



**INVENTORY MANAGEMENT PRACTICES AND PERFORMANCE OF
AUTOMOTIVE FIRMS IN NAIROBI CITY COUNTY, KENYA**

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ABSTRACT

Automotive firms in Nairobi have had a decline in sales of new vehicles and new genuine spare parts thus unable to achieve a balance between responsiveness and efficiency hence, affecting their profitability. The main objective of this study was to establish the relationship between inventory management practices and performance of automotive firms in Nairobi City County. The study was guided by the following objectives; to assess the relationship between stock control practices and performance of automotive firms in Nairobi City County; and to assess the relationship between material acquisition practices and performance of automotive firms in Nairobi City County. The study adopted a descriptive research design. A census technique was employed thus, all 175 members of the target population were studied due to the small number of the target population. To determine the validity and reliability of data collection instruments, a pilot study was conducted on 18 respondents which was 10% of the sample size. The questionnaire was found to be valid and reliable and was used for final study. The research findings indicate a significant impact of material acquisition practices on the performance of automotive firms ($\beta_1=0.643$, p value= 0.000). Additionally, the study reveals that stock control practices significantly influence the performance of automotive firms ($\beta_2=0.725$, p value= 0.000). Based on these results, it is recommended that management of automotive firms in Nairobi city county, Kenya should prioritize the adoption of robust material acquisition practices, ensuring due diligence in sourcing all parts and vehicle consumables to reduce time wasted on returns.

Key Words: Inventory Management Practices, Performance, Automotive Firms, Stock Control Practices, Material Acquisition Practices

Background of the Study

Inventory management process begins soon after one has started production and ordered for raw materials, finished goods or semi-finished goods from a supplier (R. S. Saxena, 2009). According to Deveshwar and Dhawal (2013) inventory management is a method companies use to organize, store, and replace inventory, to keep an adequate supply of goods while minimizing cost. It is a framework used by organizations to organize, store and replace inventory in order to keep an optimum supply while minimizing costs (Deveshwal & Dhawal, 2013). It involves a trade-off between the benefits of holding inventory and the costs of holding it (Gannas & Hyz, 2015). The objective of inventory management is to save costs and retain stocks in order to ensure a continuous replenishment for subsequent activities (Ahmed, Modibbo, Modu, & Muhammad, 2016). Inventory is defined as an idle resource of any kind that has a potential economic value and considered as locked up capital (R. S. Saxena, 2009). Organizations have ignored the potential savings from proper inventory management, treating inventory as a necessary evil and not as an asset requiring management (Sander, Matthias, and Geoff, 2010). In automotive industry, inventory proportionality is the goal of demand-driven inventory management by incorporating accurate demand forecasting for maintenance of an optimal inventory level. It is imperative to note that during the last decades, inventories have been decreasing in many firms (Hyz & Gikas, 2012) and studies have been made to understand the relationship between inventory management and profitability of firms. According to Kenya Association of Manufacturers (KAM), there are four main motor vehicle assemblers in Kenya namely, Associated Vehicle Assembler (AVA), Kenya Vehicle Assembler (KVM), Isuzu East Africa and Trans Africa Limited. To the list is the fifth assembler, Mobius Motor Limited, incorporated in the year 2009 with fifty-three (53) assembled vehicles as at the year 2019. Combined, the four main assemblers do assemble approximately 46,000 units per year with direct employment of over 1,500 employees with a total estimated investment of USD 148 million as at 2019 (EAC, 2019). Additionally, according to Kenya Motor Industry Association (KMI), there are thirty-eight (35) automotive firms registered as members of the automotive sector in Kenya.

Inventory accounts for a major portion of total costs in automotive firms, which may have an impact on both an organization's financial and market performance. This substantial cost is typically incurred as a consequence of poor inventory control or procurement, which could also lead to wear, loss, thievery, amortization, overall surplus or deficiency (Golas & Bieniasz, 2016). According to Dimitrios P. Koumanakos (2008) Efficient or inefficient management of inventories is only one factor that may influence performance of a firm. There is a range of other macroeconomic, industry and firm-level factors that are equally imperative in determination of performance. Historically, economists have concentrated on industry level variables by use of the structure-conduct-performance (SCP) framework. They emphasize that higher levels of industry concentration and market share, theoretically, is linked to higher profitability. Most Kenyan firms face operational and financial difficulties as a result of poor selection of inventory management techniques or inadequate level of knowhow on effective implementation of selected technique which leads to poor performance of organizations (Githendu, Nyamwange and Akelo, 2008). High inventory levels adversely affect the procurement performance by tying down capital which affects cash flow leading to reduced efficiency, effectiveness and distorted functionality (Koin, Cheruiyot, and Mwangangi, 2014). Additionally, Atnafu and Balda (2018) argued that a significant percentage of a small business' budget goes to its inventory yet it is one of the management areas which is highly neglected. Poor inventory management results into strains on a company's cash flow compromising its performance in the market through reduced productivity, increased production cost and increased wastage of resources. As a result, inventory management are a critical problem area which requires to be prioritized (Dimitrios, 2008). Therefore, inventory decisions are regarded as high risk and high impact for organizations (Atnafu & Balda, 2018).

Statement of the Problem

Atnafu and Balda (2018) assessed the effect of inventory management on the competitive spirit and performance of the organization of Ethiopian industrial companies and discovered that the more inventory control was conformed to, the more the competitive edges and organizational success encountered. In a study conducted by Ngumi (2015) over fifty (50) big Kenyan manufacturing enterprises on the link between inventory control and work performance, it was discovered that stock control techniques favorably increase production. Similarly, Prempeh (2015) examined the influence of inventory control on the performance of four industrial operations listed on the GSE and discovers that stock control has a significant effect on profits.

Research done by Bawa et al. (2018) on stock control and the efficiency of Ghanaian industries, on the other hand, found no significant influence on productivity. Additionally, Thogori and Gathenya (2014) performed research in Kenya to analyze the influence inventory control had on the fulfillment of production enterprises' clients and discovered that the firm's inventory control system was poor, likely to result in supply shortages as well as lengthy lead times, resulting in stock delays. As a result, the supply chain often resulted in consumer dissatisfaction.

In a study done by Sahari, Tinggi and Kadri, (2012) on the performance impact of inventory management in Malaysian construction firms, it was discovered that inventory management has a positive correlation on financial performance. Likewise, Abdullahi (2020) pursued to ascertain the firm's inventory control techniques; the metrics it utilized for quality service; and the impact stock control had on client satisfaction; it was discovered the firm's use of the order quantity (EOQ) concept, which has a very strong connection among both inventory planning and client satisfaction result to correlation coefficient of 0.83. Scholars have not reached a consensus on the real link that emerges between the factors of inventory control, stock performance, financial success, as well as customer loyalty (Atnafu & Balda, 2018). In spite of the large number of studies pointed out, it is evident that none of them certainly focuses on the inventory management practices and performance, in the context of automotive firms. This requires key inventory management concepts to be identified and addressed. As a result, the purpose of this study was to examine the inventory management practices and performance specifically applicable to the automotive firms in Nairobi city county, Kenya.

Objectives of the Study

- i. To examine the relationship between material acquisition practices and the performance of automotive firms in Nairobi City County, Kenya.
- ii. To assess the relationship between stock control practices and the performance of automotive firms in Nairobi City County, Kenya.

LITERATURE REVIEW

Theoretical Review

Lean Theory

This theory relates to material acquisition practices variable. Lean approach is a systematic concept which seeks to enhance value of a company's inventory through continuous improvement by elimination of non-value adding waste, time and effort. "The driving force for waste elimination is improved customer value and increased profitability in the products and services offered by an organization." (Burton, 2003). Lean philosophy is built on five principles.

Firstly, the principle of Value entails the meticulous definition of the value that an organization seeks to derive from its lean inventory management practices (Burton, 2003). Subsequently, the

principle of Flow involves a comprehensive understanding of inventory movement within the warehouse, thereby ensuring the seamless flow of materials across the value stream. In alignment with the principle of Pull, production or movement of inventory is only authorized in response to a customer request, thereby minimizing excess inventory and associated costs.

Moreover, the principle of Responsiveness underscores the imperative to adapt to changes swiftly and remove non-value-added wastes along the value stream. Finally, the principle of Perfection advocates for the continual refinement of inventory management processes to enhance quality and efficiency.

In the automotive industry, the application of lean inventory management holds significant promise. By facilitating the production of precise quantities of parts and automotive oils by local manufacturers, this approach reduces the volume of stock held, thereby minimizing inventory costs. Furthermore, lean inventory management mitigates against the production of parts tailored for outdated vehicle models, where the purchasing power of owners is diminished (Coronado & Antony, 2002).

Additionally, by analyzing customer behaviors and understanding the interrelationships between various parts across different vehicle models and versions, organizations can tailor their inventory stocking practices to align with customer demands. This entails stocking parts that are compatible across multiple models, thus optimizing inventory levels and reducing lead times for production orders. Consequently, firms can enhance their responsiveness to clients while preventing the accumulation of slow-moving inventory that ties down capital (Liker, 2004).

Application of lean inventory management in automotive will help in production of right quantities of parts and automotive oils by local manufacturers hence, reducing the amount of stock hold. Additionally, it will mitigate against production of parts meant for old models of twenty years and more since the purchasing power of such vehicle owners is low. Additionally, lean inventory management can be applied by studying customer behaviors and understanding the relationship between various parts across various models and versions of vehicles in order to stock as per the customer demands and stock parts which can be shared across many models as opposed to many alternative parts for different models. By so doing, firms will reduce their lead times through correct production orders via their manufacturers and faster response time to their clients. This will in turn prevent holding slow movers and tying down capital. Application of lean inventory management therefore, improved the dealership's profitability, market share and competitiveness.

Theory of Economic Order Quantity (EOQ)

This theory relates to stock control practices variable. This is the oldest classical production scheduling model developed by Ford W. Harris in 1913 whereas R. H Wilson is given credit for his extensive and in-depth application of the model. It refers to the optimum order quantity that a company should order at any given point to minimize total holding cost and re-order cost (Coleman, 2013) and (Ogbo, 2011). It can be a valuable tool for small business owners in making decisions on how much inventory to keep on hand, how many items to order each time, and how often to re-order in order to incur the lowest possible costs (Kumar, 2016). Economic The EOQ model operates under several key assumptions, including a known and evenly distributed yearly demand rate, constant lead time, fixed ordering costs, fixed holding costs, and the absence of quantity discounts.

Application of this model in automotive firms is a concept that can help improve efficiency of inventory through reduced stock carrying costs by ensuring that only required parts are ordered in the right quantities. Employment of inventory management systems which can be customized would go a long way in providing alerts on what is almost running out based on the re-order level set ups hence reducing stock-outs.

Conceptual Framework

It is a structure believed to best explain the natural progression of the phenomenon of study (Adom et al., 2018). It describes the relationship between the main concepts of a study and is displayed visually to show how ideas in a study relate to one another (Grant & Osanloo, 2014). In this study, the conceptual framework sought to bring out how the dependent variable (performance of automotive firms) is affected by the four independent variables namely; material acquisition practices, stock control practices

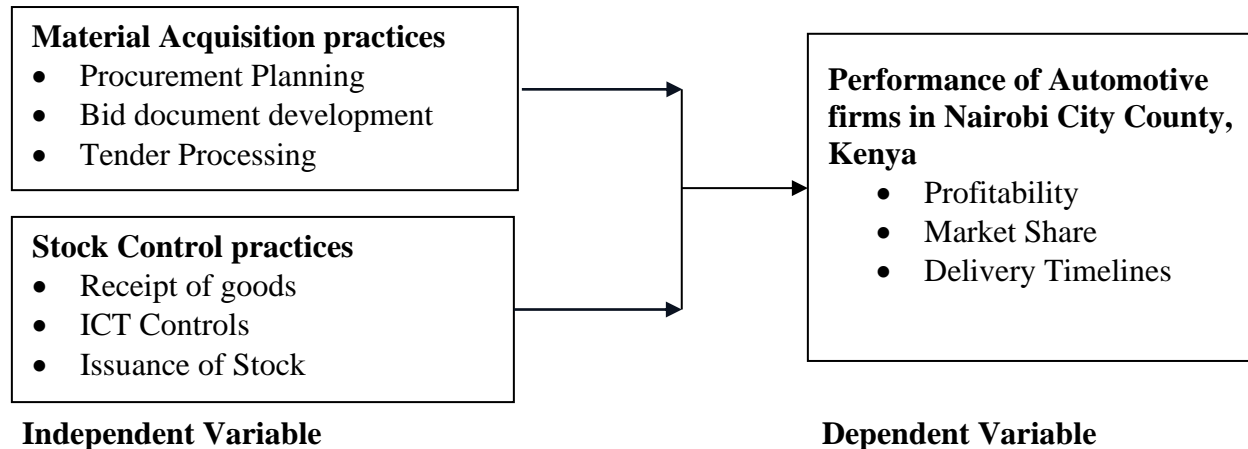


Figure 1: Conceptual Framework

Material Acquisition practices

Procurement method is a key determinant of the efficiency of a procurement process, different methods apply in different scenarios and therefore, purchasers should select most suitable procurement methods for acquisition of goods and services. Additionally, organizations should develop procurement plans in collaboration with user departments with clearly outlined requirements, timeframes, identification and selection processes. These should provide guidance when needs arise. A bidding document is a document which contains information regarding the requirements of the procuring entity in terms of specification, timelines, quantities, quality, etc.

The procuring entity goes through the following steps of the tendering process; Bid solicitation inviting prospective bidders to bid, in this stage, specifications, delivery method and contract type are specified in the request for proposal/ quotation (RFP/RFQ) or invitation for bid (IFB) document. Bid submission is then done by the bidders with accurate information of all the requirements of the bid. Bid selection then follows where the tender committee undertakes preliminary, financial and technical evaluation to determine the most suitable supplier. Award, negotiation and contracting follows upon communication to the winning and losing suppliers where best terms are discussed followed by signing of contract that is legally binding. Delivery then follows for the ordered goods/ services.

Stock Control practices

Stock control practices are techniques undertaken to ensure that organizations avail the right amount of supply at the right place and at the right time. According to Oracle Netsuite (2022), stock control results into maximum profits with minimum amount of investment with zero compromise on customer satisfaction. Stock control methods such as Just in Time (JIT) reduce costs by cutting stock to a minimum through 'pull' where items are put on production or/and delivery upon customer request. Items are delivered when they are needed and used immediately (Macharia & Mukulu, 2016). Economic Order Quantity (EOQ) – is a stock control method used

to maintain optimum stock hold. Batch control method ensures production in batches requiring organizations to have the right number of components enough to sustain them until the next batch.

Management methodologies such as lean manufacturing, six sigma and lean six sigma should be adapted by inventory managers to eliminate wastes, minimize product defect and, waste minimization and product defect reduction respectively. Organizations ought to establish guidelines and educate the stakeholders involved on the processes and procedures of the company in relation to receipt and issuance of goods. Establishment of standard procedures enhances accuracy of inventory and eliminates time wasted on reconciliations hence improving efficiency. In addition, data related to inventory received, on order should be stored accurately for reference.

Performance of Automotive Firms in Nairobi City County, Kenya

Organizational performance can be measured based on economic performance which comprises of both financial and market outcomes and operational performance which consists of observable indices. It helps to measure the efficiency of an organization against its set goals and objectives. Being dependent on the independent variables, performance of automotive firms in this study shall be evaluated from organizational profitability, market share acquired and delivery timelines. These three elements are measurable and shall form the basis of questions in the questionnaire from whose analysis shall be made to determine the relationship between the independent and the dependent variables.

RESEARCH METHODOLOGY

Research design refers to how data collection and analysis is structured in order to meet the research objectives economically through empirical evidence (Cooper & Schindler, 2006). This study adopted a descriptive research design which obtain information regarding the current status of the phenomena, to describe it as it exists, with respect to variables in the situation. The unit of analysis was 35 automotive firms in Nairobi City County, Kenya registered with Kenya Motors Industry Association (KMI) as members. The unit of observation was the heads of procurement, warehousing, finance, sales and administration departments because of their direct involvement in the operations of companies. The target population therefore, was 175 respondents. Due to the small number of the target population, the study employed a census technique in which all members of the target population were studied. According to Roberto, Marco, Giuseppe and Federica (2010), census has many contacts and significantly involved data collection instruments hence, expected to generate a significantly high level of non-sampling error.

Research instruments are tools for data collection. Questionnaires are useful in a descriptive study especially when there is need to quickly and easily get information from people in a non-intimidating way (Gikonyo, 2014). The questionnaires had an introductory letter from the researcher. Drop and pick method was used by the researcher with regard to collection of questionnaires and follow up was made by making frequent, planned and communicated visits to ensure that the respondents filled the questionnaires within the given time frame. The Pearson correlation model was used to evaluate the correlation between the dependent variable and the different independent variables in the study. The research used multiple regression model.

RESEARCH RESULTS AND DISCUSSIONS

Response Rate

The study selected a sample of 175 respondents. The study selected 18 respondents to participate in pilot study and were excluded from the final study. Therefore, a total of 157 questionnaires were administered for data collection in the final study out of which 151 were completed and returned translating to 96.2% response rate. The high response rate was accounted for by reconnaissance

made prior to dispatch of questionnaires and follow up calls. This was above 50% which is considered adequate for data analysis and reporting (Metsamuuronen, 2017), thus, the response rate of the study fell within acceptable limits for drawing conclusions and making recommendations. Quantitative data obtained from the questionnaires were presented in tables, frequencies and percentages as shown hereafter.

Descriptive Statistics Analysis

It consists of central tendency (mean), measures of dispersion (standard deviation), frequencies and percentages (Stoke & wall, 2017). The study further used the help of statistical package for social sciences to analyse variables.

Material acquisition practices

The study sought to assess the relationship between material acquisition practices and performance of automotive firms in Nairobi city county, Kenya. The respondents were requested to indicate their agreement level on a 5-point Likert scale and the findings were depicted in Table 1. Different agreement levels represented different range of mean scores. Strongly disagree and disagree represented a statement with a mean score of 0 to 2.5. Neutral represented a statement equivalent to a mean score of 2.6 to 3.4. Agree and strongly agree represented statements equivalent to a mean score of 3.5 to 5.0.

From the findings, the majority of respondents were neutral that procurement plans developed are effective shown by mean of 2.886 (std. dv =1.245); The firm prepares bid documents on time 2.769 (std. dv =1.342); Our bids are easy to understand 3.220 (std. dv=0.943); The respondents agreed that due diligence is mandatory best practice conducted while sourcing 3.675 (std. dv=0.789); Inventory lead times have greatly improved over the years 3.736 (std. dv=0.708); Stock acquisition expenditure has been within annual set budget 2.908 (std. dv=1.092).

Table 1: Material Acquisition Practices and Automotive performance

| Statement | Mean | Std. deviation |
|---|--------------|----------------|
| Procurement Plans developed are effective | 2.886 | 1.245 |
| Our firm prepares bid documents on time | 2.769 | 1.342 |
| Our bids are easy to understand | 3.220 | 0.943 |
| Due diligence is a mandatory best practice conducted while sourcing | 3.675 | 0.789 |
| Inventory lead times have greatly improved over the years | 3.736 | 0.708 |
| Stock acquisition expenditure has been within annual set budget | 2.908 | 1.092 |
| Aggregate | 3.199 | 1.020 |

Stock Control Practices

The study sought to assess the relationship between stock control practices and performance of automotive firms in Nairobi city county, Kenya. The respondents were requested to indicate their agreement level on a 5-point Likert scale and the findings were depicted in Table 2. Different agreement levels represented different range of mean scores. Strongly disagree and disagree represented a statement with a mean score of 0 to 2.5. Neutral represented a statement equivalent to a mean score of 2.6 to 3.4. Agree and strongly agree represented statements equivalent to a mean score of 3.5 to 5.0.

As depicted on table 4.4, majority of the respondents agreed that the firm has an effective real-time IT integrated process of receiving parts by a mean of 3.768 (std. dv=0.905); The warehouse is equipped with scanners and round the clock security cameras was agreed to by a mean of 3.742 (std. dv=1.320); Warehouse footprint is configured to enhance retrieval efficiency 3.118 (std. dv=0.532); Majority of the respondents agreed that they conduct regular stock checks and stock

takes at least on annual basis by a mean of 4.105 (std. dv=0.981); Collaboration with sales team has enhanced accuracy of demand forecast 2.840 (std. dv=1.853); The respondents disagreed that the company facilitates inventory management trainings every year 2.109 (std. dv=0.787).

Table 2: Stock Control Practices and Automotive Performance

| Statements | Mean | Std. dev |
|--|--------------|--------------|
| Our firm has effective real-time IT integrated parts receiving process | 3.768 | 0.905 |
| Our warehouse is equipped with scanners and round the clock security cameras | 3.742 | 1.320 |
| Our warehouse footprint is configured to enhance retrieval efficiency | 3.118 | 0.532 |
| We conduct regular stock checks and stock takes at least on annual basis | 4.105 | 0.981 |
| Collaboration with our sales team has enhanced accuracy of demand forecast | 2.840 | 1.853 |
| The company facilitates inventory management trainings every year | 2.109 | 0.787 |
| Aggregate | 3.280 | 1.063 |

Performance of automotive firms

The respondents were requested to indicate their level of agreement on various statements relating to performance of automotive firms in Nairobi city county, Kenya on a 5-point Likert scale and the findings were depicted in Table 3. Different agreement levels represented different range of mean scores. Strongly disagree and disagree represented a statement with a mean score of 0 to 2.5. Neutral represented a statement equivalent to a mean score of 2.6 to 3.4. Agree and strongly agree represented statements equivalent to a mean score of 3.5 to 5.0.

The respondents agreed that company profits have improved over years recording a mean of 3.684 (std. dv=0.997); They further agreed that the company has acquired a bigger market share over the years 3.675 (std. dv=0.289); Majority of the respondents further concurred that parts' delivery timelines have improved 3.985 (std. dv=0.669); The company has had high customer base retention 3.739 (std. dv=0.983); There is low employee turnover in both parts and procurement departments 3.090 (std. dv=1.560); There is minimum rate of stock returns 3.118 (std. dv=0.532).

Table 3: Automotive Performance

| Statements | Mean | std. deviation |
|--|--------------|----------------|
| Company profits have improved over the years | 3.684 | 0.997 |
| Our company has acquired bigger market share over years | 3.675 | 0.289 |
| Parts' delivery timelines have improved | 3.985 | 0.669 |
| The company has had high customer base retention over years | 3.739 | 0.983 |
| There is low employee turnover rate in parts and procurement units | 3.090 | 1.560 |
| There is minimum rate of stock returns to the company | 3.118 | 0.532 |
| Aggregate | 3.549 | 0.922 |

Correlation Analysis

The study adopted Pearson correlation analysis which determined the strength and direction of linear relationship between two variables.

Table 4: Correlation Coefficients

| | | Performance | Material acquisition practices | Stock control practices |
|---------------------------------------|---------------------|-------------|--------------------------------|-------------------------|
| Performance | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | | | |
| | N | | | |
| Material acquisition practices | Pearson Correlation | .808** | 1 | |
| | Sig. (2-tailed) | .000 | | |
| | N | 151 | | |
| Stock control practices | Pearson Correlation | .815** | .829** | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 151 | 151 | |

According to the findings, there was a strong relationship between material acquisition practices and performance of automotive firms in Nairobi city county, Kenya ($r = 0.808$, p value =0.002). The relationship was further found significant as the p value 0.000 was less than 0.05 (significant level). This aligns with Adom et al., (2018) which highlights the critical role of procurement methods and planning in organizational efficiency and effectiveness. By selecting the most suitable procurement methods and developing comprehensive procurement plans, firms can enhance their operational performance and ultimately bolster their overall performance in the automotive industry.

The results further revealed that a strong relationship between stock control practices and performance automotive firms in Nairobi city county, Kenya ($r = 0.815$, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). This echoes literature emphasizing the importance of effective inventory management techniques such as Just-in-Time (JIT) and Economic Order Quantity (EOQ) in minimizing costs and optimizing inventory levels (Oracle Netsuite, 2022; Macharia & Mukulu, 2016). By implementing these practices, automotive firms can streamline their operations and improve their performance metrics.

Regression Analysis

Multivariate regression analysis was employed in the study to determine the relationship between dependent variable (performance of automotive firms) and independent variables (material acquisition practices, stock control practices).

Model Summary

R-squared was employed in the current study to show the ability of the regression model to explain variation of independent variables. Evidently, there is a relationship between independent variables and dependent variable with a correlation coefficient of 0.803. The findings showed that the R square was 0.645 meaning that 64.5% of variation in the performance of automotive firms could be explained by independent variables (material acquisition practices, stock control practices). This suggested that 35.5% of the performance of automotive firms could be explained by other factors not considered in the study.

Table 5: Model Summary

| Model | R | R ² | Adjusted R ² | Std. Error of the Estimate |
|-------|------|----------------|-------------------------|----------------------------|
| | .803 | .645 | .612 | .18983 |

Analysis of Variance (ANOVA)

The study further, employed Analysis of Variance (ANOVA) to determine if the regression model was a good fit. The F- calculated was 399.371 while F- critical was 2.46 with significance p-value of 0.000. From the findings obtained, the significance of F-test done was to measure the simultaneous effect of independent variables on the dependent variable. With the significance level $0.000 < 0.05$, the researcher deduced that the model was a good fit for the data hence, the four independent variables played a significant role in the performance of automotive firms in Nairobi city county, Kenya.

Table 6: The ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 90.057 | 4 | 22.514 | 399.371 | .000 ^b |
| | Residual | 9.189 | 163 | 0.056 | | |
| | Total | 99.246 | 167 | | | |

a. Dependent Variable: Performance of automotive firms

b. Independent variables

Beta Coefficients

The general form of equation was as follows:

The regression model becomes $Y = 0.143 + 0.643X_1 + 0.725X_2$

From the findings, the researcher established that material acquisition practices have a significant effect in the performance of automotive firms ($\beta_1=0.643$, p value= 0.000). This revealed that an improvement in material acquisition practices by a unit would lead to a 0.643 increase in performance of automotive firms. Since the p value was 0.000 which is below the significant level of 0.05, the researcher concluded that improvement in material acquisition practices would enhance performance of automotive firms. This aligns with previous research emphasizing the pivotal role of efficient procurement methods in organizational performance (Wan, Chang, & Xu, 2020). By enhancing material acquisition practices, firms can improve their operational efficiency and ultimately bolster their performance metrics in the automotive industry.

The study revealed that stock control practices have a significant effect in the performance of automotive firms ($\beta_2=0.725$, p value= 0.000). This implied that an improvement in stock control practices by a unit would lead to a 0.725 increase in performance of automotive firms. Since the p value was 0.000 which is below the significant level of 0.05, the researcher deduced that improvement in stock control practices would enhance performance of automotive firms. This is consistent with existing literature highlighting the importance of effective inventory management techniques in optimizing operational performance and minimizing costs (Yang & Sun, 2019). Implementing strategies such as Just-in-Time (JIT) and Economic Order Quantity (EOQ) can lead to improvements in performance outcomes for automotive firms.

| Model | | Unstandardized | | Standardized | t | Sig. |
|-------|----------------------|----------------|------------|--------------|-------|------|
| | | Coefficients | | Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .243 | .101 | | 6.908 | .003 |
| | Material acquisition | .643 | .151 | .566 | 4.258 | .000 |
| | Stock control | .725 | .136 | .626 | 5.331 | .000 |

a. Dependent Variable: Performance of automotive firms

Conclusion

The study concludes that material acquisition practices regression coefficients show that there is a significant relationship with the dependent variable. This implies that increasing levels of material acquisition practices would increase the levels of performance of automotive firms in Nairobi city county, Kenya. This shows that material acquisition practices have a strong influence on performance of automotive firms in Nairobi city county, Kenya.

The study findings reveal that stock control regression coefficients indicate that there is a significant relationship with the dependent variable. This implies that increasing levels of stock control practices would increase the levels of performance of automotive firms in Nairobi city county, Kenya. This shows that stock control practices have a strong positive influence on the performance of automotive firms in Nairobi city county, Kenya.

Recommendations of the study

The study recommends that the management of automotive firms should adopt material acquisition practices by practicing due diligence during sourcing of all parts and vehicle consumables thus reduce time wasted on returns. They should regularly monitor demand curves in order to eliminate instances of stock outs or overstocking thus, increasing company profits. Further, the management should develop more effective procurement plans and develop clear bids and in time in order to easily identify the right suppliers. They should minimize their lead times, this will improve their relationship with customers thus, increasing their market share.

The study found that stock control practices have a significant influence on performance of automotive firms in Nairobi city county, Kenya. Therefore, this study recommends that the management of automotive firms in Nairobi city county, Kenya should encourage and facilitate regular inventory management trainings to keep staff updated on the current trends. Moreover, they should adopt IT integration of the entire procurement process and encourage team work with stakeholders such as the sales team. They should adopt modern ERP systems capable of handling all activities involving inventory management and flexible enough to accommodate any required provision. This will help in tracking parts' behaviour.

Areas for further research

This study focused on inventory management practices and performance of automotive firms in Nairobi city county, Kenya. Existing literature indicates that as a future avenue of research, there is need to undertake extensive research in the automotive firms in Kenya and other countries in order to establish whether the explored practices can be generalized to influence performance of automotive firms in Kenya. There is need to establish the effects of inventory management on performance of automotive firms in Kenya.

Further, the study found that the independent variables (material acquisition practices, stock control practices) could only explain 64.5% of performance of automotive firms in Nairobi city county, Kenya. This study therefore suggests research on the relationship between inventory management methods and performance of automotive firms in Kenya.

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