

THE EFFECTS OF STOCK CONTROL/ STOCKTAKING ON STOCK MANAGEMENT

A CASE STUDY OF TROPICAL SUPERMARKET NAGURU

BY

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DECLARATION

I **Isiko Abudallah**, Registration No. **BSTAT/41733/133/DU**, hereby declare that this work is original, researched and compiled by me; it has never been submitted before for any academic qualification purposes to any learning institution.

Signature.....

Date.....15th SEPT 2016

APPROVAL

This is to certify that this research report has been submitted for examination with my approval as University Supervisor.

SIGNATURE.....

DATE.....

MISS. NANSAMBA BITIYALI

(SUPERVISOR)

DEDICATION

I dedicate this study to the Almighty God who has always blessed the work of my hands. My Dad **Mr. ISIKO ABDU**, my mum Mrs. **ISIKO KADIMALA ALLY**, My sisters; **AMINNAH, SAUDAH, ZULAIKAH, HADIJJAH, RAMULAATI**, and My Brothers; **YASIN and ABUBAKAR** for their prayers and Support.

ACKNOWLEDGEMENT

I would like to gratefully acknowledge the great work of Almighty God through his blessings. Am glad for the work of my supervisor **Miss NANSAMBA** through the guidance, advice, and constructive criticisms that have made this work a success.

My other sincere recognition relates to Mrs. **ISIKO ALLY**, Mr. **ISIKO ABUDU**, and Sister **SAUDAH** for your great financial support and in all other useful ways, I honestly appreciate you people.

Special appreciation goes to all my lectures and all my friends who have been there for me in all supportive ways may Allah grant you success.

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ABBREVIATIONS

MRP.....Materials Requirements Planning

EOQ.....Economic Order Quantity

JIT.....Just In Time

PST.....Periodic Stock Taking

ABSTRACT

The purpose of the study was to analyze the effects of stock control on inventory in business organizations, basing on the following objectives; to find out reasons of stock imbalances during stocktaking to determine ways of minimizing inventory costs, and to provide practical procedures that can enable business implementation and improvement of their stock management.

The descriptive aspect of the research design was used to establish the company performance in relation to its stock management and the analytical research design was used to establish the relationship between stock control and stock management at the Supermarket. The sample size of twenty respondents was determined accordingly. Data used was both primary and secondary, primary data was collected using questionnaires and interview guide, whereas secondary data was collected from; textbooks, journals, reports, and internet.

Findings revealed that majority of the staff at Tropical Supermarket were not aware about the need for stock control practices, which has resulted into increased stock imbalances during stocktaking.

There are various ways on how Tropical Supermarket can minimize inventory costs incurred, and according to the findings there is; use of technology and understanding of total costs.

The research generally proved that there is a positive relationship between stock control and management of stock, this is evidenced by the research objectives, which relate to; stock imbalances, stock costs, and all these affect stock management of an organization. It was recommended that Tropical Supermarket should create awareness about the need for stock control, they also need to utilize the existing stock control techniques, and these will highly help to improve on the inventory management of the company.

CHAPTER ONE

1.0 Introduction

1.1 Background of the study

In most Businesses, stock is generally one of the most significant items in the balance sheet and as a result, the measurement of stock can have a very material impact on reported performance and financial position. At the same time, though, in the area of accounting and statistics, it has produced wider differences in practice than the computation of the amount at which stocks are stated in financial statements. This is particularly a case in countries such as United States, where companies have the free choice between a number of methods of accounting for stock, some of which produce very different results and make inter-company comparisons difficult. It is perhaps, therefore, not surprising that some thorny conceptual and practical problems arise in the area of stock measurement, particularly in relation to the determination of the constituents of costs and methods used in allocating costs to stock (Mike, 1999).

Stocktaking is the physical counting of stock at hand and verifying that this count tallies with what is recorded in the store ledger (Allan, 2002).

Inventory management is the overseeing and controlling of the ordering, storage and use of components that a company will use in the production of items it will sell as well as the overseeing and controlling the quantity of finished products for sale, (Russel, Ashok and Gregory, 2002).

Stocktaking is very important in businesses like Tropical Supermarket; it helps in the comparison of stock in hand and in the books of records. In case of any variance correction, efforts are done. This helps to improve on management of the inventory of the business.

Tropical Supermarket just like any other business has difficulties in management of finances; this is as a result of poor policies of stock control. Therefore, this research proposal is to lay down strategies to improve on the policies of stock control in the businesses, to improve on management of businesses' finances.

1.2 Problem Statement

In Tropical Supermarket Naguru, there was a great struggle to have a developed and comprehensive inventory management and regular stocktaking however, the supermarket still reveals incidences of stock shortages, spoilage, and unfulfilled customers' orders persisting. This is according to the reviewed books of records, which show that there is a decline in the stock held by 2013 compared to the amount that was held by the supermarket in the last two years. The study intended to undertake analysis about the supermarket's stock control on the management of stock and undertake series of recommendation as to how these variables could reduce the above revealed problems to increase efficiency and effectiveness of stock management.

1.3 Purpose of the study

To analyze the effects of stock control on inventory in business like Tropical Supermarket Naguru

1.4 Objectives of the study

To find out reasons for stock imbalances, during stocktaking.

To determine ways of minimizing inventory costs.

To provide practical procedures that can enable business implement improvement on their stock management.

1.5 Research Questions

What are the reasons for stock imbalances during the stocktaking practice?

How can inventory costs be minimized?

What practical procedures can be implemented by business towards the improvement of stock management?

1.6 Scope of the study

The research focused on the effects of stocktaking/control on the inventory management basing on only the physical stock on hand and in books of records of Tropical Supermarket Naguru.

1.6.1 Time Scope

The research covered both historical and present experience of Tropical Supermarket that is specifically from 2012 to 2016.

1.6.2 Content Scope

The study focused on the effects of stock control on stock management

1.6.3 Geographical Scope

The research was conducted at Tropical Supermarket Naguru opposite Ntinda/Naguru Police barracks, two kilometers from Nakawa market, Nakawa Division, Kampala District.

1.7 Significance of the study

- a) The research will help the researcher towards the achievement of his academic carrier that is Bachelor of Science in Statistics.
- b) The study will help enlighten entrepreneurs to the importance of stocktaking control to the inventory management of the business.
- c) It will expose entrepreneurs and store managers to various and efficient systems of stocktaking/control.
- d) The research will provide information to other researchers who might be in need of related information to the research.
- e) It will help to improve efficiency of inventory management in Tropical Supermarket.

1.8 Limitations of the study

- i. Inadequate funds to carry out the research effectively.
- ii. The researcher faced limited time to conduct research, which resulted into over working in order to achieve the main aim of the study.
- iii. Another limitation involved research about other researchers' findings in the same light. This needed frequent visits to internet cafés and public plus institutional libraries.

1.9 Operational definitions

Stocktaking

This refers to the physical counting of stocks in hand and verifying that this count tallies with what is recorded in stocks ledger.

Stock

These are goods or merchandise kept on the premises of the warehouse and available for sale or distribution.

Stores ledger

It refers to the book, which contains information about dates; quantities received, issued, and balance on hand.

Periodic Stocktaking

This involves checking all stocks once per period, say once in a year.

Continuous Stocktaking

Here stock is checked on a rolling basis, so that over a period say a year, all stock items have been checked at least once.

Inventory management

Is the overseeing of and controlling of the ordering, storage and use of components that a company will use in the production of the items for sales or distribution?

Lead-time

A lead-time is the latency (delay) between the initiation and execution of a process. For example the lead between the placement of an order and delivery of a new car from a manufacturer may be anywhere from two weeks to six months. In industry, lead-time reduction is an important part of learning manufacturing.

Safety stock

Safety stock is a term used by logisticians to describe a level of extra stock that is maintained to mitigate risks of stock outs (short fall in raw materials or packaging) due to uncertainties in supply and demand.

Cycle stock

This refers to the portion of an inventory that the seller cycles through to satisfy regular sales order. A safety stock is intended to cover variations in demand, while the cycle stock inventory covers the majority of the purchases.

CHAPTER TWO

LITERATURE REVIEW

2.1 The effective ways of managing stock

Stocks of material can be extremely valuable, thus, it makes sense to exercise effective management both financial and physical (Gupta, 2012).

There are several ways of managing stock and one of the ways it can be done by; stocktaking, that is, physical counting of stock at hand and verifying that, this stock count tallies with what is recorded in the stores ledger (Peavler, 2012).

There are two basic approaches/methods used in stocktaking, that is, periodic stocktaking and continuous stocktaking namely.

Periodic Stocktaking

This involves checking all stocks once a year. This has advantages of providing a comprehensive 'snap shot' of stock at a particular point in time (Toppo, 2010).

Where large stocks are held, periodic stocktaking may involve considerable time, effort and possible disruption to operations. Associated cost may also be high, for example, over time working may be needed in order to minimize disruptions. In addition, if the period between stocks takes is too long. Problems may go uncorrected for longer and could even worsen consequently (Allan, 2002).

Periodic stocktaking is periodically performed according to the predefined frequency such as only at the end of counting period and once after every six months. Like in simultaneous stocktaking, in this case, all the inventory of items including the ones in the warehouses and processes are mostly checked (Approve, 2012).

Continuous Stocktaking

Continuous stocktaking involves stock checking on rolling basis, so that over a period, say a year, all stock items have to be checked at least once. This should markedly reduce the disruption that periodic stocktaking might cause, but for large stores, it could involve employing specialists, that is for example “stock audit clerks” (Allan, 2002).

ABC classification is a variant of continuous stocktaking, where by stocks are grouped according to their annual purchase cost. ‘Category A’ items have the highest annual purchase cost, ‘Category B has medium annual purchase cost, with ‘Category C, having the lowest annual costs.

The idea of the greatest control effort is concentrated on ‘Category A’ items, which might be physically verified several times over the course of the year. Less time and effort is devoted to stocks falling into categories B and C, which might be checked once. The main aim of stock control in business organizations is to ensure that costs associated with stock/inventory are minimized.

These costs include holdings, ordering and purchase costs, which make the sum of total costs. Holding costs incurred by Tropical Supermarket, are costs associated with the inventory in stores such as salary and wages paid to warehouse staff, lighting and heating costs, rent and rates and insurance costs. On the other hand, ordering costs includes costs of buying inventory from the suppliers, for example, transport costs, postage costs, inspection costs and insurance costs. Holding and ordering costs can be kept at minimum amounts or controlled if the techniques in place could enable the supermarket to overcome the problems of over stocking and under stocking of items, (Arinaitwe, 2006).

Firms for inventory control for effective stock management commonly use the following techniques;

- i. Two bin system
- i. ABC analysis/classification
- ii. Order cycling system
- iii. Determining of stock levels

- iv. Just in time method
- v. Material requirement planning (MRP)
- vi. Economic order quantity

Stocktaking involves verification of both the physically quantities and principles of collating those quantities, involves identification of stock items, ownership, and their physical condition, (Barry and Jamie, 2002).

The relationship between stocktaking/control and inventory management;

Stock control is essential in inventory management of any firm/ business that requires efficient and effective inventory management.

When deciding how much to hold, a business must balance the costs of holding the stock against the benefits, these include;

- i. The cost of warehousing and storage
- ii. The cost of insuring stock
- iii. The risk of pilferage and obsolescence, (Rob, 2008).

2.2 Reasons for stock imbalances during stocktaking

Imbalances in stock management refer to the differences between actual quantities of stock of material available in a store or a warehouse and the available quantities as per stock records.

The reasons for stock imbalances are as described below;

Actual quantity of an item of material received and issued from the store being different from the quantity recorded. This happens among the different departments of a company with the stores department, it can be as a result of recklessness of the store's controller or rigidity of the persons responsible on collecting material from the stores to different departments, at the end of the financial period the company's physical stock will not be equating the number of stock in the store's books of records. On issuing a requisition note from the store department to the purchase department, the stores department will have specified the amount of stock items, in case of receipt; the stores department has high possibility of recording the received amount of stock

items matching the amount they had on the requisition note but not actually the real received amount. In case the two figures happen to be different, there is a high possibility of having stock imbalances (Avery way, 1997-2011).

Materials being stocked at the wrong place and therefore not considered during physical stock verification can also result to stock imbalances during the stocktaking process. Since these (materials) are not in their real location, it is verified under wrong group or class of items, this will exaggerate the number of the physical stock in the class where the items are wrongly placed, and as a result, the number of the stock items in the actual class will be missing, which is a sign of stock imbalance in the stocktaking practice, (Abey, 2009).

Wrong material issued from the stock; this happens when the requisition note from a particular department is recommending issue of different materials and different materials are issued instead. In the books of the stores department, the reduction or issue will be tallied on the materials on the requisition note despite the fact that the materials issued are different. This may result into a positive change in the would be issued stock items and a decrease in the actually issued stock items, which is not realistic and correct, (Agrawala, 2009)

Receipt or issues of entries made in records under wrong item it is likely to happen when the company particularly the stores' department receives stock items or issues stock and make adjustments under wrong items. This possibly results to stock imbalances whereby by the time of carrying out the stocktaking practice, the two defaulted stock items physical stocks will not be matching with the amount in records.

Losses during storage for reasons such as evaporation and losses during handling; Losses during handling can involve breakage and safety. If the stock controller is not critical enough, they will not realize these in the first place, and the result is storing less amount of stock than the intended and actual. This will also result to imbalances during the stocktaking process.

Errors in ascertaining quantities physically available may also result to imbalances in stock items during stocktaking (Abey, 2009).

2.3 How inventory costs can be minimized

Cost in relation to stock is that expenditure which has been incurred in the normal course of business in bringing products or services to its present location and conditions. They should be included in the expenditure both cost of purchase and costs of conversion as are appropriate to that location and condition (Mike, Paterson and Wilson, 1999).

Cost of purchase comprises of; the purchase price including tax and duties, transport, handling and other costs directly attributable to acquisition of finished stock

While the cost of conversion comprises of; costs which are specifically attributable to units of production, for example; labor, direct expenses and sub contracted work, production overheads, and overheads, if any attributable in the particular circumstances of the business to bringing the product to its present location and condition. Despite the fact that the above cover inventory costs cannot be curbed off completely, they can be minimized, organizations can apply the methods below to minimize the costs (Ghosh, 2002).

Determine cycle stock; the cycle stock helps the business to meet regular sales orders; this helps the organization to understand the average inventory required and reduce safety stock. Reduce overall lead-time and lead time variability. This will help minimize costs associated with the above revealed factors (Ballore, 2008).

Understand total costs; this can be easily done by evaluating the holding cost and have a clear understanding of real potential savings with bulk purchases (Tomkinsinc, 2008).

As a result, the organization is able to know the appropriate amount of stock to be held without incurring unnecessary costs, which rise as a result of holding unnecessary more stock items.

Improved warehouse layout; Organizations are recommended to optimize warehouse layout and evaluate the potential of using narrow aisle handling equipment. For example with very narrow aisle pallet storage and vertical carousels for small items designed to hold as much product as possible in an area where space is very expensive and limited, this will help minimize on the high expenses required to hire space in ware houses (Sadler, 1999-2013).

Managing inventory is like a high-wire balance act. If you stock too few of the right items, you will end up with empty shelves or not enough raw materials to meet customer demand. On the flip side, if you stock too many of the wrong items, you'll end up with surplus of unwanted merchandise or excess raw materials that sit around taking up space either way, you lose precious revenue opportunity. And he puts up six ways to improve inventory management and reduce overall inventory costs as below;

- Use just-in time inventory management practices: as in manufacturing process, just in time, or JIM. Inventory management means having the right material, at the right time, in the right place and in the right amount needed to make a product. Unlike traditional inventory management, JET makes sure raw materials are ordered just when they are needed rather than weeks (or months) in advance, thus reducing in-process inventory and the associated carrying costs (Sadler, 1999-2013).
- Train the company employees well: any employee responsible for ordering anything that comes through the doors of the company, whether it's floor merchandise, raw materials, or just pens and paper towels should receive inventory management training, this will help to reduce case of over and under stocking inventory items with its accompanied costs (Sadler, 1999-2013).
- Use technology to the company's advantage: there is a wide selection of inventory management software on the market today. The right technology can more than pay for it's self by helping you streamline and improve inventory management and reduces costs. This can involve the use of accounting computerized packages like; Tally, QuickBooks, and pastel, these help to reduce common human mistakes and errors and minimize the costs associated with them (Sadler, 1999-2013).
- Measure inventory turns and set aggressive goals: in many industries, four turns of inventory per year have traditionally been the norm. However, with today's sophisticated inventory management software and techniques such as JIM, businesses can often achieve more frequent inventory turns. Find out what kinds of turns are standard in your industry and then

make it your goal to exceed them. When done right, increasing inventory turns can boost profits and cash flow without actually increasing sales with the associated costs (Sadler, 1999-2013).

- Reduce the company inventory items: it used to be that keeping thousand of stock-keeping units, or SKITs, on hand was considered a competitive advantage (think of the old-fashioned hardware store that had almost any bolt, screw, or tool you could possibly imagine in stock). However, nowadays overstocking is a sure ticket to unprofitability, instead determine which items are selling best, and keep enough of them in stock to meet customer demand and minimize your stock to everything else. (Sadler, 1999-2013).
- View inventory realistically: it helps to view inventory for what is really is: cash sitting on the company shelves in the warehouse or on the company is manufacturing floor. This makes it easier to decide what to do with the excess, whether it is continuing to hold on to it, sell it at a discount, or purge or recycle it. Cases of pilferage and surpluses with their associated costs will be minimized (Sadler, 1999-2013).

Reduce Acquisition Lead Time: For either manufactured product any reduction in lead time, whether supplier lead time, transportation time or receiving cycle time, provides a one-time, permanent reduction in cycle stock inventory proportional to the throughput level of the SkU and the degree of lead time reduction. In a similar manner, reducing lead time variability and increasing inbound unit-, SkU-, or order-fill rates both increase supply reliability and reduce safety stock inventory for a given customer service level (Topkins, 2013).

2.4 practical procedures that can enable businesses implement improvements on their stock management.

Ability to break down the operating inventory into the three major categories when reporting level-safety, replenishment and excess or obsolete stock;

This breakdown makes it easier to make sound decisions about appropriate level for each of these three areas.

It helps to determine minimum safety stock needed to provide an insurance policy against supply chain problems either from manufacturing glitches or distribution uncertainties so that customers get what they ordered.

It is useful for pinpointing the amount of inventory required to replenish deliveries what they ordered. It is useful for pinpointing the amount of inventory required to replenish deliveries two weeks, and this help companies find ways to avoid a backlog of excess or obsolete inventory.

Use of the most effective method to calculate safety stocks levels. This requires specification whether the company uses statistical formulas that incorporate the accuracy of sales forecasts, required production lead times, manufacturing schedule adherence and service-level data for each stock-keeping unit. Efficient operations use a standard statistical formula that looks at historical for individual products.

The company needs to recalculate safety stock levels on a regular basis to ensure they are up to date. Some companies, for example Pratap et al. cites an example of supply savvy operations, these update their calculations about every three to six months to ensure that decisions are based on the most accurate information.

Executives of the company should be involved in making decisions on key inventory related policy such as striking the right balance between customer service and cost effect product inventory levels. Many decisions about inventory levels are strategically important. So, instead of relying solely on the supply organization to decide, executives need to have a major say in the fundamental issues that impact inventory management everything from determining the right breadth and complexity of the products offering to optimal plant and distribution footprints.

A question about who determines the optimal frequency for producing or ordering products also helps in improvement of the inventory management. These can be either a cross-functional team or only production planning or sourcing managers. Several factors affect effective inventory planning. For example, marketing campaigns play a role alongside sourcing. Therefore, a cross-functional team should set production and ordering schedules. Production alone determines lot sizes. Usually based solely on minimizing production costs; by weighing all factors and using a

sales operation-planning process (S &OP), cross-functional teams often reduces the company's replenishment by 50% and ensures that the right products are available for big promotions.

When the frequency for ordering and inventory production is not determined solely by factories or the supply organizations, the organizations can ideally apply other factors; companies should consider calculations that minimize the overall costs such as inventory and changeover cost. They also should base frequently on negotiations between the different parties involved and factors in upcoming events promotions and uncertainties like bad weather.

There is need of regular calculations of order or production frequency part as a continuous improvement process on the organization has reduced inventories, they will have to put new processes in place to lower them even more over time. We use an analytical tool that highlights the biggest level for continuously reducing inventory. For example, instead of working to improve sales, forecast, accuracy from 75% to just 55%, establishing a team that focused on reducing lead times from suppliers who may have more impact (Pratap et'al, 2011).

CHAPTER THREE

METHODOLOGY

3.1 Research Design

The research was designed in such way, which enabled the researcher to meet the objectives of the study; the researcher thus used both the qualitative and quantitative research designs, which were descriptive and analytical in nature. The descriptive aspect of the research design was used in establishing the company performance in relation to management of stock and the analytical research was used to establish the relationship between stock control and stock management.

3.2 Study Population

Study population constituted the entire staff of Tropical Supermarket Naguru, comprising of the store's management and its entire staff. This was approximated to twenty members, they were considered because they were in charge of stock control/taking and inventory management.

The second group that was considered includes the top management staff in the business that is six members.

3.3 Sample Size

The researcher used a sample size of 20 respondents from the entire population of Tropical Supermarket.

3.4. Data Collection instruments

3.4.1 Questionnaire.

These contained both close ended and open ended. The researcher used the questionnaires because they helped in collecting a lot of data within a short period of time and involving a large number of respondents

3.4.2. Observations.

This was used to enable the researcher to obtain primary data which was observed easily and not required the use of questionnaires.

3.5 Data Analysis and Presentation

Data was coded and grouped into themes using conceptually ordered materials in order to conceptualize it. Data was then analyzed using percentages and presented using tables, graphs by relating dependent, and independent variables in order to get answers for the research questions fully to establish cause, effect, and relationship of the study. The data was screened, edited, and analyzed by the researcher.

3.6 Ethical consideration

The researcher obtained a letter of introduction from the department of economics and applied statistics. The researcher showed the letter to the respondents to grant him permission to conduct the research. This was in regard with the highest degree of anonymity and confidentiality to protect the respondents from any problem.

3.7 Research Procedure

With the help of an introductory letter from the department, the researcher was able to access the research before designing instruments. The researcher embarked on data collection process. The researcher made the required copies of questionnaires and selected research assistants to assist him in distribution, administration, and collection of data. After filling all the questionnaires, the researcher brought them back, and then organized the work by summarizing all responses and computed relevant statistics such as mode, median mean. After computation, the researcher prepared the final report for submission to the department.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OR RESULTS

4.0 Introduction

This chapter presents the facts, their analysis, and interpretation as realized from the research in form of tables, frequencies, and percentages.

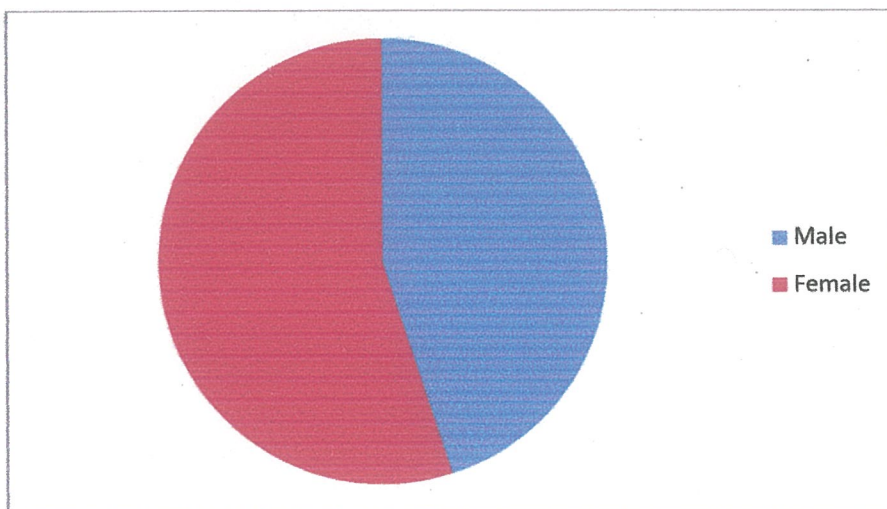
4.1 Sample Characteristics

Table I; Showing Gender of respondents

Gender	Frequency	Percentage (%)
Male	9	45
Female	11	55
Total	20	100

Source; primary data 2016

Figure 1; Showing Gender of respondents



Source; Primary data 2016

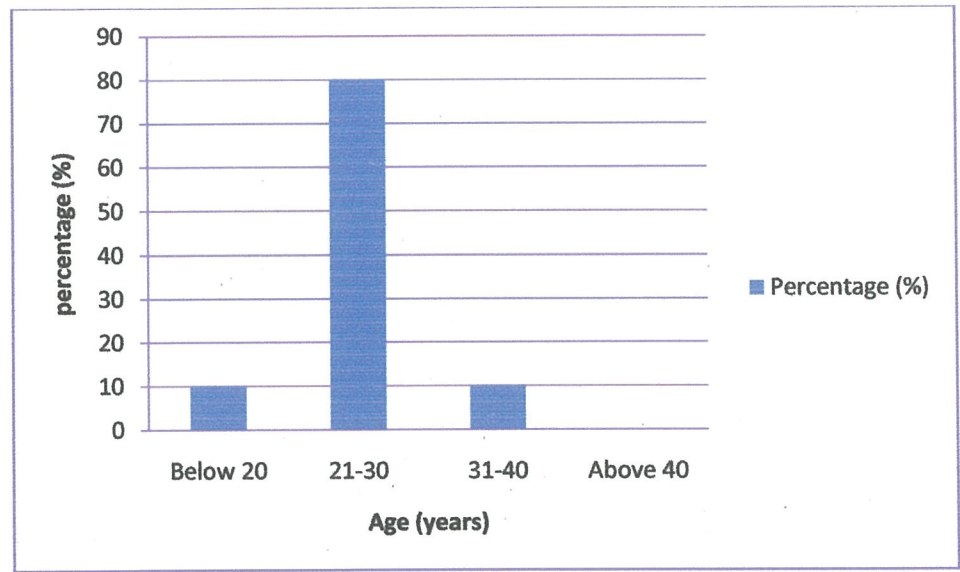
The findings in the table 1 above, about the gender of the respondents reveal that females at Tropical Supermarket outnumber the males, where by the females constitutes 55% of the total sample and the males 45%.

Table 2; Showing Age of respondents

Age (years)	Frequency	Percentage (%)
Below 20	2	10
21-30	16	80
31-40	2	10
Above 40	-	-
Total	20	100

Source; Primary data 2016

Figure 2: graph showing the Age of Respondents



Source; Primary data 2016

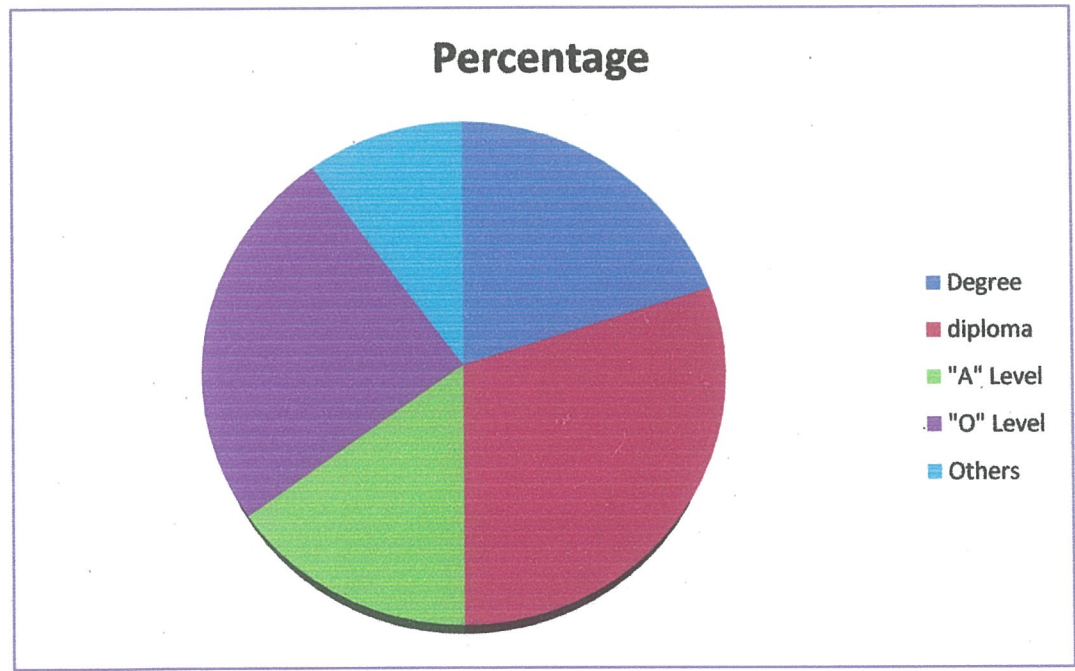
The findings in the table 2 above, about the age of the respondents reveal that the majority of the respondents are in the age bracket of 20-30, these constitutes 80% of the total sample size, where those below the age of 20 and 31-40 constitutes 10% each. This implies that majority of the respondents at the Supermarket are youth.

Table 3; Showing Academic level of respondents

Level	Frequency	Percentage (%)
Degree	4	20
Diploma	6	30
“A” level	3	15
“O” level	5	25
Others	2	10
Total	20	100

Source; Primary data 2016

Figure 3: Pie Chart Showing the Academic Level of Respondents



Source; primary data 2016

The findings in the table above, about the academic level of respondents reveal that the majority of the respondents are diploma holders, that is to say 30% while the degree 20%, “A” level 15 and “O” level school respondents are 25%. Others these included; primary level, certificate, and the qualifications above, these constitutes to 10% of the respondents.

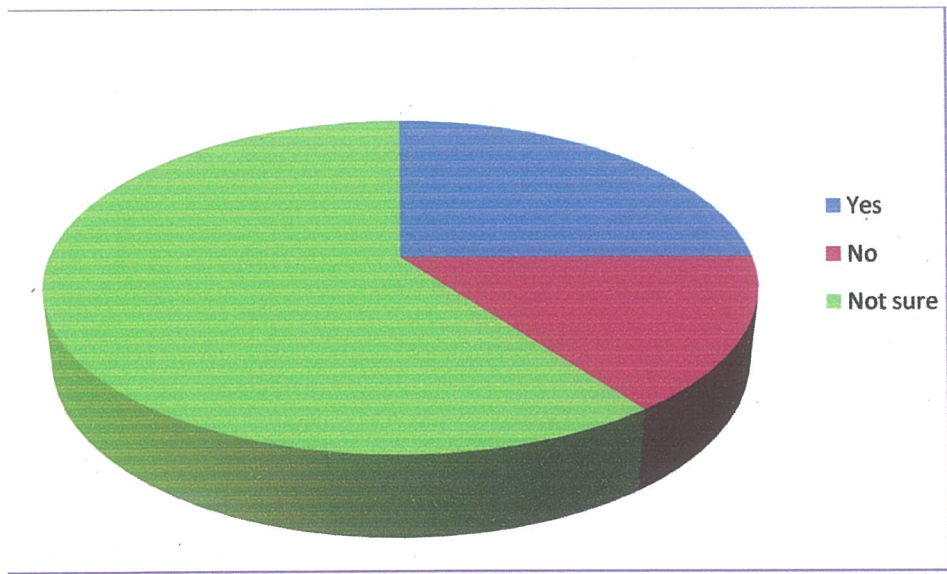
4.2 Findings on the reasons of stock imbalances during stocktaking

Table 4: showing Possibility of Tropical Supermarket practicing stock control

Possibility	Frequency	Percentages (%)
Yes	5	25
No	3	15
Not sure	12	60
Total	20	100

Source; Primary data 2016

Figure 4: A pie chart IV; Showing possibility of Tropical Supermarket practicing stock control



Source; Primary data 2016

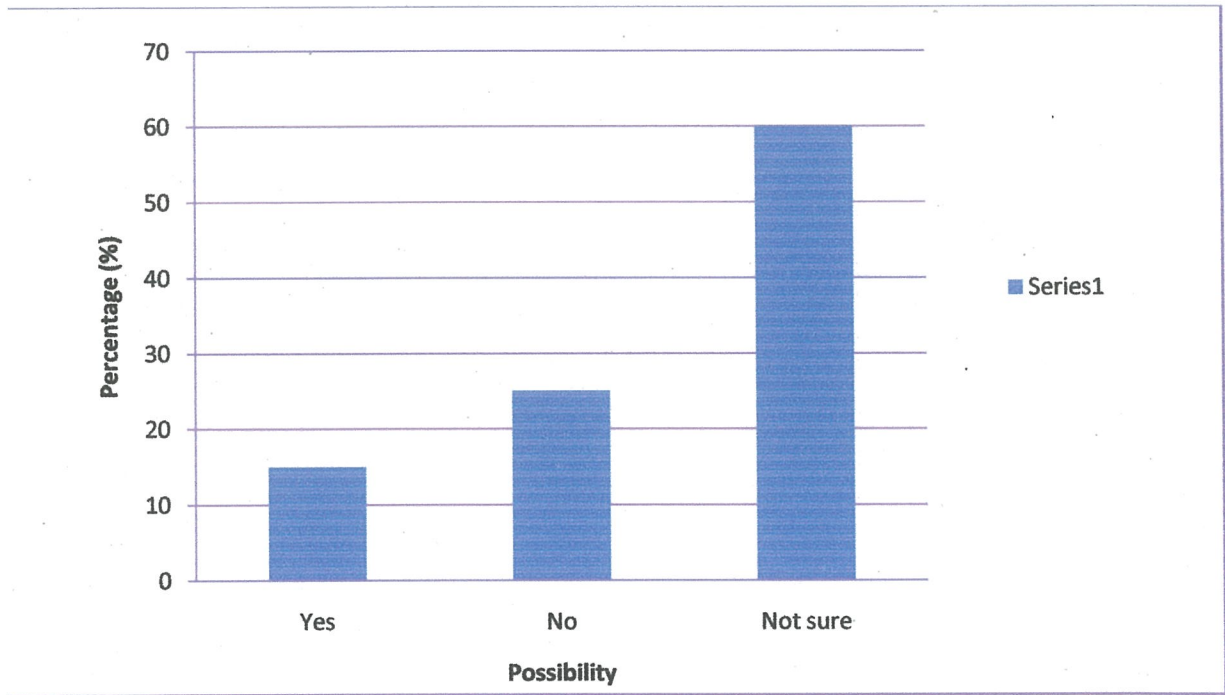
According to the table above, majority of the respondents, that is to say 60% revealed they are not sure whether the Supermarket practices stock controls or not, 25% showed that the Supermarket practices stock control and 15% revealed that the Supermarket does not practice stock control. This implies that majority of the employees at the Supermarket are ignorant about the stock control practice, this is among the reasons as to why the Supermarkets stock management is poor.

Table 5; showing whether stock control is relevant towards stock management of the supermarket

Possibility	Frequency	Percentage (%)
Yes	3	15
No	5	25
Not sure	12	60
Total	20	100

Source; Primary data

Figure 5: A graph showing the percentage of responses of whether stock control is relevant towards stock management of the supermarket



Source; Primary data 2016

Table 5 above shows that 15% of the respondents agree with the view that stock control is very relevant towards the management of stock at the supermarket, 25% disagree with the view that stock control is relevant towards the management of stock at the supermarket, and 60% of them are not sure of whether it is relevant or not. Despite the fact that some percentage agree that stock control is relevant in management at the supermarket, and others disagree, the bigger

percentage is not sure of it (60%), this negatively affects the management of stock at the Supermarket.

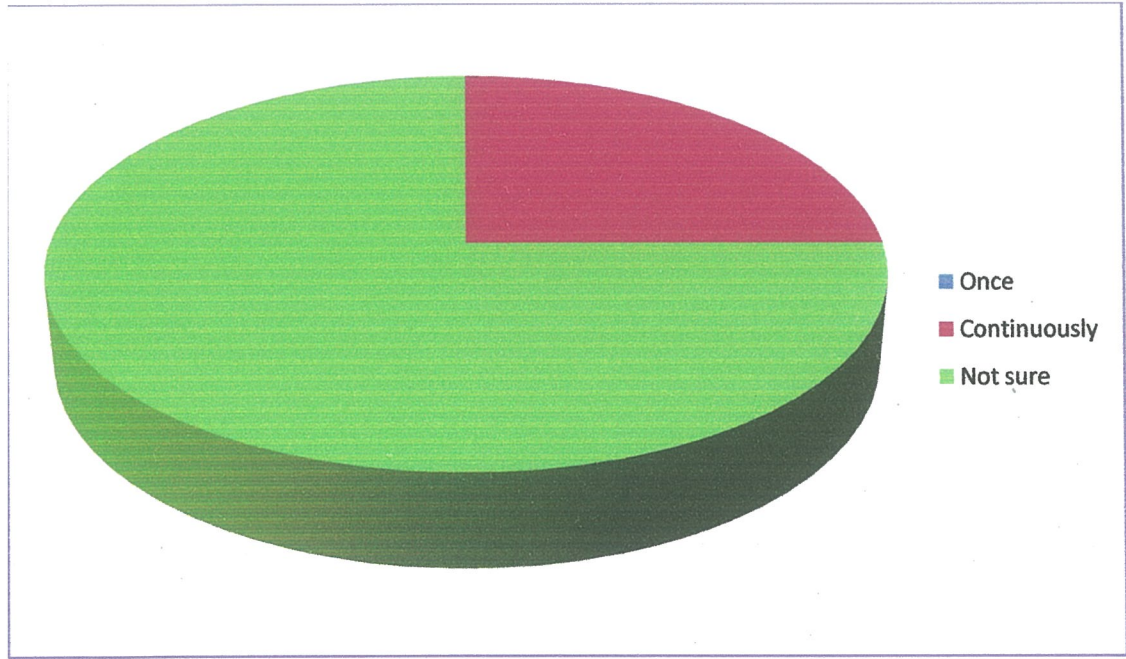
1.3 Findings on ways of minimizing inventory costs

Table 6; showing the times Tropical Supermarket carries out stocktaking in a year

Times	Frequency	Percentage (%)
once	-	-
Continuously	5	25
Not sure	15	75
Total	20	100

Source; primary data

Figure 6: Graph Showing the time Tropical Supermarket carries out stocktaking in a year



Source; Primary data 2016

According to the table 6 above, majority of the respondents, that is 75% are not sure whether the Supermarket carries out the stock control practice or not, and 25% revealed that the supermarket follows a continuous method of stocktaking. This has tried to improve on stock management of the Supermarket according to store’s manager.

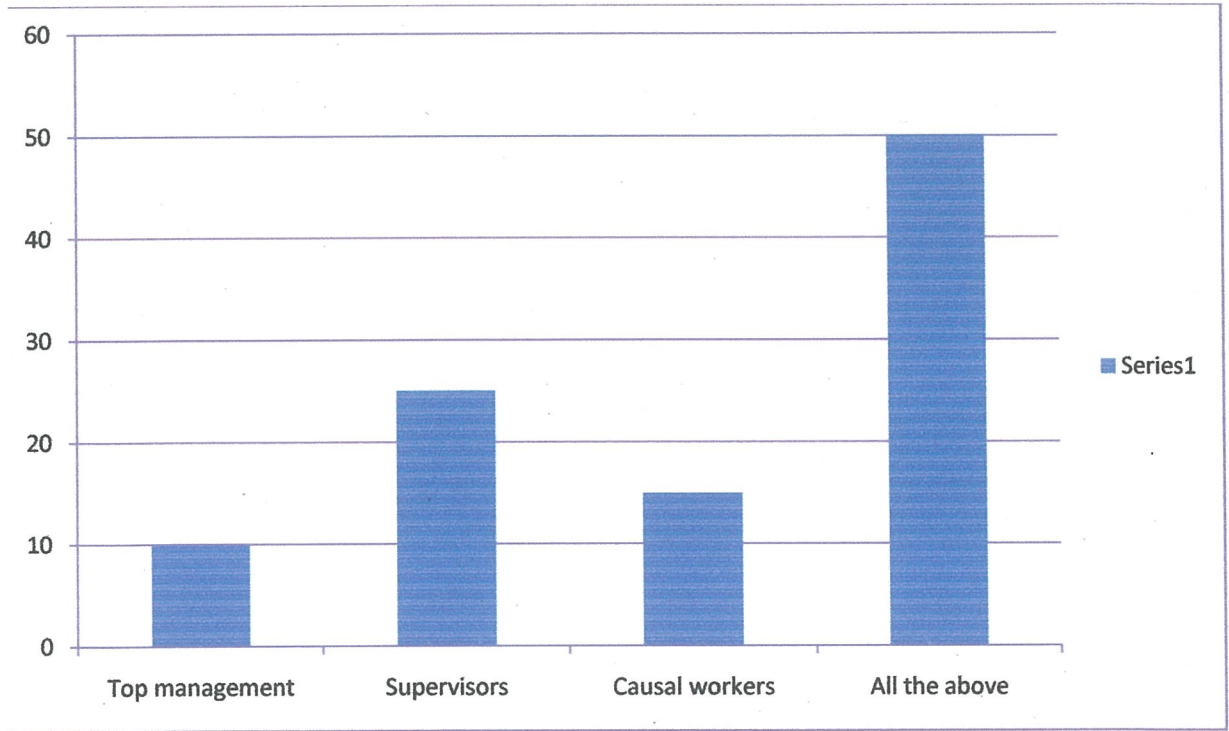
4 Findings on People who are responsible for the implementation of the possible solution that can be applied to minimize stock costs.

Table 7; showing who are responsible for the implementation of the possible solution that can be applied to minimize stock costs.

responsible persons	Frequency	Percentage (%)
Top management	2	10
Supervisors	5	25
casual workers	3	15
All the above	10	50
Total	20	100

Source; primary data

Figure 7: A Graph Showing who are responsible for the implementation of possible solutions that can be applied to minimize stock costs



Source; Primary data 2016

Table 7 above shows that majority of the respondents (50%), support that all members of the Supermarket should involve in the implementation of the solutions to be applied to minimize the stock costs incurred, this implies that as a result, employees are willing to work with management towards the improved management of stock.

CHAPTER FIVE

5.0 Introduction

This chapter presents the discussion of the findings, summary, conclusion and recommendation to the findings of the Effects of Stock control/Stocktaking on Stock Management of Topical Supermarket Naguru.

5.1 Discussion of Findings

The research findings revealed that, stock imbalances are not as a result of one factor but a combination of various and several factors. According to research, these include the following; Ignorance of employees about the stock control activity. This makes them uninvolved towards the business' stock management since they are not engaged into the stock control activities to overcome and reduce the stock imbalances during realized stocktaking. The poor stock control practices are another reason responsible for stock imbalances. This is out of the fact that the research responses showed that there are no real and constituent stock control methods used in the stock management at Tropical Supermarket.

According to research findings, there are more and different ways on how Tropical Supermarket can overcome the stock discrepancies realized during the stocktaking practice. There is a need to create awareness among the people about the need and ways of practicing stock control activities for the benefits of stock management at the Tropical Supermarket. Need for specialization in the stock acquisition activities of the Supermarket.

There are several costs incurred in the bid to improve on management of stock at the Supermarket, these are categorized under purchase costs and costs of conversion. According to the secondary findings of the research, these can be minimized by; Understanding total cost. Evaluations of the holding cost and have a clear understanding of real potential savings with bulk purchases, this would help understand and minimize on the total cost. In addition to understanding total costs, application of technology in the stock control practice can also help to minimize stock costs incurred; this can be done different in accounting computerized software like Tally and Pastel

The research findings intercept the need for engagement in management of stock for management and operational employees of Tropical Supermarket. This will help in making

efficient decision on management of stock because its operational employees who know about the daily utilization of stock items, thus it is likely easy for them to propose vital decision about stock management. The findings also reveal the need to utilize the existing stock control techniques like, EOQ and JIT among others. These are likely to improve on the management of stock.

5.2 Summary of findings

The research findings prove that stock control has a positively high relationship with the management of stock. This was observed to be a positive factor for the management who need to maximize profits in their Business. These are the findings out of reasons for stock imbalances during stocktaking in organizations; determining ways of minimizing inventory costs and providing practical procedures towards improvement on stock management. According to the procedures the researcher applied which involved use of questionnaires and question guide, the researcher discovered the following in respect to the objectives; Stock imbalances are as a result of various factors which includes; ignorance of employees about the need of stock control activities and poor stock control activities and poor stock control practices practiced in the organizations.

The findings reveal that, the process of minimizing inventory costs, and evaluation of holding cost have a clear understanding about the total cost of stock and use of technology to the company's advantage

5.2.1 Possible causes of stock discrepancies at Tropical Supermarket Naguru

Majority of the respondents (60%) at Tropical Supermarket expressed ignorance about the stock control practice; therefore, this relates to one of the causes of stock imbalances at the Supermarket. The researcher discovered that lack of consistency in who is responsible to make inventory orders from suppliers is another factor that has led to the stock imbalances as different personalities order varying the some stock items, as a result it has encouraged theft, and out of this stock discrepancies crop up.

Finding from research shows that the person responsible in making requisition notes for purchase of stock is the same person who leads the purchase s and signs receipts of items. This has made

the supermarket vulnerable to stock defraud at the Supermarket. The poor stock control practices are another reason of imbalances. This is out of the fact that majority (60%) of the respondents are not sure of the relevance of stock control on management of stock.

5.2.2 Ways on how Tropical Supermarket can overcome stock discrepancies

The researcher discovered the following views on how to overcome the stock discrepancies; there is need to create awareness on stock control practice among employees at the Supermarket to make majority of them aware and involved in the practice. There should be specific person assigned with the duty of making orders and purchases into the Supermarket, this will help to avoid confusions in the actual level of stock items, what is actually received, and recorded in the Supermarket's book of records.

There should be specialization on duties of requisition, purchase, and payment of stocks required in the Supermarket. This will ease accountability in case of any discrepancy and missing stock, and solution for this sought for benefit of improved stock management.

5.2.3 Possible Solutions that can be applied to minimize the above mentioned costs

Possible solutions towards minimization of the costs revealed were recommended from secondary source of data; Understand total costs. This can be easily done by evaluating the holding cost and have a clear understanding of real potential saving with bulk purchases, (Tomkinsinc, 2008).

As a result, the organization is able to know the appropriate amount of stock to be held without incurring unnecessary costs, which rise as a result of holding unnecessary more stock items. Use technology to the company's advantage: there is a wide selection of inventory management software on market today. The right technology can more than pay for its self by helping you streamline and improve inventory management and reduce costs, (Saddler, 1999-2003).

5.3 Conclusion

Generally, the research interprets stock imbalances as a result of various issues and these are highly affecting the management of stock in organizations, thus, there is a high need to implement ways to overcome these. According to the research, there are also many ways of minimizing the stock imbalances, these include among others; specialization in personalities

responsible for stock acquisitions in the organization and accountability in stock purchase activities.

5.3.1 How Tropical Supermarket can improve on stock management

The research presents suggestions about this and among others as follows;

There should be devotion towards the management of stock, by not only management of Supermarket, but also the employees so as they are aware about its importance towards growth of Supermarket and work for its achievement.

The Supermarket needs to utilize the techniques of stock control, stocktaking inclusive to improve on the management of their stock; there should also be strict internal control systems like inspections and security to overcome cases of pilferage, this will also help to improve on management of stock at the Supermarket.

To improve on management of stock in business organizations, there is need to;

Identify personalities responsible for execution of decisions made in relation to inventory costs and stock management especially; total devotion and engagement of entire staff of organizations, utilization of available stock control techniques and strict internal control systems applied. These will help minimize cases of pilferage, stock imbalances, and costs related to stock and make management of stock a success.

5.4 Recommendations

The researcher recommends to the management of Tropical Supermarket the following concerns:

They should create awareness about the need for stock control and its importance towards the management of the stock.

There is need to specialize duties of stock acquisitions among personalities to ease accountability

Utilization of stock control techniques to be required to minimize on the stock costs incurred.

5.5. Areas for further research

Further research need to be carried out on examining the effectiveness of stock control and financial performance.

Further studies on the improvement of the stores should be encouraged and the role of stock control on stock management.

The studies should also look at the role that the inventory control plays on the financial reporting of Tropical Supermarket.

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APPENDICES

APPENDIX 1: QUESTIONNAIRES

Dear respondents, I am Isiko Abudallah a student at Kampala International University pursuing a bachelor degree of science in statistics. As part of my academic career, am required to carry out a research for my excellence. I hereby humbly request you to fill these questions below. The information you will provide will be strictly confidential.

Please tick the most appropriate option according to your consent;

1. Gender

- a) Male ☐ b) Female ☐

2. Age

- a) Below 20 ☐ b) 21- 30 ☐
c) 31-40 ☐ d) Above 40 ☐

3. Academic level

- a) Secondary ☐ b) Diploma ☐
c) Degree ☐ d) Others ☐

Others,
Specify.....
...

4. Does Tropical Supermarket practice stock control?

- a) Yes ☐ b) No ☐
c) Not sure ☐

5. How many times does Tropical Supermarket carry out stocktaking in a year?

- a) Once ☐ b) Continuously ☐
c) Not sure ☐

6. Does stock control appear relevant towards stock management of Tropical Supermarket?

a) Yes ☐

b) No ☐

c) Not sure ☐

7. Who are responsible for the implementation of the possible solutions that can be applied to minimize stock costs?

a) Top management ☐

b) Causal workers ☐

c) Supervisors ☐

d) All the above ☐

APPENDIX II: QUESTION GUIDES

1. What are the possible causes of stock discrepancies at Tropical Supermarket Naguru?

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2. Suggest some ways on how Tropical Supermarket can overcome stock discrepancies.

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3. What challenges do you face as you try to minimize stock imbalances at the Supermarket?

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4. What costs do you incur as inventory controllers towards inventory management at Tropical Supermarket?

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5. What possible solutions can be applied to minimize the above-mentioned costs?

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6. How relevant is minimization of stock costs to the management of stock at the Supermarket?

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7. How can the management of Tropical Supermarket improve on their inventory management?

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8. What advice do you give to the management of Tropical Supermarket on about the management of their stock?

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Thanks a lot for your contribution