Role of Inventory Management Strategies on Procurement Performance in State Corporations in Kenya

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Abstract:
The main purpose of the paper was to determine the role of inventory management strategies on procurement performance at National Hospital Insurance Fund. The research design used in this study was descriptive in nature which adopted qualitative and quantitative research strategies in order to find the solution to the study problem. The target population was 181 employees. The sample of respondents were determined using stratified sampling which relied on mere chance to determine who would be selected in the sample and called for random selection in the inclusion of the cases into the sample. A sample size of 123 respondents out of a total frame of 181 target population was interviewed. The research focused on primary data that was collected from questionnaires distributed to the target groups. This study collected both qualitative and quantitative data. After data collection the data was edited and coded in readiness for analysis by the researcher. The qualitative data collected was subjected to content analysis. On the other hand, the researcher used descriptive and inferential statistics to analyse the quantitative data. SPSS version 23 software was used to perform correlation and regression analysis on the collected data. The analysed data was presented using statistical and graphical techniques. The findings revealed that inventory control and inventory accountability had positive effect on procurement performance. Thus, the disclosure of inventory documents when needed sends the message that the organization is accountable hence they can be relied on to conduct business with. It is therefore crucial that suppliers need to make a commitment to stock an inventory of approved stock and have timely response to customer references and proper material handling. Finally, there is need for organizations to have verification of documents in the process of receiving and issuing inventory.
Keywords: Inventory Management Strategies, Procurement Performance, Inventory Accountability, Inventory Control, National Hospital Insurance Fund

Introduction

In the past, inventory management was not seen to be necessary the world over. Globally, excess inventories were considered as indication of wealth. Management by then considered over stocking beneficial. As a result of globalization, today firms have started to embrace effective inventory management strategies (Susan & Michael, 2012). Managers now, are more than ever before, need reliable and effective inventory management strategies in order to reduce costs and remain competitive (Mohd Lair *et al.,* 2014). Inventory management is critical to an organizations success in today's competitive and dynamic market. This entails reduction in cost of holding stocks by maintaining just enough inventories, in the right place and the right time and cost to make the right amount of needed products. High levels of inventory held in stock affect adversely the procurement performance out of the capital being held which affects cash flow leading to reduced efficiency, effectiveness and distorted functionality (Kaneko and Nojiri, 2015). A successful business depends on many reasons, one of the factor is a consistent system of inventory management which offers information to smoothly manage the materials, fully utilize people and equipment, communicate with customers and coordinate internal activities. Inventory system is used to analyzing product sales, detect popular item in stock and ready to instantly fulfilling any customer's order. It also helps us know which special orders sell on occasion and have those products available in a limited quantity to keep inventory costs down and to develop a positive reputation for quickly filling special orders (Ali et al., 2012).

Thus, a good inventory system means that organization has an up to date inventory count at all times, giving good customer service, giving accurate information to customer and improved image of the organizations (Ali, 2011). It is vital that inventory management system allows managers to receive real time information on inventory. This would assist management to accurately make informed decisions, anywhere, anytime and save time and cost used for labour and thus working on inventory management properly (Mathaba, Dlodlo, Smith, & Adigun, 2011). According to Ramakrishma, (2015), on an average, half the sales income in an organization was spent on inventory. In other words, organizations earn or loose large sums depending on how effective their inventory management is (Ramakrishma, 2015). Romano, (2011) confirmed that, there was an increase in the use of material management concept compared with the study done in 1988. According to the Supply chain digest (Gilmore, 2007), the data analysis on inventory show continued upward pressure on inventory levels, with average inventories across all industry sectors up by 2.1% in 2006. The largest driver of this increase was generally thought to be the rise in off shoring. As a greater percentage of a company's total sales came from offshore sources, its inventory levels are likely to rise, as higher inventories are used to buffer the impact of the longer supply chains and increased inventory risk. According to Ramakrishma, (2015) on an average, half the sales income in an organization is spent on inventory. In other words, organizations earn or loose large sums depending on how effective their inventory management strategy is.

Inventory constitutes the most significant part of current assets at NHIF. Because of the relative largeness of inventories maintained by this department, a considerable sum of about 68% of the organization's fund is being committed to them. It thus becomes absolutely imperative to manage inventories effectively so as to avoid unnecessary cost and ensure high level of customer service (Ondiek, 2006). Inventory management, production planning and scheduling has become the obvious strategic benefit (Chen, 2015). Dobler and Burt, (2006) argued that inventory alone accounts for as much as 30% of the organization invested capital. It's for this reason that the Government of Kenya through its Supplies manual, (2007) had instituted procedures and techniques for the purpose of proper inventory control. Without effective inventory management firms performed poorly in the procurement function. According to the Supply chain digest (Gilmore, 2007), the data analysis on inventory showed continued upward pressure on inventory levels, with average inventories across all industry sectors up by 2.5% in 2014. In addition to the above inventory played a big part in service firms as it accounts for about 56% of the annual turnover (Ondiek, 2006). It was a paradox to note that National Hospital Insurance Fund as an organization was complaining of the non-availability of some items to meet their requirement and finance department was facing the problem of increasing locked up capital in assorted inventory.

There were several local studies that had been conducted on inventory management, for instance Kamau and Kagiri (2015) carried as study on influence of inventory management practices on organization's competitiveness in Safaricom. The study concluded that inventory management practices affect profit maximization; customer satisfaction and market share growth of a firm and hence affects its competitiveness. Naliaka & Namusonge (2015) explored inventory management and its role on competitive advantage of manufacturing firms. The study also identified IT, inventory control systems and inventory management practices as key factors impacting manufacturing firm's competitiveness. However, while the above studies had touched on inventory management this did not look at the role of inventory management strategies on procurement performance in state corporations in Kenya. On the other hand, the above studies were not carried out in Kenya and more specifically National Hospital Insurance Fund. Therefore, this justified the current study which seeks to find out the role of inventory management strategies on procurement performance at National Hospital Insurance Fund. Thus, the current study sought the following research questions:

1) *What is the effect of inventory control on procurement performance?*
2) *How does inventory accountability affect procurement performance?*

Theoretical Framework

The study was informed by   Resource Dependency Theory. According to resource dependence theory (RDT), firms seek to reduce uncertainty and manage dependence by purposely structuring their exchange relationships, establishing formal and semiformal linkages with other firms. Through interdependence, firms could synergistically combine their own resource sets with the complementary resources of their partners and thus develop a resource bundle that is unique and hard to imitate (Harrison et al., 2001). By cultivating such relationship-specific capabilities that became superior to what the organizations may possess on their own firms could obtain sustainable competitive advantage and improved procurement performance (Sambharya & Banerji, 2006; Paulraj & Chen, 2017). In this aspect, RDT was a relevant theory to SCM because it could help elaborate organization-environment boundary spanning activities, implying that a single firm could hardly achieve sustainable growth. Therefore, firms need to depend on the buyer-supplier relationship which helps improve cooperation and coordination among supply chain members (Dyer, 2000).

For SCM to be strategic in nature, it was imperative that buyer firms adopt strategic initiatives, that is, implementation of GSCM practices that foster an effective relationship to provide mutual benefits (Paulraj & Chen, 2007). In the context of GSCM, inter-organizational collaboration was even more important for managing the internal and external coordination and cooperation to have the system successfully implemented throughout the whole supply chains (Zhu *et al.,* 2010). Handfield*et al.* (2002) developed a decision model to measure environmental practice of suppliers using a multi-attribute utility theory approach. Kainuma and Tawara (2006) proposed the multiple attribute utility theory method for assessing a supply chain including re-use and recycling throughout the life cycle of products and services. This theory was considered in this study because without firms being able to reduce uncertainty and manage dependence by purposely structuring their exchange relationships in the market place they would not be in a position to determine the best inventory management strategies that could be used to improve procurement performance. Based on the above theory the study developed the following conceptual framework.
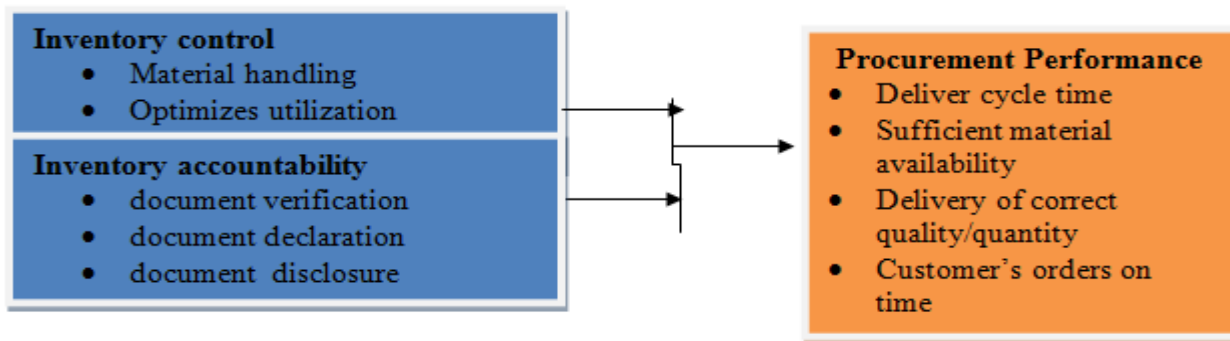
Independent Variables   Dependent Variable

Figure 1:   Conceptual model describing role of inventory management strategies on procurement performance

Literature Review

Inventory Control

A firm needed a control system to effectively manage its inventory (Pandey, 2008). There were several control systems in practice that range from simple to very complicated systems. A firm must ensure that the system it

adopts must be the most efficient and effective. Pandey (2008) argued that small firms may opt to adopt simple two bin systems and the very large firms may choose to adopt very complicated systems such as ABC inventory control systems or Just in Time (JIT) systems. A study carried out by Grablowsky (2005) found that only large firms had established sound inventory control systems for determining inventory re-order and stock levels. The firms used quantitative techniques such as EOQ and Linear Programming to provide additional information for decision making. Small firms on the other hand used management judgment without quantitative back up.

Different scholars had looked at inventory control strategies differently. Ou & Jiang (2007) discussed the push, pull and hybrid inventory control strategies. Push strategy depends on the forecasting ability of the organization to be in a position to project expected demand and the projected inventory control related costs. Pull strategy on the other hand relies on the ability to make orders available as they are required by customers. Hybrid push-pull inventory control strategy relies on continuous demand forecasting and adjustment of inventory levels based on actual demand. Pull, push and hybrid strategies are however recommended for manufacturing organizations (Teunter, 2012).

An inventory stock record is accurate when the information on the stock record is in agreement with the actual physical situation (Schrady, 2016). Inventory items were considered accurate when the actual on-hand quantity matches the perpetual inventory quantity, within the following tolerances using ABC classification system; class A items, plus or minus 1% quantity variance from perpetual balance, class B items, plus or minus 3% quantity variance from perpetual balance and C items, plus or minus 5% quantity variance from perpetual balance (Supply Chain Metric, 2016).

Inventory records could be achieved through the following strategies proposed by Lee (2006); selection and installation of inventory tracking software, revision of layout to allow for optimal storage, creation of rack location codes and assigning unique identifying number, locking warehouse and storage areas to limit unauthorized removal or movement of inventory. In addition, an organization may consolidate parts, so that the same items are kept in one place, assign unique part numbers to the parts, establish units of measure for the parts and embark on continuous and consistent inventory counting (Supply Chain Metric, 2016).

An organization could adopt a number of inventory cycle counting strategies based on their needs and inventory types. Such inventory cycle counting strategies include; random sample cycle counting conducted randomly on the stock items, ABC inventory cycle counting based on stratified classes of inventory depending on the level of importance and inventory costs and location based cycle counting where the record count has no discretion with respect to ease of counting (Piasecki, 2015). The forth inventory cycle counting was opportunity based inventory cycle counting which was based on opportunity costs associated with inventory. The fifth system was the transaction based inventory cycle counting based on the inventory related transactions as they were recorded in the stores. The other strategies included the process control cycle counting, location based inventory cycle counting based on multiple locations listing of stock items and opportunity based inventory cycle counting based on special particular events in the organization (Rossetti et al., 2010).

Inventory Accountability

Accountability has emerged as a central concept for both public and private organizations over the last two decades (Garsten and Montoya 2008). This was true in general, but also in relation to sustainability, where accountability was presented as highly desirable (Augustine 2012; Dubbink et al. 2007). Corporate accountability in relation to sustainability could manifest itself in, for example, sustainability reports (Hahn and Kühnen 2013), sustainability certifications (Bartley 2007), and product declarations (Schau and Fet 2008). With stakeholders' sustainability focus increasingly emphasizing sustainability issues in opaque inventories (Zyglidopoulos and Fleming 2011). Inventory accountability has also gained prominence (Mol 2014). Inventory

accountability, though frequently discussed in the scholarly literature, was often inconsistently defined (Egels-Zandén et al. 2014). Still, two main dimensions of inventory accountability were outlined in existing literature. First, some scholars equated inventory accountability with traceability, i.e., the ability to track a product's flow throughout the production process and inventory.

For example, Doorey (2011) and Laudal (2010) discussed inventory accountability in terms of disclosure of the names of the suppliers involved in producing a product. Scholars stressed that inventory accountability was about disclosing sustainability conditions at suppliers (Cramer 2008). Still, neither of these firms disclosed the names of all suppliers involved in the inventory nor the factory audits of all disclosed suppliers, i.e., neither of them was fully transparent me and these reasons included the need to smoothen operational requirements, the need to maintain accountability and the need to optimize resources. Meeting up operational requirement or keeping operations running had been identified as the major reason for keeping inventory control. Accountability and credibility supported the concept of accountability such that information with these attributes could be more reliably used to hold government accountable for delivering on promised service delivery within approved budgets. It was critical to note the increased focus on measuring outputs and outcomes and not just what was spent and what was received.

Critique of Existing Literature

Existing literature suggested that the area of inventory management strategies and the performance of the procurement function has not been fully studied or the area was marred with problems as the authors present it but at the same time it was clear that inventory management strategies are key to the financial and non-financial performance of the procurement function of a company (Goldsby et al., 2005; Krautter, 2009; Schroeder, 2000). A few of the authors (Lambert, 2006) also seem to take the relationship between inventory management strategies and the performance of the procurement function as a simple task of which it may not be the case always in some state corporations.

Johnson, (2008) argued that inventory management strategies were very vital in the performance and growth of the procurement function in a company. The entire profitability of an organization was tied to the volume of products sold which had a direct relationship with the quality of the product. However, in his study he did not provide some of the roles that inventory management strategies could play in procurement performance which leads us to the current study. King and Lenox, (2001) concluded that lean production was complementary to improvements in the performance of the procurement function and it often lowered the marginal cost of pollution reduction thus enhancing competitiveness. This study concentrated on one variable and did not cover the other variables covered in this study for example inventory control, inventory accountability and information technology and how they relate to the procurement performance.

Aragon, (2003) indicated that timely and informative customer demand data could result in improved firm performance through reduced inventories. This study focused on informative customer demand data as its main variable which is not the case in the current study which is focusing on four main variables including information technology, lead time, inventory control and inventory accountability. Gilmore, (2007) proved that the improvement of inventory turnover (following JIT adoption) by a sample of 103 firms in the Europe led to an increase in earnings per share. While this was the case it was not yet clear that the same results would be achieved in Kenya.

Research Gap

The gap remains as to how inventory management strategies could be for it to guarantee the performance of the procurement function among state corporations. At the same time some scholars such as Sunil and Sameer,

(1998) and Aragon, (2003) had suggested that procurement managers who turn to inventory theory research may find it to be of little significance (Krautter, 2009) or that it had little to offer in terms of enhancing inventory practices (Wagner, 2002) in the procurement function. This has led many to suggest a gap exists between inventory theory and practice as regards the procurement function (Wagner, 2002). Sunil and Sameer (1998) argued that to compete more effectively in a global marketplace, it was important that firms understood the issue of inventory management and align their purchasing to the diverse environments in which they operate. Aragon, (2003) indicated that timely and informative customer demand data could result in improved firm performance through reduced inventories. (Ballou, 1999) proved that the improvement of inventory turnover (following JIT adoption) by a sample of 55 firms led to an increase in earnings per share. There was no known study which had been done to determine the role of inventory management strategies on procurement performance at National Hospital Insurance Fund and hence the study intended to fill that gap.

Material and Methods

The research design used in this study was descriptive research design in nature. The target population was 181 employees. In each department in the organization, the respondents were officers in charge. The population chosen had homogeneous characteristics. The sample of respondents were determined using stratified sampling which relied on mere chance to determine who would be selected in the sample and called for random selection in the inclusion of the cases into the sample. A sample size of 123 respondents out of a total frame of 181 employees were interviewed which was a fair number and hopefully yielded fair results. This sample was recognized as being representative of the entire population. The research focused on primary data that was collected from questionnaires distributed to the target groups. The researcher used the Cronbach's Alpha to assess internal consistency reliability for the five-point likert scale items with 0.7 and above being the cut-off point or acceptable range. In testing for reliability of the research instrument, the Cronbach alpha was used as a measure of internal consistency. As presented in Table 4.1 the Cronbach alpha values range between 0.895 to 0.739. According to Hair *et al.* (2010), values of above 0.6 are acceptable. From the findings on reliability, the level of reliability was sufficient thus the level of internal consistency was acceptable. Therefore, all items were included in the survey instrument. Report findings shown in Table 4.1 below.

Table 1   Reliability Analysis

	Cronbach's Alpha Based on Standardized Items
procurement performance	0.739
Inventory control	0.866
Inventory accountability	0.895

Analytic model

The following regression analysis model on the role of inventory management strategies on procurement performance was adopted and analyzed using the SPSS version 23 software:

$$M = \beta_0 ++ \beta_1 IC + \beta_2 IA + \varepsilon$$

Where M: procurement performance at time (t).IC: Inventory control, IA: Inventory accountability β_0 is the intercept; and reflects the constant of the equation.

β_1 is the sensitive coefficient of each independent variable (i=1,2).

ε is the error term.

The T-test at 95% (α=0.05) level was used to test the significance of the difference in pre and post procurement performance. The analysed data was presented using statistical and graphical techniques. Statistical techniques used involved measures of central tendency (mean, median and mode) and measures of dispersion such as standard deviation and variance. Graphical techniques involved the diagrammatic representation by use of tables and charts.

Research Findings and Discussion
Descriptive Statistics
Inventory Control

This section of the analysis focused on the inventory control at National Hospital Insurance Fund. Table 2 illustrated the results. Findings showed that firm achieved accurate demand forecasting to determine stock coverage, results revealed (m= 3.53, SD= 0.93). The implication was that there were still improvements to be made regarding proper material handling in cases of stock out. The results summed up to a mean of 3.63 and standard deviation of 0.82 meaning there was timely response to customer references to ensure stock availability. Also, the results summed up to a mean of 3.48 and standard deviation of 0.80. This implied that there were mechanisms in place in the organization to ensure inventory accuracy. Findings also indicated that the firm optimized utilization of its capacity (m= 3.88, SD=0.67) and the firm achieved optimal inventory (m=3.65, SD=0.82). Generally, there were accurate demands forecasting to determine stock coverage, mechanisms in place in the organization to ensure inventory accuracy, firm optimization of its capacity, timely response to customer references to ensure stock availability though there were still improvements to be made regarding proper material handling in cases of stock out. The results on inventory control summed up to a mean of 3.88 and standard deviation of 0.79.

Table 2:   Inventory Control

	Mean	Std. Deviation
The firm achieves accurate demand forecasting to determine stock coverage	3.53	0.93
The firm has put in place proper material handling in cases of stock out	3.32	0.91
The firm makes timely response to customer references to ensure stock availability	3.63	0.82
The firm has mechanisms in place to ensure inventory accuracy	3.48	0.80
The firm optimizes utilization of its capacity	3.88	0.67
The firm achieves optimal inventory	3.65	0.82
Inventory Control	**3.88**	**0.79**

Inventory Accountability
In this section of the analysis, the study sought to establish the inventory accountability at N.H.I.F. As evidenced in table 3, there were verification documents in receiving and issuing of inventory (m= 4.12, SD=0.94). Also, the study enquired from the respondents whether declaration of inventory was done effectively. However, that majority of the respondents were unaware if declaration of inventory was done effectively (M= 3.42, SD=0.70.). Study results also showed that verification documents were filed well for future reference (m= 3.92, SD=0.56), counter checking is done at entry and exit of the goods or services (m=3.68, SD= 0.68), organization disclosed and provided all inventory documents when needed (m=3.90, SD=0.74. Generally, there

were verification documents in receiving and issuing of inventory, the verification documents were filed well for future reference, counter checking was done at entry and exit of the goods or services, the organization disclosed and provided all inventory documents when needed though there was unawareness whether the declaration of inventory was done effectively. The results summed up to a mean of 4.01 and standard deviation of 0.92.

Table 3:   Inventory Accountability

	Mean	Std. Deviation
There are verification document in receiving and issuing of inventory	4.12	0.94
Declaration of inventory is done effectively	3.42	0.70
Verification documents are filled well for future reference	3.92	0.56
Counter checking is done at entry and exit of the goods or services	3.68	0.68
The organization discloses and provides all inventory document when needed	3.90	0.74
Inventory Accountability	**4.01**	**0.92**

Procurement Performance

The study sought to establish the procurement performance at N.H.I.F. Table 4 illustrated the results. From the results, organization delivered the correct quantity of product/services. (m= 3.6129, SD=0.90928) and fills customers' orders on time (m=3.5699, SD=0.75754). Moreover, results reported a mean of 3.5054 meaning that the organization had short order to deliver cycle time. Organization had fast customer response rate this position was further confirmed by the 3.8387 mean and standard deviation of 0.9242. The results summed up to a mean of 3.4624 and standard deviation of 0.939 indicating that the organization had sufficient material availability. Findings also showed that that organization managed the deadlines for products/services well (m=4.0645, SD= 0.88227. In summary, the organization received the correct quantity of product/services, filled customers' orders on time, had short order to deliver cycle time, had fast customer response rate, sufficient goods availability and managed the deadlines for products/services well. The results on procurement performance summed up to a mean of 3.95 and standard deviation of 0.44.

Table 4:   Procurement Performance

	Mean	Std. Deviation
The organization received the correct quantity of goods/services	3.6129	0.90928
The organization fills customer's orders on time	3.5699	0.75754
The organization has short order to deliver cycle time	3.5054	1.23907
The organization has fast customer response rate	3.8387	0.9242
Our company has sufficient goods availability	3.4624	0.939
Our company manages the deadlines for goods/services well	4.0645	0.88227
Procurement Performance	**3.95**	**0.44**

Inferential Statistics

Correlations

The findings in Table 5 revealed that the inventory control had a positive and significant relationship with procurement performance, r = 0.794 at 0.01 level of significance. The findings also showed that inventory accountability had a positive and significant relationship with procurement performance, r = 0.736 at 0.01 level of significance. Although these findings did not imply a cause-effect relationship, they point to the existence of a cause-effect linear relationship.

Table 5:   Correlations

		Procurement Performance	Inventory Control	Inventory Accountability
Procurement Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
Inventory Control	Pearson Correlation	.794**	1	
	Sig. (2-tailed)	0.000		
Inventory Accountability	Pearson Correlation	.736**	.734**	1
	Sig. (2-tailed)	0.000	0.000	

** Correlation is significant at the 0.01 level (2-tailed).

Regression Results

Table 6 illustrated the results on the model summary of the regression model. The results in table 6 revealed that the model had a positive correlation with performance, R = 0.734. On the other hand, the value of R-square (0.734) and adjusted R-square (0.722) both indicate that 73.4% and 72.2% respectively of the variation in procurement performance was accounted for by the independent variables in the model. The analysis of variance output in Table 6 was used to establish the amount of variation accounted for by the regression model compared to the residuals. The findings in Table 4.10 revealed that the mean square sum for the regression model was 11.64 while the one for the residuals was 0.192 giving a F statistic value of 60.658 which indicated that the regression model accounted for over 60 units in the change in procurement performance compared to the residuals. The p-value indicated that the model was fit in predicting the change in procurement performance.

The findings revealed that inventory control system had a positive and significant effect on procurement performance, $\beta_1 = 0.33$, p-value = 0.001 indicating that for each unit increase in inventory control system, procurement performance increased by 0.33 units. This means that inventory control system had a positive and significant effect on procurement performance. In line with these findings, Juan & Mertinez (2002) found out that effective inventory management processes helped increase operational efficiency of firms; improved customer service; reduced inventory and distribution costs; and enabled businesses track items and their expiration dates consequently balance between availability and demand. As well, Johnson, (2008) argued that inventory management strategies are very vital in the performance and growth of the procurement function in an organization.

Finally, inventory accountability had a positive and significant effect on procurement performance, $\beta_2 = 0.238$, p-value = 0.006 and this indicated that for each unit increase in inventory accountability, procurement performance increased by 0.238 units. The findings had indicated that inventory accountability had a positive and significant effect on procurement performance consistently.

Table 6:   Regression Results

Model Summary	R		.857a			
	R Square		0.734			
	Adjusted R Square		0.722			
	Std. Error of the Estimate		0.43806			
Analysis of Variance	F		60.658			
	Sig.		.000b			
	Unstandardized Coefficients			**Standardized Coefficients**		
	B		**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)		0.451	0.225		2.009	0.048
Inventory Control		0.311	0.092	0.33	3.378	0.001
Inventory Accountability		0.228	0.081	0.238	2.798	0.006

a Dependent Variable: Procurement Performance

Conclusion and Recommendations

The findings on inventory control system had revealed that inventory control system had a positive and significant effect on performance. The presence of a computer-based system for tracking inventory levels within the organization assured the automation of management information reports that could be used to inform inventory decisions and reorder stock at the appropriate time from the main store and also automatically signal when more products were needed.

Finally, inventory accountability was equated with traceability in that the buck stops with an individual or an institution. In the event that there was verification of document in receiving and issuing of inventory, accountability was enhanced in the procurement process. Besides, the disclosure of inventory documents when needed sends the message that the organization was accountable hence they could be relied on to conduct business with. The eventual outcome was that inventory accountability results in improved procurement performance.

In terms of inventory control, the organizations needed to ensure that there was accurate demand forecasting to determine stock coverage. Besides, there was need for a mechanism in the organization to ensure there was timely response to customer references and proper material handling. In addition, organizations were encouraged to issue accurate predictions of vendor delivery dates by collaboration with the vendors. This could also be enhanced through the use of modern technologies for accuracy in predicting and keeping track of the stock.

Finally, the study had established that inventory accountability enhanced procurement performance. Therefore, there was need for the organization to have verification of documents in the process of receiving and issuing inventory. Besides, the verified documents needed to be filed well for future reference. Also, counter checking needed to be done at entry or exit of the goods or services. Moreover, the organization should make an effort to disclose all inventory documents when needed.

This study covered the role of inventory management strategies on procurement performance at National Hospital Insurance Fund. There was need to increase the scope to cover other departments so as to confirm the findings of this study and also to add more knowledge.

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