna, spa, snack area, body and beauty treatments, wireless high-speed internet, outdoor swimming pool, jacuzzi, vital bath, steam bath and all these have to be checked now and then to make sure they are in order and enable customer satisfaction. Each of the above types of inventory has their own stores. The procurement manager together with the finance manager and accounting manager in their respective departments are responsible for controlling spending in the entire inventory, ensuring avoidance of overstocking of inventories which lead to waste, ensuring that the hotel does not run out of stock, ensuring proper use of assets monitoring the ordering processes and monitoring inventory costs.

1.3 Objectives of the Study

The general objective of this study was to find out the factors affecting inventory management in the hotel industry in Kenya, using Silver Springs Hotel Nairobi Kenya, as a case study.

1.3.1 Specific Objectives

1. To find out the effects of employee training on inventory management in the hotel industry, through a case study of Silver Springs Hotel.
2. To evaluate the effects of information technology on inventory management in the hotel industry.
3. To determine the effects of cost on inventory management in the hotel industry.
4. To find out the effects of internal control system on inventory management in the hotel industry.

1.4 Research Questions

1. Using the case study of Silver Springs Hotel how does employee training and learning on the job affect inventory management in the hotel industry?
2. What is the effect of information technology and internal control systems affect inventory management in the hotel industry?
3. How does training costs affect inventory management in the hotel industry with regard to financial support for training by the employer?

1.5 Significance of the Study

The findings of this research are important to various areas of the hotel industry. These include the management of the Silver Springs Hotel, the purchasing departments in various hotel setups and the research to be conducted in future. This study will be of help to various stakeholders, including the management of Silver Springs Hotel, Nairobi, the hotels' purchasing department, future researchers, and will add to the existing body of knowledge in the field. To the hotel's management, the recommendations of the study will enable them to design inventory management policies to improve the smooth running of the firm, thereby satisfying customers and generally minimizing costs. To the stores and purchasing department staff, the study hopes to provide them with useful information like the recommended techniques of inventory management so as to meet their customer's and organization's needs. For future researchers, this study will provide information to scholars and know where to get some information concerning inventory management. Acting as a reference, it may also stimulate the interest among academicians and thereby encourage further researches about the problems and solutions and hence leading to reduced inventory management systems; the study will also add to the present literature in the field of inventory management in the hospitality sector and factors affecting inventory management.

1.6 Scope of the Study

The study focused on finding out the factors affecting inventory management in the hotel industry: Case of Silver Springs Hotel Nairobi Kenya. The study was based at the headquarters, Silver Springs Hotel Nairobi that is located in the picturesque neighborhood of Hurlingham at Argwings Kodhek and Valley road roundabout opposite Nairobi Hospital. The study targeted the senior managers, clerics, purchasing staff and the subordinates & the departments particularly administration, inventory control and stores which are charged with the responsibility of inventory control of goods, works and services. The target population of the study was eighty (80) and a sample size of forty (40) respondents was taken which represents fifty percent (50%) of the target population.

1.7 Limitations of the Study

This study is subject to limitations that include unwillingness of participants to participate in the survey, or giving incomplete/untrue responses for a variety of reasons, including the hotels regulations on privacy and non-disclosure requirements of the hotel's private information. Being a private enterprise, Silver Springs Hotel Nairobi, has non-disclosure policies for its staff and because of this, some respondents were not willing to answer the questionnaires because they thought they might be victimized by the seniors for giving out the information. However, the researcher handled this by assuring the respondents that the information they provide is to be used purely for academic purposes only and that it will be treated with utmost confidentiality. In addition, there were hotel employees that were not cooperative of forthright with information required to meet the objectives of this research and to answer the research questions fully. The issue of co-operation is a critical issue because some employees refused to offer information and therefore left some questions unanswered. To overcome this researcher used only full answered questions and returned questions for analysis and also in the case of new employees the researcher used the employees who have worked for some time since they understand the inventory management processes much better.

1.8 Summary

In summary, this chapter focused on the introduction and background of the study, statement of the problem, objectives of the study, research questions, significance, scope of study and the limitations of the study. Chapter two presents the study literature review including the empirical review the theoretical framework.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents literature review on the aspects pertaining the factors affecting inventory management in the hotel industry. The chapter is divided into five parts: the introduction, theoretical literature review, empirical literature review, summary and research gaps, conceptual framework and operationalization of variables.

2.1 Theoretical Literature Review

Different theories have been necessitated by different scholars on factors affecting inventory management in hotel management during their studies. They include the scientific management theory, the adaptive structuration theory and the theory of inventory and production.

2.1.1 Scientific Management Theory

To investigate the effects of staff training on inventory management, the scientific management theory was used. The theory basically consists of the works of Fredrick Taylor. Fredrick Taylor started the era of modern management in the late nineteenth and early twentieth century's; Taylor consistently sought to overthrow management by rule of thumb and replace it with actual timed observations leading to the one best practice (Watson, 2002).
He advocated for the systematic training of workers as the one best practice rather than allowing them personal discretion in their tasks. He further believed that the workload would be evenly distributed between the workers and management with management performing the science and instruction and the workers performing the labor, each group doing the work for which it was best suited. Taylor's strongest positive legacy was the concept of breaking a complex task down into a number of subtasks, and optimizing the performance of the subtasks, hence, his stopwatch measured time trials (Osborne and Rubinstein, 2011). As a result, he proposed four underlying principles of management.

2.1.2 Adaptive Structuration Theory

Based on Structuration theory, the study intends to determine the effects of information technology on inventory management. Structuration theory was first proposed by Anthony Giddens in his Constitution of Society in 2005, which was an attempt to reconcile social systems and the micro or macro perspectives of organizational structure. De Sanctis and

Poole, (2007) borrowed from Giddens in order to propose Adaptive Structuration Theory (AST) and the rise of group decision support systems. AST provides the model whereby the interaction between advancing information technologies, social structures, and human interaction is described, and which focuses on the social structures, rules, and resources provided by information technologies as the basis for human activity. Adaptive Structuration Theory is a viable approach in studying how information technology affects inventory management in the hotel industry because it examines the change from distinct perspectives. Wild, (2012) reported that inventories are the merchandise owned by the company or institution and held for resale to customers or use. Pandey, (2008) concurred and added that inventories are classified as current assets because typically they will be sold within the year or during a firm's normal operating cycle if it should be longer than a year for retailing firms, inventories are often the largest and most valuable current assets.

According to Dobler and Burt, (1996), inventory management comprises two major activities namely the control of inventory and the planning of inventories. The purpose of inventory management being to satisfy customer demands and minimization of stock handling costs in order to achieve higher inventory turnover rate. Stores control involves managing the inventory that is already in one's warehouse, knowing what products are in stock, their quantities, cost and location. Inventory planning involves determining when to order items, how much to order forecasting demand and stock replenishment, identifying the most effective source of supply, inventory information management and inventory monitoring. Lysons and Farrington, (2006) define inventory as assets intended for sale, are in process of being produced for sale or are to be used in producing goods. For many in the hotel industry inventory represents a large portion of assets and as such makes up an important part of balance sheet. Inventory can also be defined as the consumables, work in progress (WIP) and finished goods stock that are kept or stored for use as need arises. Ballard, (2010) cites three inventory- costing methods that hotel industry can use to determine the costs of inventory and argues that they impact directly on the balance sheet

2.1.3 Theory of Inventory and Production

The theory of inventory and production is described as specialty in operations research and is commonly referred to as the mathematical theory of inventory and production (Hillier and Lieberman, 2010). The theory is concerned with the development and adoption of inventory and production systems that are effective and that will result in the minimization of institutional cost. In this connection, the theory studies the following organizational functions: supply chain, warehousing, manufacturing and production, spare part allocation, and logistics.

According to Hillier and Lieberman, (2010), institutions should follow the following steps in order to have an effective inventory management system: develop a mathematical model which describes the behavior of inventory; design and adopt an optimal inventory policy with respect to the firms mathematical model; develop a computerized information processing system that will provide information on the current inventory levels; use the current inventory levels information to apply the optimal inventory policy to replenish existing inventory levels. In addition, the theory of inventory and production considers and uses the following measures: ordering costs, shortage costs, holding costs, salvage costs, discount rates, and revenues.

2.2 Empirical Literature Review

An empirical review is a basic idea; it is an idea that is generally abstract and universal rather than concrete and specific. It is basic because it cannot be easily explained in terms of other ideas or equated to other ideas.

2.2.1 Staff Training and Inventory Management

Staff training, according to Lysons and Farrington, (2006), is a planned process to modify attitude, knowledge or skill, behavior through learning experience to achieve effective performance in an activity or range of activity. Its purpose in the work situation is to develop ability of the individuals and to satisfy the current and human resource needs of the organization. He also noted that where staff is untrained performance is inefficient because their attitude towards work is poor; training therefore makes procurement personnel improve their attitudes and be efficient workers. The major factor, which determines the role of progress and inventory management in an organization, is the kind of training offered to employees.

Kothari, (2005) stresses that trained staff performances are more productive while untrained employee is inefficient; the aim of training is to make the human resource better and add value to it. He further states that in most organizations inventory management of goods, works or services is not done in a proper manner and therefore the staff should be trained adequately. He further states that add value to key resource, the people it employs invent is people to enable them perform better and to empower them to make the best use of their natural abilities.

Kothari, (2004) argues that training normally assists people to improve their abilities in a particular job while staff development relates to the improvement of a person's overall capacity to pursue a career. The adequate training and availability of better management information and some forward thinking, all types of risks, are significantly reduced. She concluded her research by saying that procurement procedures in an organization are continuous to improve and become more responsible to changing circumstances and can be improved by leadership skills through increasing decision making by providing, inventory management training and consistently high to increase changes of project success and also greater focus on the training and guidance emphasize the importance of focusing of outcome rather than processes.

Peter, (2010) indicated that training is the cornerstone of sound management, for it makes employer more efficient and productive. It is intimately connected with personnel or managerial activities. The importance of training has been expressed in these words training is a widely accepted problem-solving device. Indeed, our national superiority in manpower productivity can be attributed in small measure to the success of our educational and industrial training programmers as panacea. The training philosophy of an organization is the basis upon which training programs and policies should be developed. It expressed the degree of importance it attaches to training. On a number of cases organizations do not have a specific policy but leave it to the employees to find out what to do for themselves. In such cases when they realize that they are faced with staff shortage they correct this by recruiting in from firms which do invest in training. Organizations with a positive training philosophy understand that they live in a world of skills shortage, especially when population forces restrict the flow of unqualified young people in the labor market. During hard times such firms convince themselves that the training is investments that will pay off, they understand that it may be difficult to calculate the return of the investment but believe that the tangible and intangible benefits of training will more than justify the cost.

Armstrong, (2006) also stated that training is basically aimed at changing what employees know, how they work, their attitudes toward their work or their co-workers or their supervisors. Thus, when an organization trains its employees, it is basically strengthening the relationship between the employer and employee hence better delivery of services wins all departments including total quality management practices…Currie, (2003) says that it is widely acknowledged that many writers and practicing managers sing the praises of training, saying it is a symbol of the employee's commitment to staff or that it shows an organization's strategy which is based on adding value rather than lowering cost.

2.2.2 Information Technology (IT) and Inventory Management

Schathel, (2007) states that information technology is used in the acquisition, processes, distribution and storage of information by micro-electronic used combination of computing and telecommunications. Information technology roles has enabled procurement to evolve from the inefficient practices that were characterized by adequacy of non-value adding clerical activities to more efficient modern practices that has seen the entry of electronic technology that has enhanced the performance of inventory control. They also state that IT plays a very important function as discrete function and emphasized on wide integrative management and logistics approaches in which in the inter-relationship of making inventory management and transportation is recognized. It also plays an important role in making relation to improving the competitive advantage provided by the inventory management role in function in an organization

Lucey, (2004) states that IT helps share information about customer demand, fluctuations reduces cost increase speed and accuracy with which business can be exchanged. It also reduces cost of procurement orders, helps in speeding of notification of production changes adjustments, specifications and enables organization to share information on quality problems and compare potential supplies quickly, effectively and efficiently. Also, states that IT has made it possible for purchasing to share data and makes it easy to access information which keeps clear records of customer who supply various stock items making re-ordering easier. It is seen further that the establishment of technologies such as the Enterprise Resource Planning (ERP), E-Supply Chain Management (ESEM), Electronic Data Interchange (EDI) and the introduction of barcodes to access information systems of their partners is supply chain.

Ruth, (2008) stipulates that an increase computerization description of goods and services has been replaced by barcodes, which is machine-readable representation information. She states that barcodes help in identifying goods available in the stock without having to write the whole name of the product. Electronic Data Interchange (EDI) was developed in (2009) by Arms derived by the realization that carry out transaction economic relationships was wasting money by printing transferring and then having to re-key inter business transaction

Lysons and Farrington, (2006) argue that the government influences the control systems environment. Has been argued that inventory helps public organizations to save money and provide more accountable, more effective and faster way to manage inventory control. Technology is the most dramatic force that is now shaping the destiny of business. The much herald "Information age" has arrived swiftly change of IT can render some product service obsolete.

New technology can replace an older technology in order for efficiency to be attained quicker innovation should be exercised. Altay and Litteral, (2011) points out that through IT inventory control can remain agile and flexible. He states that it is those IT capabilities that can identify and help procurement professionals distil information that identify true procurement related business insights as one would be able to predict through demand management and planning by digitizing the supply chain.

Baily, Farmer, Jessop and Jones, (2005) undertook a research on how information technology had transformed business enterprises and found out that it has brought enormous offer on every aspect of business. He argues that information department had transformed from a back-office support function to an integral planning mechanism for designing what must be e-supply and e-business models that ensure future viability for the firm and its position in value chain. He added that in today's environment, new e-business with e-technology software sapper virtually overnight and begins attracting traditional companies that have been late in developing a cyber-channel of customer response. He further said that IT has facilitated sharing of information collaboration with supply chain has emerged partner to design new business models with greater response to customers' demand. He explained that supply chain has emerged as a major force in business commerce as created by emergence of the internet. The Technology is unfolding in front of us yet many organizations are not taking advantage of its potential impact.

2.2.3 Cost and Inventory Management

Saxena, (2009) noted that cost is another major determination in fact the limiting to pricing is the Arms cost structure. It's important to know how costs behave over a period of time and quantities produced. Another factor to be considered is that different organization within the same industry, operate at different levels of efficiency, reflecting their cost structures. A firm may have a highest cost structure than the industry average an account of several variables; some of them being higher reject rates, lack of coordination between department sub-option mobilizations of plant capacity. Jan, (2008) found that a company's costs take two forms; fixed and variable costs. Fixed costs (also known as overhead) are costs that do not vary with production or sales level. Variable costs vary directly with the level of production. Total costs are the sum or the fixed cost and variable costs for any given level of productions. Management wants to charge a price that will at least cover the total production costs at a given level of production. The company must watch its cost carefully. If it costs the company more than the competitors to produce and sell its products the company will have to charge higher price or make less profit, putting it at a competitive disadvantage.

Further, Jan, (2008) says that to price wisely management needs to know how its cost vary with different level of production for procurement managers, developing variable costs to use in pricing decisions is frequenting a frustrating process often, many products are made in same factory and the allocation of costs by this capital department but also to customers so that a manager can determine the cost to serve a particular customer. In special needs including packaging and loading, order processing and invoicing post sale and the cost of offering credits. These costs were attributed to each customer and allocated to products based on the volume of each product purchased by a particular customer. Jessop, (2009) says that the cost of holding any particular item is an elusive problem. It is first therefore necessary to decide what factors are to be included in the cost. The true expense incurred in the warehousing operations is sometimes not proportional to their value. The warehousing operational cost should therefore enter into a reality optimal analysis for the location of a warehouse or depot. In some cases where the decision is regarding the location of a number of warehouses the cost sales for not having located a warehouse have also to be included.

2.2.4 Internal Control System and Inventory Management

According to Lysons and Farrington, (2006) internal control is a comprehensive system, independent and periodic examination of companies or organization purchasing environment objectives and tactics to identify problems and opportunities to facilitate the development of appropriate action plans. It is a process effected by and other personnel regarding the achievement of objectives in things such as effectiveness and efficiency of operating and control of ethical procurement and compliance with applicable laws and regulations. Its aim is to control environment risk assessment; environment includes, employer's integrity, the organizations commitment to competence, management's philosophy and operation style and attention and direction of the board of directors and its audit committee to control effect on inventory management.

Gordon, (2008) asserts that appropriate e-security measures can be taken into account by the internal control system which includes the internal control client sewer security and data transaction security. Client sewer security uses various authorization methods such as passwords and firewalls to ensure privacy of electronic messages by using encryption. Gordon continues to state it's critical for organizations to recognize information as valuable asset and implement. Controls to secure it to ensure privacy of their customer's data and to ensure they do not lose it combined maximum flexibility, performance and scalability with the highest availability of security should be ensured.

Fries, (2007) says that an internal control systems can detect supplies related to effects on procurement ethical, such supply related to the effect on procurement ethical include the presentation of false invoice, omission of credit sales/note for goods returned to the supplier, premature scrapping of assets in return for kickback price from scrap dealer.

Buyer supplier collusion leading to approval for payment on fictitious claims and obstruction of tenders or arranging for the lowest tender to come from a desired source. It is this regard that the employer is made aware of the employees being the nearest criminals this is because they know the patterns of the organization also critical issues relating to the organization the flip side of an employer is to imagine what it would be like engaged in fraud and cover up

2.3 Summary and Research Gap

Peter, (2010) indicated that training is the cornerstone of sound management, for it makes employee more efficient and productive. It is intimately connected with personnel or managerial activities. The importance of training has been expressed in these words. Training is a widely accepted problem-solving device. Indeed, our national superiority in manpower productivity can be attributed in small measure to the success of our educational and industrial training programmers as panacea. It is almost traditional to believe that if something is good, more of it is even better. Hence, we believe that huge serving equals to value for money and more training to solve our manpower problems. Over and under emphasis on training to system is largely from inadequate recognition and determination on training needs an objective whereas this is true the author failed to show us the effects of training on purchasing function in the hotel industry. This study fills in this gap by identifying the effects of training on purchasing function in the hotel industry.

Jan, (2008) found that a company's costs take two forms; fixed and variable costs. Fixed costs (also known as overhead) are costs that do not vary with production or sales level. Variable costs vary directly with the level of production. Total costs are the sum of the fixed cost and variable costs for any given level of productions. Management wants to charge a price that will at least cover the total production costs at a given level of production. The company must watch its cost carefully. If it costs the company more than the competitors to produce and sell its products the company will have to charge higher price or make less profit, pulling it at a competitive disadvantage. Whereas this is true in relevance to cost, the author failed to show us the effects of cost on purchasing function in the hotel industry. This study aims to fill this gap by identifying the effects of cost on purchasing function in the inventory control system.

Many past studies of factors affecting the inventory control system in private sector have been carried to assess it in an organization the theoretical review explained the major activities that are undertaken to enhance effect on inventory control system policy. However, it has remained a big challenge since the effort behind this implementation of the effect on inventory control system has not been simplified and hence the study identified the major gaps that affect this policy.

Fries, (2007), says that need could be a motivator to the effect on procurement ethical therefore an employee would pick up responsibility at work that would give them access or the company's money. This did not clearly state how internal control system affects the affects the inventory control system hence a gap that this study wins tries to bridge

2.4 Conceptual Framework

Independent Variables **Dependent Variable**

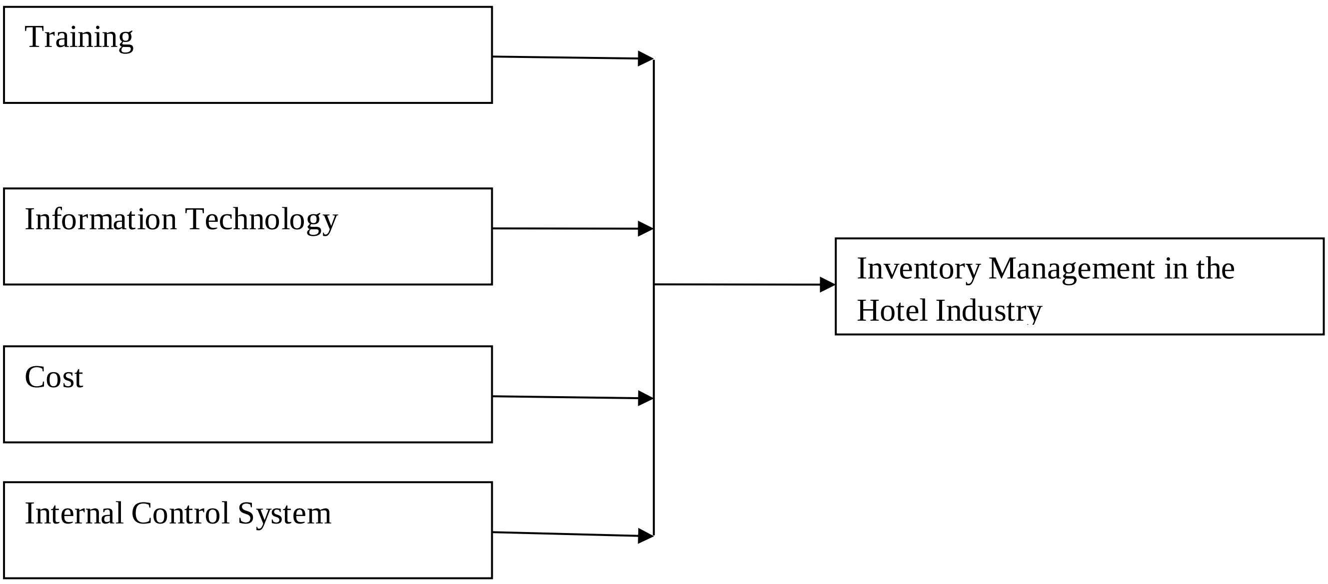


Figure 2.1 Conceptual Framework

2.5 Operationalization of Variables

Variable	Indicators	Tool of analysis	Measurement scale
Staff Training	• Skills and knowledge learnt on the job • Training opportunities • Financial support to attend conferences and workshops • Invests in professional development • Implementation of training policy	Likert Scales (1-5)	Ordinal
Information Technology	• Need to have unified communication among departments • Shorter turnaround times on orders • Tighter accounting controls • Well defined workflows • Establishment of new technologies to undercut competition	Likert Scales (1-5)	Ordinal
Cost	• Charge higher prices for rooms during peak season and lower the prices during off peak season • Give quality services • Detailed schedule for reordering stock • Have own vehicle for transportation • Know prices being charged by the competitors	Likert Scales (1-5)	Ordinal
Internal Cost Control System	• Ensure transactions once done are legally valid • Security measures to be under continuous review • Network support team to be on the look out for information on latest threats to security	Likert Scales (1-5)	Ordinal

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter presents the research design, target population, sample and sampling technique, sample size determination, instruments, pilot study which has two parts validity and reliability, data collection procedure, data analysis and presentation and ethical consideration.

3.1 Research Design

Brink and Wood, (2006) states that the purpose of a research design is to provide a plan for answering the research question and is a blueprint for action. It is the overall plan that spells out strategies that the researcher uses to develop accurate, objective and interpretive information. The researcher used descriptive research design with individual survey of certain factors relating to problems under investigation. Descriptive research design is a method of collecting information by interviewing or administering a questionnaire to sample of individuals. Descriptive research design was adopted as a method of investigation because it provided clew and more defined information. It also enabled the researcher to collect the required information at Silver Springs Hotel and analyse it into a more detailed form. Descriptive research design helped in determining the frequency with which the variables will be conveyed and in field surveys where the probe was specified.

3.2 Target Population

The target population used was the employees working at the Silver Springs Hotel in Nairobi estimating about 100 employees. The respondents were drawn from the top department, middle department, and the support staff department since the inventory management efficiency was an issue that affects the entire organization, as shown in the table below;

Table 3.1 Target Population

CATEGORY	POPULATION
Top Management	10
Middle Management	40
Support Staff	30
TOTAL	**80**

3.3 Sample and Sampling Technique

The study employed stratified random sampling to obtain data from each stratum (departments). The simple stratified sampling was used since the study involved several departments. Respondents from each stratum were selected using simple random sampling. Purposive sampling was also used to select managers who are directly involved in procurement of goods, works or services. The study utilized a sample size of 40 employees who were obtained from the study population of 80 personnel from relevant stakeholders/strata. This represented 50% of the study population.

Table 3.2 Sample Size

CATEGORY	POPULATION	SAMPLE SIZE
Top Management	10	5
Middle Management	40	20
Support Staff	30	15
TOTAL	**80**	**40**

3.4 Instruments

This involved collecting of first hand data from the respondents for analysis. In this study, the questionnaires were used for primary data collection. A Questionnaire is a list of questions that respondents are required to respond to in writing. It was useful in this research to collect data because the questions that were asked were straight forward, simple and well-structured to realize the research objectives. This approach afforded respondent's sufficient time for filling in these questionnaires by the respondents for about one month.

3.5 Pilot Study

The pilot study was done among the selected hoteliers in order to ascertain if the instrument chosen would be effective to give concise, dependable, reliable and valid results for the study. PrideInn Hotel Raphta, Nairobi an equivalent of the Silver Springs Hotel was used for pilot study by the researcher. The target response to affirm the use of selected instrument if greater than 99% of positive feedback supporting the use of questionnaires were then considered for the data gathering and analysis.

3.5.1 Validity

Validity is the degree at which results obtained from analysis of data actually represents the phenomena under study (Mugenda and Mugenda, 2003). Validity was assessed to a great extent by the relevance of the concepts used and whether these concepts were able to elicit the information required for the study.

3.5.2 Reliability Test

Reliability is the extent to which a measure produced consistent results. A pilot test was undertaken to pre-test the methods and tools of data collection. Developed questionnaires were sent to some sample respondents and then the information acquired was evaluated to assess their reliability.

3.6 Data Collection Procedure

The data collection was done through questionnaires. The researcher sent out requests officially to the Silver Springs Hotel requesting for permission to carry out the research, the objectives of the research, and stipulated how it would benefit the organization. During this period, the researcher also explained the ethical considerations to be observed for the entire duration of the research to avoid unnecessary use of information for purpose other than intended one. The questionnaires were serialized and shared with the respondents for feedback and guided them through to ensure there was proper understanding on what details are expected. This was to assist in ensuring follow-up was done for feedback. This was done a month in advance; the research was done with independent respondents in the context of answering the research questions to avoid influence of the outcome. Once the respondents gave feedback, the data was sorted and collated, and the results recorded, categorized and analysed.

3.7 Data Analysis and Presentation

Marshall and Rossman, (2011) describe data analysis as the process of bringing order, structure and meaning to the mass of collected data. It is described as ambiguous and time consuming but also as creative and fascinating process. The study involved quantitative data. As such, frequency tables were generated to highlight the percentage scores and cumulative percentages for the variables of interest. For quantitative data, the researcher used tabulated findings and calculated frequencies and percentages on each variable under study and then interpreted to make research findings. The information was then presented graphically in form of table frequencies and percentages, pie charts, use of tables to present data.

3.8 Ethical Consideration

Ethics applies to two groups of people; those conducting research, who should be aware of their obligations and tasks, and the researched in the lead, which have basic rights that should be protected. The following was therefore considered before, during and after research, informed consent, voluntary participation, confidentiality, privacy and anonymity.

3.8.1 Informed Consent

The respondents were informed of the objective of the study and permission was first sought from the organization before conducting the research.

3.8.2 Voluntary Participation

This involved giving a chance to the respondents to decide if they wanted to participate at free will. This was necessary to avoid distortion of data especially when the respondent is coerced to provide information and ensuring reliable data is provided.

3.8.3 Confidentiality

The questionnaires provided to the respondents did not provide for any items that led to disclosure of data provided. Therefore, they were put in an envelope without indication on the envelope. The confidentiality non-disclosure agreement was also signed between the researcher and Silver Springs Hotel. Also, when the questionnaires were handed over, this was not disclosed to the various departments so as not to point the direction of information source.

3.8.4 Privacy

The respondents were allowed enough time to respond at their own free will and time. The researcher ensured that the research did not interfere with the privacy of the employees and that the feedback given was purposely meant for research and also outcome provided as recommendations to the organization for business improvement and continuity. This was ensured by researcher signing the privacy policy onsite.

3.8.5 Anonymity

This was achieved by ensuring that the questionnaires do not carry the sensitive/leading details of the respondents such as names, year of birth and departments under study.

CHAPTER FOUR

DATA ANAYLSIS, PRESENTATION AND INTERPRETATION OF KEY FINDINGS

4.0 Introduction

This chapter reports the major findings and limitations of the study which were collected using questionnaires that targeted the employees of Silver Springs Hotel in Nairobi. Data was analyzed separately for each set of questionnaires according to the set objectives of the research by quantitative analysis methods.

4.1 Response Rate

A total of 80% respondents indicated the response of those who gave the questionnaires. On the other hand, the 20% indicated those who did not give back the questionnaires. This indicated that the organization greatest percentage of employees responded to questionnaires given. Table 4.2 below shows the response from the respondents who were given the questionnaires.

Table 4.2 Response Rate

CATEGORY	FREQUENCY	PERCENTAGE
Response	32	80
Non response	8	20
TOTAL	**40**	**100**

4.1.1 Gender Response

Table 4.3 below shows the response on the gender. It was found that organization has more male than female. The male represented 75% response which was the majority response. The minority response was of ladies which was 25%.

Table 4.3 Gender Response

CATEGORY	FREQUENCY	PERCENTAGE
Male	24	75
Female	8	25
TOTAL	**32**	**100**

4.1.2 Higher Level of Education Response

Table 4.4 below shows the response on the highest education level. The response from the certificate level was 8% while the response of diploma level was 25%. The majority response was of degree level who responded by 67%.

Table 4.4 Higher Level of Education

CATEGORY	FREQUENCY	PERCENTAGE
Certificate	3	8
Diploma	8	25
Degree	21	67
TOTAL	**32**	**100**

4.1.3 Respondents Length of Service

Table 4.5 below shows the number of years that various respondents have worked in the organization. From the study, 22% of the total respondents indicated that they have worked in the organization for a period for 0-2 years, 44% worked for 3-8 years while 22% stated that they have been in the organization for 9-11 years and 12% indicated that they have been in the organization for 12 years and above respectively.

Table 4.5 Respondents Length of Service

YEARS	FREQUENCY	PERCENTAGE
0-2	10	22
3-8	20	44
9-11	10	22
12 and above	5	12
TOTAL	**45**	**100**

4.2 Descriptive Analysis of the General Information

Descriptive analysis refers to scientific method of investigation that is based on the use of numerical data. The results of this research showed opinions and feedings of respondents on factors affecting inventory control system management.

4.2.1 General Information

According to the study the response rate was 90% and the non-response rate was 10%. According to gender analysis 44% were female and 56% were male. Between the age of 18-

25 and 25 years there was 11%, 26-35 years was 22%, 36-40 years was 44%, 41-50 years was II% and between 45-50 years was 7% and finally 50 years and above was 5%. According to the study primary level employees was 4%, secondary level 9%, college was 27% and finally university level was 56% which took the highest level of education. The employees who worked between the ages of 0-2 years got a percentage of 22%, while between 3-8 years 44% and between 9-11 years was 22% and finally 12 years and above was 12%.

4.2.2 Training

The majority quantitatively, the response of 75% indicated that employee training affects inventory control system management while 25% indicated that it does not affect inventory control system management. Quantitatively, employee training affects inventory control system management

4.2.3 Information Technology

Some respondents 92% called for continuous information technology opportunities which would benefit both the individual and the organization and improve skills appropriately and changes attitudes towards the desired direction. They preferred technology that addresses needs of each employee at all levels and junction within the organization with meaningful opportunities to learn and practice new skills. Information Technology is vital in any organization therefore companies should embrace information technology for faster developments. Organizations should continuously endeavor to use Information Technology as to reduce competition.

4.2.4 Cost

Some employees of 58% said that cost is another major determination in fact the limiting to pricing is the firms cost structure. It's important to know how costs behave over a period of time and quantities produced. Another factor to be considered is that different organizations within the same industry, operate at different levels of efficiency, reheating their cost structures. A firm may have a highest cost structure than the industry averages an account of several variables; some of them being higher reject rates, lack of co-ordination between department sub-option mobilizations of plant capacity

4.2.5 Internal Control System

Employees of 50% said that effective monitoring procedures generally provide substantial support for external reporting requirements regarding internal control effectiveness. These systems are part of the guidelines to creating the control effect on inventory control, failure to address and implement the internal control system then the organization may not excel in controlling the effect on inventory control and could lead to decrease in profit instead of increasing profit to the company.

4.3 Analysis of Various Sections of the Questionnaire

4.3.1 Effects of Employee Training on the Inventory Management in Hotel Industry

Table 4.6 Effects of Employee Training on the Inventory Management in Hotel Industry

CATEGORY	FREQUENCY	PERCENTAGE
Yes	24	75
No	8	25
TOTAL	**32**	**100**

Figure 4.1 Effects of Employee Training on the Inventory Management in Hotel Industry

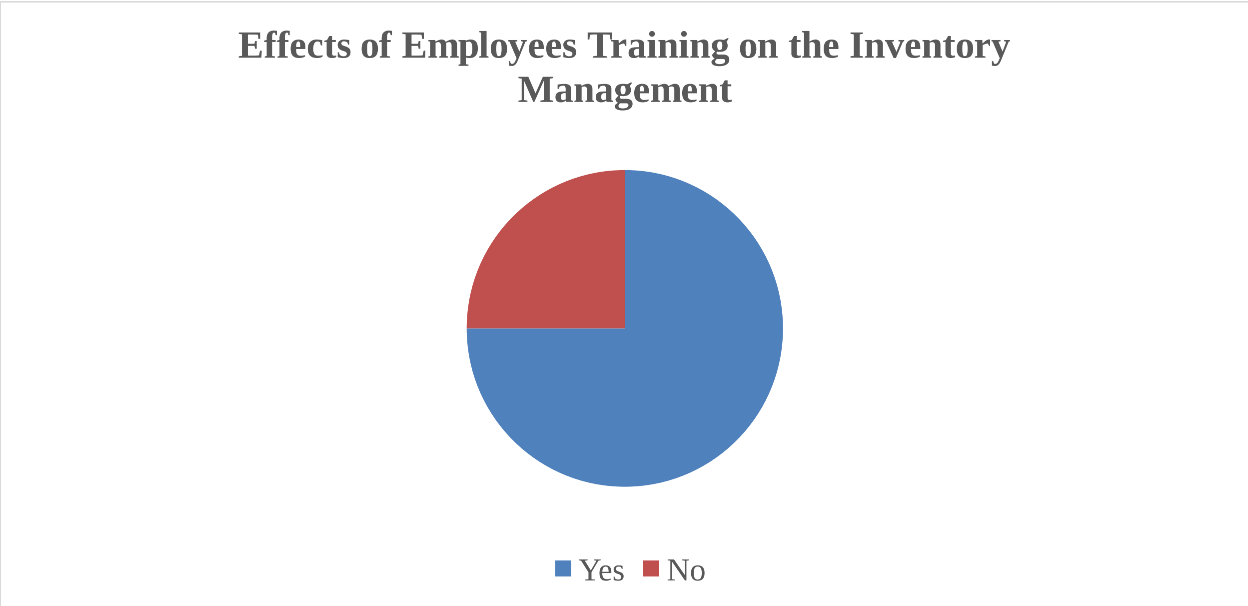


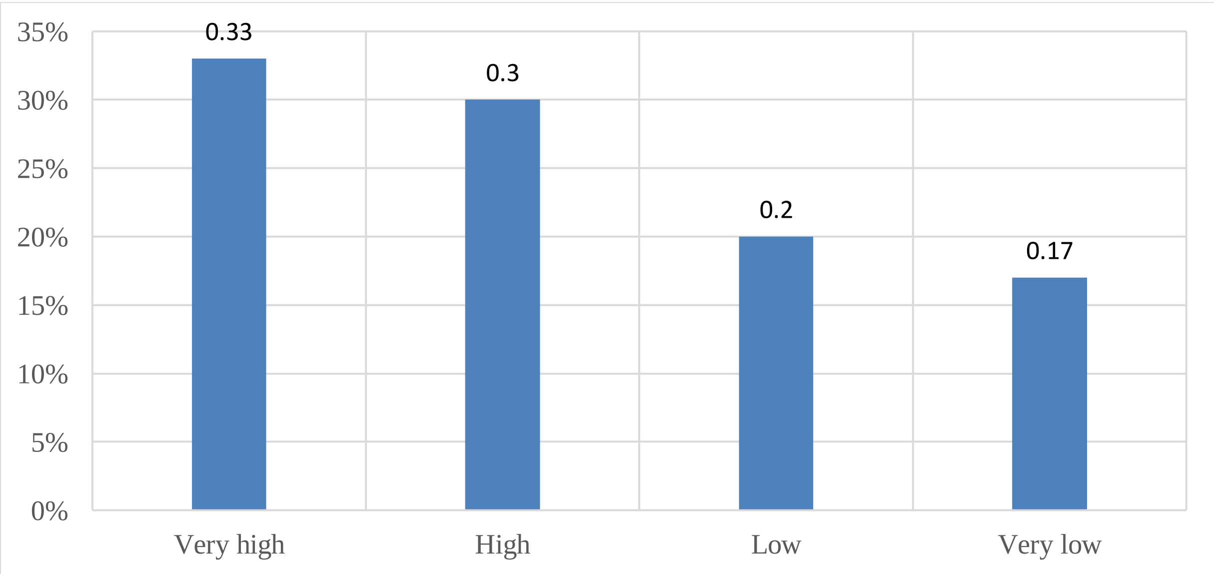
Table 4.6 and figure 4.1 above show the effects employee training on the inventory management in hotel industry. 25% of the respondents indicated that staff training does not affect the inventory management in hotel industry. While 75% of the respondents indicated it does affect the inventory management in hotel industry.

4.3.2 How Management Reacts to the Effect of Employee Training on the Inventory Management in Hotel Industry

Table 4.7 How Management Reacts to Employee Training on the Inventory Management

CATEGORY	FREQUENCY	PERCENTAGE
Very high	11	33
High	10	30
Low	7	20
Very low	4	17
TOTAL	**32**	**100**

Figure 4.2 How Management Reacts to Employee Training on the Inventory Management



As shown by both table 4.7 and figure 4.2 above 33% of the respondents indicated that the management takes employee training policies very high, 30% of the respondents showed a high response between the employee training policies, 20% indicated low and 17% said very low effects.

4.3.3 Effects of Information Technology on Inventory Management in Hotel Industry

Table 4.8 Effects of Information Technology on the Inventory Management in Hotel Industry

CATEGORY	FREQUENCY	PERCENTAGE
Yes	30	92
No	2	8
TOTAL	**32**	**100**

Figure 4.3 Effects of Information Technology on Inventory Management in Hotel Industry

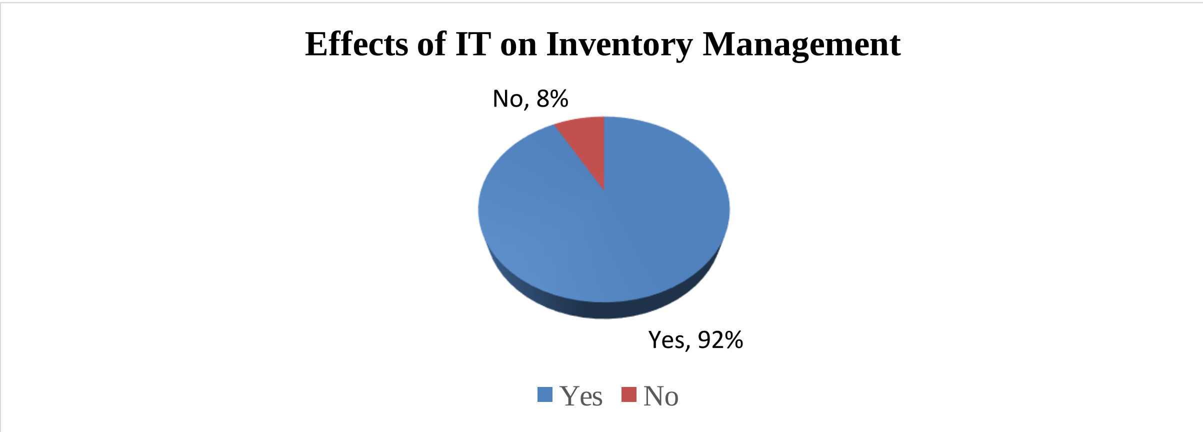


Table 4.8 and figure 4.3 above indicate the effects of information technology on inventory management in hotel industry, 8% of the respondents indicated that information technology does not affect the inventory management in hotel industry while 92% of the respondents indicated it does affect the inventory management in hotel industry.

4.3.4 Rating of Information Technology Effects on Inventory Management in Hotel Industry

Table 4.9 Rating of Information Technology Effects on Inventory Management

CATEGORY	FREQUENCY	PERCENTAGE
Very high	10	32
High	11	35
Fair	7	22
Low	4	11
TOTAL	**32**	**100**

Figure 4.4 Rating of Information Technology Effects on Inventory Management in Hotel Industry

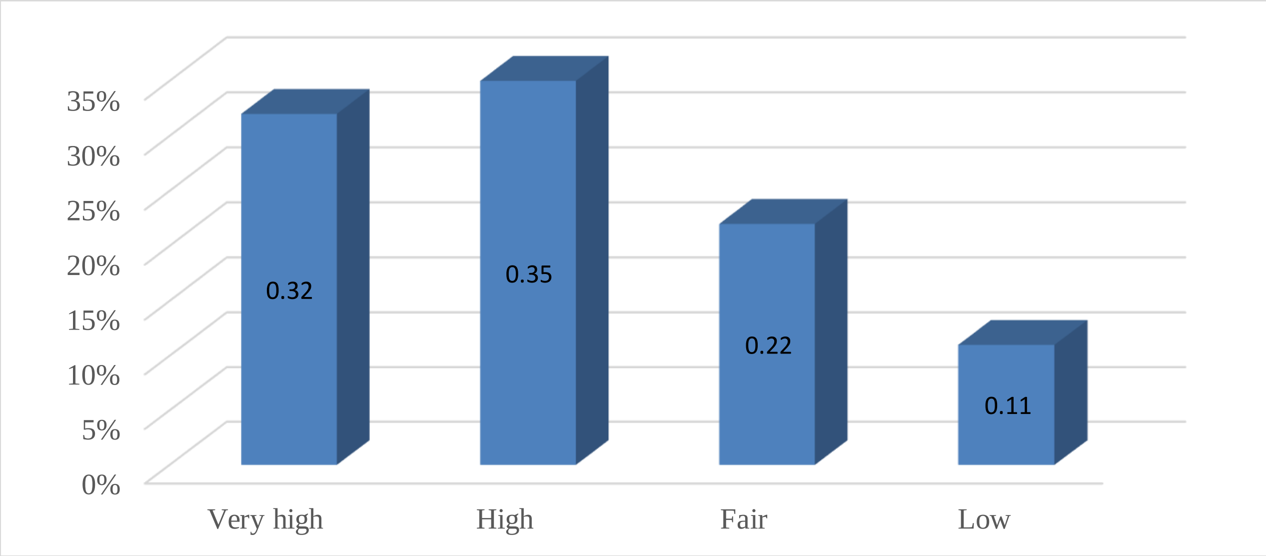


Table 4.9 and figure 4.4 above show majority of respondents rated information technology as very high with 32%, 35% responded as high, 22% responded as fair while 11% rated as low.

4.3.5 Effects of Cost on the Inventory Management in Hotel Industry

Table 4.10 Effects of Cost on the Inventory Management in Hotel Industry

CATEGORY	FREQUENCY	PERCENTAGE
Yes	19	58
No	13	42
TOTAL	**32**	**100**

Figure 4.5 Effects of Cost in the Inventory Management in Hotel Industry

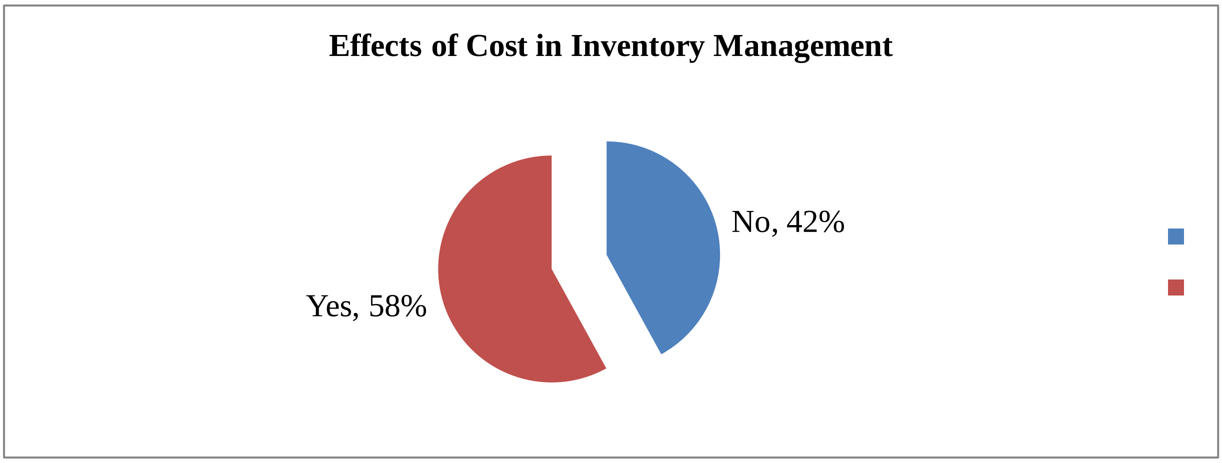


Table 4.10 and figure 4.5 above indicate the effects of cost in the inventory management in hotel industry. The respondents were of the opinion that it does affect and some indicated that

it does not. From the findings it was found out that 58% of them indicated it does affect while 42% indicated it does not.

4.3.6 Effects of Internal Control System in the Inventory Management in Hotel Industry

Table 4.11 Effects of Internal Control System on Inventory Management in Hotel Industry

CATEGORY	FREQUENCY	PERCENTAGE
Yes	16	50
No	16	50
TOTAL	**32**	**100**

Figure 4.6 Effects of Internal Control System in the Inventory Management in Hotel Industry

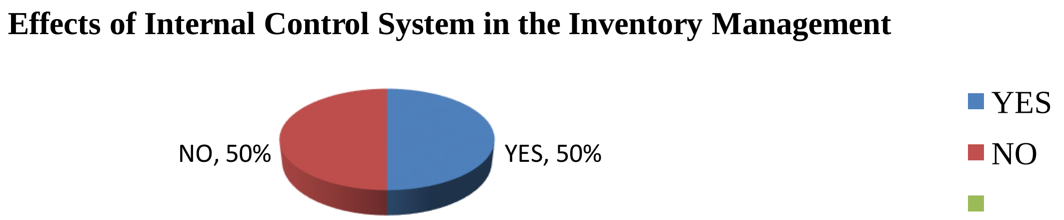


Table 4.11 and figure 4.6 above show the respondents on how internal control system affects inventory management in hotel industry. From the finding it was found out that 50% of them indicated it does not and 50 % of them indicated it does.

4.3.7 Extent of the Effects of the Internal Control System on the Inventory Management in Hotel Industry

Table 4.12 Extent of the Effects of Internal Control System on the Inventory Management

CATEGORY	FREQUENCY	PERCENTAGE
Very high	11	33
High	10	30
Low	7	20
Very low	4	17
TOTAL	**32**	**100**

Figure 4.7 Extent of the Effects of Internal Control System in the Inventory Management

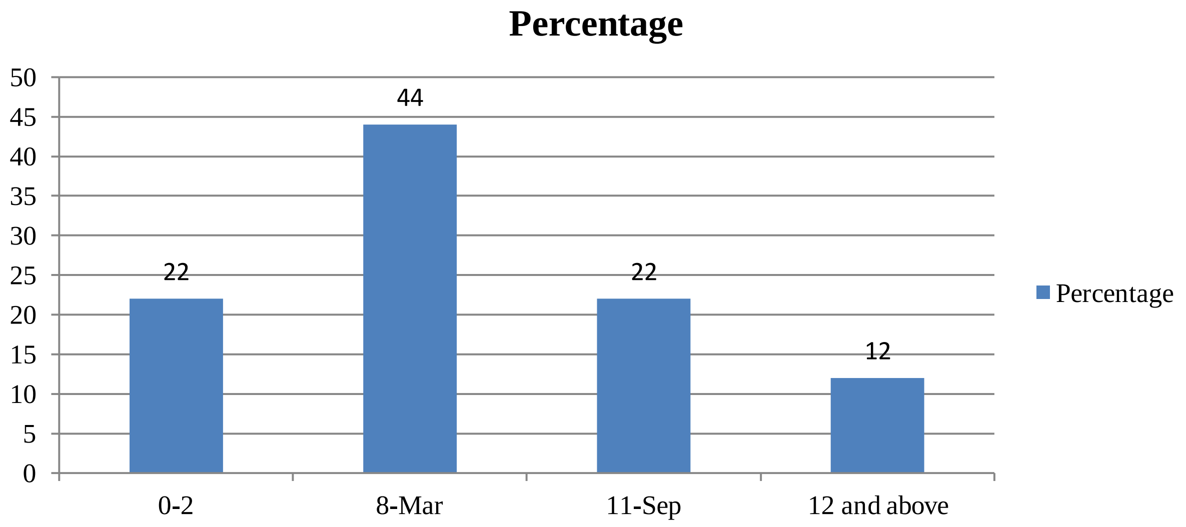


Table 4.12 and figure 4.7 above, 33% of the respondents indicated that the extent of the effect of claim was very high. 30% of the respondents indicated that the extent was high 20% showed low extent of the effect and a relatively low proportion of 17% showed a very low extent.

CHAPTER FIVE

SUMMARY RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This chapter summarizes the research findings, conclusions drawn, recommendations and suggestion for further research to the management of Silver Springs Hotel Nairobi.

5.1 Summary of Findings

The study was carried out at the hotel industry (Silver Springs Hotel). The general objective of this study was to identify the factors affecting inventory management in the hotel industry in Kenya: a case study of Silver Springs Hotel Nairobi. The specific objective was to find out the effect of employee training on inventory management in the hotel industry, to evaluate the effect of information technology on inventory management in the hotel industry, to determine the effect of cost on inventory management in the hotel industry and finally to find out the effects of internal control system on inventory management in the hotel industry.

5.1.1 How Employee Training Affects Inventory Management in Hotel Industry

The findings showed that majority of the respondents which represent 75% of the total response rate explained that inventory control system management is highly affected by employee training of a business firm as it happens due to inadequate training and policies to be followed to achieve quality performance. It was however stated by the majority of respondents that employee training would impart skills and knowledge requirement for effective business performance.

5.1.2 How Information Technology Affects Inventory Management in Hotel Industry

From the findings it was observed that majority of the respondents at 92% indicated that information technology was critical to procurement procedures of an organization. This was due to the fact that many procedures in the organization were not fully conversant with IT, as some of the personnel were from primary and secondary education level, to cope with it hence poor performance of the organization

5.1.3 The Extent of How Cost Affects Inventory Management in Hotel Industry

It was established that 35 respondents who were 58% of the total response rate answered that cost had greatly affected inventory control system management in inventory management in hotel industry. This was due to the fact that many product managers could not make intelligent inventory decision without having some estimates of the relative cost position held by competitors in the products category. An understanding of the cost structure of the category provides at least two types of guidance. First assuming no brand would be priced below variable cost for an extended period cost estimate provide the product manager with an idea of how low some competitors can price. Second cost estimates gives the product manager some idea of the margin category. Coupled with data on sale volume which are usually relatively easily to obtain information on procurement program costs, total profits can be estimated.

5.1.4 How Internal Control System Affects Inventory Management in Hotel Industry

The study established that 30 respondents who represented 50% of the total response rate answered that internal control system affect inventory management in hotel industry. While 15 respondents who represented 50% stated that internal control system affects inventory management in hotel industry. From the study it was concluded that customer satisfaction had an effect on business performance.

5.2 Conclusion

The results from the study clearly indicated that provision of employee training, information technology, cost and internal control system would go a long way in enhancing business performance while following right policies and procedures to achieve organizational goals and objectives.

5.2.1 Staff Training

The researcher concluded that a trained staff is more productive while untrained employee is inefficient. The aim of training was to make the human resource better and add value to it. Further, in most organizations inventory control of goods, works or services was not done in a proper manner and therefore the staff should be trained adequately. Staff training adds value to human resource enabling them to perform better and to empower them to make the best use of their natural abilities. Training is a concept that is continuous. This recognition has an inherent and important basis that is our greatest asset, that everything else depends on are the people. Our wealth, security, our entire well-being lies on ourselves; staff training is a process by which the attitudes, skills and abilities of employees to perform specific jobs are increased.

5.2.2 Information Technology

The study found out that 92% of the respondents said that information technology had highly affected procurement procedures of the organization. This was due to many staff not fully conversant with Information Technology. The 17 systems which the organization can adopt in order to improve its performance are JIT, MRP, DRP and EOQ.

Therefore, it was suggested that the organization should educate or employ more competent employees who are conversant with modem technology systems to improve its performance. The pace of change has of course been enormous and information technology systems and unavailable just 10-15 years ago enabled sweeping changes in business processes to be improving efficiency. The researcher also emphasized that computerization and the use of the information technology means a platform to conduct a company's business.

The advent of information technology has greatly increased the ability of a company to conduct their business faster and more accurate over a wide range of time at reduced cost with the ability to customize. Improvement in IT had made communication easier between countries and will continue to do so. This enables consumers to become aware of in other countries and the products available in their markets. His information can be accessed using internet. To reap full advantage of IT, Systems within the organizations need to be integrated.

Today some progressive firms load into the company's mainframe computer or its local area network, information and prices for the most common used materials. Users can then scan the items through their computer terminals and requisition those desired electronically. For one to remain comp ions of even for any business to survive it has to transform it into organizations knowledgeable specialists-The relationships between data and knowledge can be summarized as data as the reality that computer records, stores and processes

5.2.3 Cost

According to the study 58% of the total respondents indicated that cost affects inventory control system management. This was because managers could not make intelligent inventory decision without having some estimates of the relative cost position held by competitors in the products category. An understanding of the cost structure of the category provides at least two types of guidance.

First assuming no brand would be priced below variable cost for an extended period cost estimate provide the product manager with an idea of how low Some competitors can prices. Second cost estimates give the product manager some idea of the margin category. Coupled with data on sale volume which are usually relatively easily to obtain information on inventory management program costs, total profits can be estimated. The likelihood that a product will stay in the market and the amount of money a competitor has put behind its brand strategy. Costs can be estimated in several ways.

A common approach for manufactured products is to use reverse engineering for a detailed analysis of cost structure. Procurement managers can readily identify components and their cost in the markets particularly for manufactured products it's possible to understand current cost and forecast future cost through the use of experience curve. The experience curve phenomenon applies to products for which repetitive production of larger amounts investment in new manufacturing equipment systematically reduce costs over time It's important to know how costs behave over a period of time and quantities produced Another factor to be considered is that different organization within the same industry, operate at different levels of efficiency, reflecting their cost structures.

To ensure success in inventory management, it is important to ensure that the selected supplier is willing and also capable to participate in technology innovations-this should be prime vendor selection criteria. Inventory management is appropriate in the acquisition of goods, services or works from an external source. It is favorable that the goods, services or works are appropriate and that they are procured at the best possible cost which enables to meet the needs of the purchaser in terms of quality and quantity, time, and location.

5.2.4 Internal Control Systems

The study found out that 68% of the respondents said that the effect of internal control procedures systems in the organization was high. This was due to ineffectiveness in monitoring generally that provides substantial support for external reporting requirements regarding internal control effectiveness or. These systems are part of the guidelines to creating the control effect on inventory control, failure to address and implement the internal control system then the organization may not excel in controlling the effect on inventory control and could lead to decrease in profit instead of increasing profit to the company.

Risk assessment refers to the identification analysis and management of uncertainty facing the organization operation objectives. Changes in personnel new product lines and rapid expansion could affect an organizations risk control activity is a policy requiring approval by the board of directors for all purchases exceeding a predetermined amount. Information communication encompasses the identification capture and exchange of financial, operational and compliance information in timely manner. People who have timely reliable information are better to conduct manage and control the organizations operations to prevent effect on inventory management.

5.3 Recommendations

Based on the findings and the conclusion of the study the researcher was inspired to come up with recommendations that would be used to improve inventory control systems in the organization's performance of Silver Springs Hotel and other organizations too so as to achieve their benefits. These include:

5.3.1 Training

The organization needs to store competence-based training module on the database, which enables trainers to select the appropriate mix of modules to meet a specific teaming need. As such, IT should also be used to analyze training recommendations contained in performance review reports to identify collective and individuals training needs.

5.3.2 Information Technology

Information technology is vital in an organization therefore companies should be embraced by everyone for faster development. Organizations should continuously endeavor to use technology so as to undercut competition

5.3.3 Cost

Cost sets the root for the price that the company can charge for its products. The company can charge a price that both cover all its cost for producing, distributing and selling pricing the product and delivers a fair rate of return for its effort and risk. A pricing and selling the organizations work to become the "low cost producers" in-their industries. Strategy many to lower costs can set lower prices that result in greater sales and profits.

5.3.4 Internal Control Systems

Ensuring that transactions once committed are legally valid and irrevocable; the top management needs to understand that security is hygiene factor, when it's there and inefficient, people hardly notice it at all. However, when it's not there, it can mean the end of the business fit. It is therefore important to place security measures under continuous review; network support team should monitor the internal system for information about the latest threats of security.

5.4 Areas for Further Research

Based on the findings and conclusions from this research, it is recommended that further research be conducted on factors affecting inventory management in the hospitality sector, in specific rated hotels such as three star hotels as Silver Springs, with different objectives. Such objectives should include the seasonality on the hospitality sector and availability of fresh supplies and other foodstuffs (that are seasonal as well), suppliers, supply chain process smoothness, and customer demand. This will further add to the existing literature of factors affecting inventory management in the hospitality sector in Kenya and provide managers and decision makers' new insights that they can use to enhance efficiency in inventory management in the sector.

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APPENDIX I: INTRODUCTION LETTER

Jackline Anyango Owii

P.O. Box 69495 - 00400

Nairobi, Kenya

To

The General Manager,

Silver Springs Hotel Nairobi,

Argwings Kodhek Road, Hurlingham,

Nairobi, Kenya.

Dear Sir/Madam,

RE: QUESTIONNAIRE ON FACTORS AFFECTING INVENTORY MANAGEMENT IN THE HOTEL INDUSTRY IN KENYA (A Case Study of Silver Springs Hotel Nairobi)

I am a Diploma student at The Management University of Africa, School of Management and Leadership, undertaking a research on the topic "Factors Affecting Inventory Management in the Hotel Industry in Kenya".

You are kindly requested to assist in providing sincere opinion or response to the questions contained in this questionnaire. All information provided will be treated with strict confidentiality; participation will be voluntary and without coercion or reward; participants remain anonymous, while the research will be done purely for academic pursuits.

Looking forward to your favorable response.

Yours Sincerely,

Jackline Anyango Owii

APPENDIX II: QUESTIONNAIRE

Please tick within the boxes ( ) and fill the structured questionnaire with applicable answers.

SECTION A: Personal Information

1. **Response rate**

   Response [ ]

   Non response [ ]

2. **Gender**

   Male [ ]

   Female [ ]

3. **Highest level of education?**

   Certificate **[ ]**

   Diploma **[ ]**

   Degree **[ ]**

4. **Length of service?**

   0-2 years **[ ]**

   3-8 years **[ ]**

   9-11 years **[ ]**

   12 years and above **[ ]**

SECTION B

Staff Training

5. Does employee training affect inventory management in your organization?

   Yes ( )

   No ( )

Explain

..

..

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....

....

6. How can you rate the effect of staff training on inventory management practice?

Very high ( )

High ( )

Moderate ( )

Low ( )

Poor ( )

Please explain

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SECTION C:

Information Technology

7. Does information technology affect inventory management in the organization?

Yes ( )

No ( )

Explain

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……………………………………………………………………………………

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8. How can you rate the effect of information technology on inventory management?

Very high ( )

High ( )

Moderate ( )

Low ( )

Poor ( )

Please explain

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SECTION D

Cost

9. Does cost affect inventory management in the organization?

Yes ( )

No ( )

Explain

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10. How can you rate the effect of cost on inventory management in the organization?

Very high ( )

High ( )

Moderate ( )

Low ( )

Poor ( )

Please explain

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11. Do you think that there is any measure that needs to be taken on cost effect on inventory management in the organization?

Yes ( )

No ( )

Explain

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12. Give your views in regard to what you think need to be taken in consideration in regard to cost effect on inventory management in the organization.

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SECTION E

Internal Control System

13. Does internal control system affect inventory management in the organization?

Yes (   )

No   ( )

Explain

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14. How can you rate effect of internal control system on inventory management in the organization?

Very high   ( )

High   ( )

Moderate   ( )

No effect   ( )

Please explain

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15. Give opinions on ways to improve internal control system on inventory control system management in the organization.

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16. Describe ways to improve your organization in relation to effects of inventory management in the organization?

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Thank you for your cooperation

The End.

APPENDIX III: TIME SCHEDULE

The project was undertaken between February 2020 and June 2020. The entire schedule for the project was as follows:-

PLANNED PERIOD	PLANNED ACTIVITIES
February 2020	Allocated Supervisor
February 2020	Produce Proposal
February 2020	Submission of Proposal Defense
March 2020	Tools Development and Data Collection
April 2020	Data Processing and Analysis
April 2020	Report Writing
May 2020	Correction and Final Submission
June 2020	Correction and Final Submission

APPENDIX IV: BUDGET

ITEM	@ (KSH)	TOTAL COST (KSH)
Printing	5	610
Binding	500	1000
Transport	1000	1000
Lunch	300	300
Airtime	250	250
Pens	15	30
Emergency	1000	1000
	TOTAL	**4190**