

**THE EFFECT OF INVENTORY CONTROL MANAGEMENT ON THE  
PERFORMANCE OF A BUSINESS FIRM.  
ORANGE IN UGANDA**

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**A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
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## DECLARATION

I NABAASA DEUS hereby declares that this dissertation is my own original work and has not been submitted to any other university or institution of higher learning for the award of a degree.

SIGNATURE:  .....

DATE: 06/05/13 .....

## APPROVAL

This dissertation has been approved for submission to the department of business and procurement of kampala international university by the university supervisor after having thoroughly read through its contents.

sign 

**MR. RUTEGANDA MICHAEL**

date:

  
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production, while using a minimum amount of facilities, equipment and materials. j.i.t. pertains to the timing of the flow of parts and materials through the system, and the timing of services. Companies that employ j.i.t. System enjoy a competitive advantage over companies that use a more traditional approach, that is, they have lower processing costs, fewer defectives, greater flexibility, and are able to bring new or improved products to the market easily. j.i.t. System is much simpler, involving only minimal shop flow controls as it relies on visual or audible signals to trigger production and deliveries. In this system, quality is ingrained in both the product and the process enabling companies to function with small batch sizes and tight schedules.

The ability to smooth production implies very low set-up and order cost as variable rather than as the fixed ones implied by the economic order quantity (eoq) equals. By continuously seeking ways to reduce set up times, the japanese have managed impressive gains. Set-ups, which usually require three-four hours, have been reduced to less than 15 minutes in same jit facility. J.I.T insist on compliance to quality standard, purchaser reject marginally unacceptable items and visits supplier place to check on quality. It control quality is held by the small lot size that prevents build up of large lots of bad items. It bond to have large production capacity so that plant are not stressed to produce the required items, (lenders' 1993). The absolute goal of j.i.t. is to achieve a smooth, rapid flow of materials through the system; This is to make process time as short as possible. This can only be achieved by: minimum inventory, eliminating waste, reducing set-up and lead-time, making the system flexible, and eliminating disruptions.

It can be used to classify stock group and lucy t. (1988) refers the a b c system as the 80/20 rule because, typically, 80% of operations inventory value is accounted for by only 20% of all stocked item types. it paints the way to where control efforts are best detected. Judgment is needed on critical inventory items or security matters that pareto analysis in itself does not reveal. it is used to rank inventory items into a b or c class according to the value of their usage hence this allows inventory control manager to concentrate their efforts on controlling the more significant item of stock. The recognition of this disproportion enable differentiated approach to be taken to categories of stock, with appropriate approaches to control being taken according to the usage value on each item.

abc analysis, which is simply the refinement of the idea of there being categories of stock into a series of three categories widely, employed; it will be appreciated that under the re-order level system of provisioning, commodities are ordered at unspecified intervals from day to



day as and when ordering levels are reached. this means that orders can only be placed usually for one item at a time and this may not produce the best purchase price. Very often, it is possible to obtain discount or more favorable prices for large quantity purchases and the normal re-order level system of control does not lend itself to this practice. where a range of similar commodities can be ordered at one time, the value of individual orders will be much greater and the possibility of lower prices more likely.

For example this would be the case if an order were placed for a large range of spare parts covering three months requirements instead of placing single orders for individual spare parts day to day. to take advantage of this situation, periodic review or cyclical provisioning may be introduced. in general terms this involves examining either the physical stocks recorded for a particular class of commodity at regular intervals and taking simultaneous action for all items requiring replenishment. This may be one at intervals of one month, three months or a year or whatever other interval is found satisfactory in practice. where this method is employed, if there are unexpected variations in consumption or if deliveries are seriously delayed, there may be danger of a stock out. On the other hand if consumption unexpectedly declines or if deliveries are too far advanced, the amount of stock can become excessive. For these reasons, periodic review system is usually supplemented by using maximum and minimum stock levels as an additional safeguard.

This tries to answer how much and when question of inventory as it concentrate on normal inventory whereby inventory corresponds to the normal consumption rate of the material. processing a material as and when required requires the incorporation of other costs economies, space cost, inventory keeping needs space and therefore, the 'how much' and 'when' questions of inventory keeping are related to the space requirements e.g. rent cost for space. space required depend with amount of stock is there or have been ordered. If the space can't fit then there is need to hire store which has to take apportion of your money, material handling costs.

The inventory needs to be moved within the warehouse and factory, and costs associated with internal movement of the inventory are included in this category. The costs include the cost purchasing handling materials, which are suitable for given materials e.g. Fragile materials. obsolescence, spoilage or deterioration cost. If inventory is procured in a large quantity there is always a risk that the item may become obsolete due to a change in product design, or they might get spoilt because of the natural ageing process. Such costs have a relation to basic questions of how much and when. an item is obsolete when it is no longer usable by business

concern, because of change in operation practice or production method. Insurance cost there is always a risk of fire, theft, or pilferage of materials.

These costs should therefore be estimated or a firm might have taken insurance against such mishaps and the premiums paid are relevant cost for our decision. Items usually of high value, which are held in case of some breakdown which can only be remedied by calling these materials rapidly into use. Cost of general administration. Inventory keeping will include the use of various staff. With large inventories the cost of general administration might go up. inventory procurement procedure; whenever an order for procurement is to be placed to an external agency supplying the material, there is a cost associated with activities such as tendering, evaluation, or during follow-up of purchase order, receipt and inspection of materials e.t.c.

every time a purchase order is placed these cost are incurred as against general administration costs, which are incurred for the entire material procurement activity. ordering cost; when an item is ordered, automatically, various costs are incurred. The cost related to the cost of advertisement tendering, stationeries, and salaries of personnel involved in placement of orders as well as other invisible cost in finalization of an order. The cost varies from company to company. According to lyson (2002) inventory incurs cost, ties up working capital; consumer's space and must be managed in and out. Stock can deteriorate or get stolen, most operations, capacity planning and scheduling depend on inventory; holding cost; It is expressed, as percentage of stock value may be 10-40% per annum.

cost of capital tied up in inventory, storage cost, space, equipment, warehouse and store staff, service etc. Often 5 –10% of stock value per annum, stock wastage, theft, accident, damage stock exceeding its shelf life, and stock obsolescence. shortage cost; these result When demand exceeds the supply of inventory on hand. This cost can include the opportunity cost of not making a sale, loss of customer goodwill, late charges and similar costs, if shortage occurs in an item carried for internal use the cost of lost production or downtime is considered shortage cost. Acquisition cost; it is the sum of the cost of ordering and cost of storage. To keep stock as low as possible, frequent orders for small quantity must be placed; this means that, although storage cost will be low, ordering costs will be high.

#### **1.1.1 Profile Of orange in uganda**

Orange is the key brand of france telecom, one of the world leading telecommunications operators. With 131.8 million customers, the orange brand now covers internet, television and

mobile services in the majority of countries where the group operates. At the end of 2009 france telecom had consolidated sales of 50.9 billion euros, including its activity in the united kindom, and at 31 december 2009, the group had a customer base of almost 193 customers in 32 countries. These include 136.6 million mobile customers and 13.5 million broadband internet (adsl) customers worldwide. Orange is the number three mobile operator and the number two provider of broadband internet services in europe and under the brand orange bussiness services, is one of the world leaders in providing telecommunication services to multinational companies.

The group's strategy, which is characterized by a strong focus on innovation, convergence and effective cost management, aims to establish orange as an intergrated operator and benchmark for new telecommuication services in europe. Today the group remains focused on its core activities as a network operator, while working to develop its position in new growth activities. To meet customer expectations, the group strives to provide products and service that are simple and user-friendly, while maintaining a sustainable and responsible business model that can be adapted to the requirements of a fast-paced and changing eco-system.

## **1.2 Statement Of The Problem**

Inventory control is essential in an organization for production activities, maintenance of plant and machinery and for other operational requirements. The normal tendency is to have more inventories so that most of the items are available when needed. This results in blocking of money, which otherwise could have been used more productively. The management becomes very concerned if the inventory stocks are high. Inventory is a part of assets in a company's balance sheet and therefore is under close management scrutiny. The management is very critical about shortage of items required for production. Any increase in the down time of the machines due to shortage of materials leads to production loss, lowers the companies productivity and image. This is why the researcher sought to investigate the effect of inventory control management in the performance of a business firm. Therefore this study attempted to address the gaps that have been left by past scholars.

### **1.3 Objectives Of Studies**

#### **1.3.1 General Objectives**

The main aim of this study was to analyze the effect of inventory control management in the performance of a business firm.

#### **1.3.2 Specific Objectives**

The specific objectives of the study was;

- i. To determine the effect of information communication technology in the business performance.

To establish the effect of material handling in the business performance.

- ii. To determine the effect of personnel competency in the business performance.
- iii. To establish the effect of training in the business performance.

### **1.4 Research Questions**

This study was guided by the following research questions;

- i. How does information communication technology affect business performance?
- ii. How does material handling affect business performance?
- iii. How does personnel competency affect business performance?
- iv. To what extent does training affect business performance?

### **1.5 Significance Of The Study**

This study was of great importance to the academic world in that they were able to conduct research with minimum limitations. The study was also to benefit the students of the Kampala International University as they fine tune their research skills. Other researchers were to use the finding, helping them in doing their research study in related field or those who are willing to advance on my findings.

## **1.6 Limitations Of The Study**

### **1.6.1 Confidentially**

This study was limited by access to the premises of the company and respondents; however the researcher overcame this by an assurance of confidentiality, to induce their participation.

### **1.6.2 Lack Of Co-Operation**

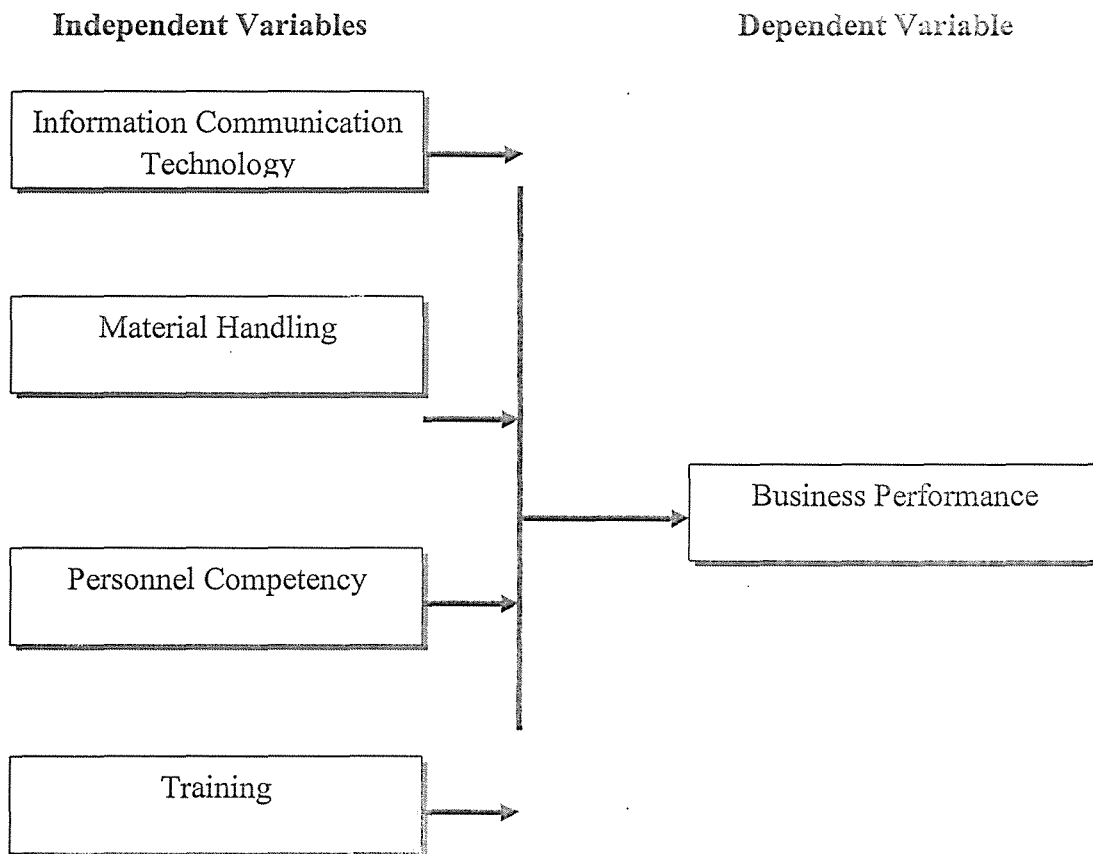
Difficulty in finding and compiling adequate data may hinder the researcher to conduct a comprehensive research hence researcher used a case study. Some staff was not willing to share critical information that is considered private. The rigidity of organizational policies influenced respondents within the organization not to freely share information especially the negative information about the organization.

## **1.7.Scope Of The Study**

This study was confined to orange kenya ltd nairobi region. The study focused on the effect of inventory control management in the performance of a business firm. The study targeted a population of 40 employees who were involved in the organisation thus top management, middle management and supportive staff.

## 1.8 Conceptual Framework

**Figure 1.1 Conceptual Framework**



**Source Author (2011)**

### 1.8.1 Information Communication Technology

Information communication technology (ict) facilities have boosted communication systems between the members of the organization and their customers as well as increased business performance of the companys' activities, purchasing of commodities and services by use of modern improved systems and how it has affected cost of holding stock, lead times and inventory in the organizations stores.

### **1.8.2 Material Handling**

The researcher will investigate what handling equipments are used for the movement of the materials in and out of the stores. the loading and off loading base to facilitate the easier movement without causing delays.

### **1.8.3 Personnel Competency**

For a company to perform to its expected goals it has to have skilled personnel who are fit to the task. to manage the inventory there has to be coordination from ordering upto dispatch of finished products.

### **1.8.4 Training**

Although expensive training given to employees has the most benefit to any organization performance, It becomes the core basis to competence at work, quick adaptation to changes, openness and transparency of activities and saves time and resources. With trained personnel the function of recognition will be up to date as the employees will have good understanding of what is expected of them.

## **Chapter Two**

### **Literature Review.**

#### **2.1 Introduction**

This section reviews studies related to the current study. This chapter comprises the review of past studies, critical review and the summary. Literature review involves the procedure, which will identify, evaluate and compile all the relevant information from variety of publications in order to develop and enrich the current study.

#### **2.2 Review Of The Past Studies**

##### **2.2.1 Information Communication Technology**

In his study saleemi (1997) emphasis that computerization and use of electronic means as a platform conduct organizations transactions. In the study he states that ict alters the skills requirement for individuals. It changes jobs and the way things are done in organizations. In addition there are some evidence that computerization in its broadest sense has a significant effect on the structure of an organization. It may cause manual jobs to be obsolescence. It reduces tasks requiring manual skills and strengths when applied appropriately will increase productivity, handle repetitions of work, reduce administrative costs, improve quality of work and enhance consistency. Computerization and use of technology requires more problem solving skills and the ability to interpret data. This is likely to lead to a widening gap between skilled and unskilled personnel.

Information communication technology (ict) is generally an expression covering computers, telecommunications and electronics and there is no doubt that ict has brought tremendous change in tasks execution in both private and public sector. According to saleemi (1997) introduction of computers into the business is an element that should be considered with great concern because it involves capital expenditure and such should be done if it's really necessary and cost effective. In their study robert and mary (2004) "management information systems" computerization has an impact on efficiency, effectiveness and transformation.

They typically run faster and require fewer personnel and other business sources than manual systems. Organizations that have ict in place have overcome many hurdles in their job executions. Emerging technologies are creating strategic opportunities for progressive



organizations to build competitive advantage in various functional areas of management. In building competitiveness, cost reduction and customer satisfaction are the two polemic objectives today's organizations have to achieve. Emerging technologies are helping them to achieve these goals. However, the degree of success depends on the selection of right technology for the application, availability of proper organizational infrastructure, and culture and management philosophy and policies.

In logistics, information, communication and automation technologies have substantially increased the speed of identification, data gathering, processing analysis, and transmission, with a high level of accuracy and reliability. Automatic identification technologies such as bar coding, radio frequency identification, and voice interactive system have increased productivity, effectiveness, and efficiency in logistics operations. Electronic data interchange (edi) has totally eliminated paper work and facilitated real time transmission of business documents, resulting in tremendous reduction in transaction cost, performance cycle, delivery time, and payment realization. Tracking of goods during transit has become easier with vsat, the geographical positioning system, and highway automation systems. The installation of these systems by logistics service providers has enhanced the reliability factor in their service offerings. By knowing the whereabouts of goods, the consignee can immediately switch over to other options, depending on the expected delivery times of the inbound consignment rather than groping in the dark. (Sunil 2004)

automation technology in material handling enhances the productivity level of the warehousing system and creates an opportunity for economies of scale. For a strategic decision on automated warehouse, the use of warehouse simulation models to test different material movement scenarios is quite common in developed countries. Simulation models assist in diagnosing the points of material holdups in the automated material flow system and its sub-systems, and help in configuring the equipment to remove these problems. Information technology is playing a vital role in bringing out new Tools To Help Enterprises

### **2.2.2 Material Handling**

According to jessop and morrison (1984) material handling has been defined in many ways, but the activities are rather neatly summarized by the british standards institution as: techniques employed to move, transport, store or distribute materials with or without the aid of mechanical appliances. Management strategy is concerned with coordination of the movement and storage of materials and supplies from the acquisition to the distribution of

finished products. It pays particular attention to the form in which they are handled and the quantities in which they are moved.

It also stresses the need for communication and teamwork between a company's different departments and the line and staff managers who run them, this means that the management of material handling activities draws upon a whole range of specialists disciplines and responsibilities including mechanical, electrical, hydraulic means and electronic devices as also management and work study, at any rate, it is agreed that mh is an activity concerned with systems and management of the materials through the production/distribution cycle and that the way in which mh responsibilities are shared between line and staff managers is one of the major problems of the industry. However, this depends upon the company's strategy. (david 2008)

According to vinod (2004) classification of material handling system is based on the degree of its sophistication, the most preferred way of material handling is manual, where volumes handled are less and the investments in handling equipment does not ensure more benefits. In such cases the idle time of the equipment will be more and the equipment is under utilized, handling system can be classified as follows: manual, mechanized, semi automatic, automatic and information guided the major criteria for selection of the right systems are unit moved per hour and the distance it is moved. higher volumes over a large distances call for more sophisticated systems which attract higher investments. sophisticated systems enhance the speed of materials handling ensuring the liability and productivity.

Basic material handling principles while material handling practices vary from industry to industry, the basic principle remains the same, and they are as under: least handling is best handling-it is best to keep the handling cost to the minimum, because handling does not add to value to the product or material, standardization of equipment- material handling equipment should be selected in such a manner as to afford flexibility and be capable of performing multiple operations, but standardized, this will result in reduction of cost operations, maintenance and repair and also cost of storage, specialized equipment kept to a minimum-it may be desirable to have specialized equipment, but the first cost, cost of operation, maintenance and repair are generally more than those of standardized equipment. present worth and life span should be evaluated; volume dictates the method-volumetric consideration determines the method of handling, regardless of size, shape and value, therefore the most important criteria is the volume. (vinod 2004).

Planning ahead-simultaneously with other planning activities, selection and procurement of material handling equipment should be conducted in advance to take care of all aspects of handling and storage, particularly of standardized equipment and combining methods, length and number of moves-movement must be studied in detail to reduce 'back tracking' of materials. The extent of movement must be studied so as to afford better utilization of men and equipment. Equipment capacity-the capacity of rates should be carefully examined and never exceed, as overloading causes undue wear, entails excessive maintenance and repair cost. It also creates potential hazards, violating the safety first principle in material handling. (saleemi 1997).

Analysis of operations to determine the combination for handling activities, all operations must be analyzed. This will result in simplification and possibly, reduction in handling and cost. Payload-the selection of equipment must be made after careful consideration of the cost of moving, and economics can be measured by the studying the cost of operation involved in handling each move. The physical state of materials is a determining factor in the selection process. Straight flow line-the shortest distant between two given points is the straight line. This line provides guidance for the path to follow. Standardization of methods-the line, the method of picking, carrying and settling down of materials varies. This does not call for analysis like micro motion analysis but calls for forming a basis for mh in the minimum length available with available equipment. When the method is standardized the time could be fixed and wastage in time, labour and equipment could be eliminated. (bailay 1984).

Short irregular moves-some mh operations are not repetitive in nature. In such cases, deployment of equipment may be costlier than the manpower. If the load capacity does not exceed the manpower, it is economical to use manual labour for short irregular moves. Repositioning of materials wherever practical materials via containers after determination of unit loads should be moved on a horizontal plane. When loading and unloading, excessive work can be reduced if the work layout is planned. Loading and unloading-since a major portion of mh activity lies in loading and unloading, this function must be given a great deal of attention. Wherever economical, loading and unloading should be done by mechanical devices such as, industrial trucks, cranes, conveyors etc. When this principle is followed, not only is the possibility of loss and damage is reduced, but accidents hazards are also reduced and safety and protection are increased a large number of pickups and delivery will increase loading and unloading requirements affecting manpower and equipment. Therefore, several

pickup points should be combined to one pick up point, further by segregating materials at source or destination will eliminate double handling of materials. (david 2004)

### 2.2.3 Personnel Competency

In much of the literature relating to purchasing, the measure in performance primarily relate to operational activities. Yet effective purchasing must involve activities, objectives and measurements relating to both tactical and strategic issues. As herb simon argued, we should ask “are we doing the right things? before we ask” are we doing them right? the staff in the purchasing management function must know the strategic, tactical and operational aspects.

According to jessop (2005) the effectiveness of purchasing professionals in meeting the criteria involved will, in part be a function of the effectiveness of the approaches used to measure their performance in each of the fields of activity. From focus group research, the various knowledge and skills demanded of today’s supply chain professional. The knowledge and skills that purchasing and supply chain professionals require are different from what they were just a few years ago. Effective supply chain management requires close collaboration and coordination with engineering, procurement, logistics, suppliers, customers and marketing to coordinate activities and materials flow across the supply chain.

Cost management skills are becoming increasingly important. With an inability to raise prices to customers, cost management becomes important to long-term success. Purchasing specialist at a major us chemical company, for example, evaluate major supply decisions using total costs models with data provided by suppliers and other sources. Another company requires its team to identify upstream costs drivers beyond their immediate suppliers, which the teams then target for improvement. Cost management has become an intergraded part of purchasing and supply chain management. (sunil 2004)

Gaining access to the right skills will require a sound human resource strategy that includes internal development of high potential individuals, recruiting talent from other functional groups or companies, and hiring promising college graduates. All these satisfy one primary objective: ensuring that all qualified participants are available to support scm. According to burt and dobbler (1984) responsibilities to the profession enhance proficiency and stature of the supply management profession by acquiring and maintaining current technical knowledge and highest standards of ethical behaviors. Supply management professional have an obligation to master the basic skills of the profession, as well as keep abreast of current development in the field.

It is equally imperative that scm professionals reflect those same standards through their combined actions in professional groups or association. Since the activities of group are highly visible, attention needs to center on action taken as a group. Each member of a group should consider it an obligation to support only those activities that accord ethical standards of the profession. (michael 2000)

#### **2.2.4 Training**

It is defined as the systematic modification of behavior through learning. This occurs as a result of education, instruction and planned experience. Training is task oriented as it focuses on a specific area of work. The training standards are derived from the job. Training is provided when there is a skill gap between expected and actual standards of work performance (armstrong 2000).

According to manpower services commission kotler (1981), training is a planned process to modify attitude, knowledge or skill behavior through learning experience. It aims at achieving effective performance in an activity or range of activities. Its purpose in work situation is to develop the ability of the individual and to satisfy the current and future manpower needs of the organization. It must have a purpose. It can be well defined if the learning needs of the organization and the groups and individuals have been systematically identified and analyzed.

Armstrong (2000) says that job analysis for training purpose means examining in detail the content of jobs, the performance standard required in terms of quality and output, the knowledge, skills and competence needed to perform the job completely and thus meet the performance standards. This involves analyzing what the individual needs to know. It may be technical or commercial knowledge or may be about commercial, economic or market environment, procedures to be followed or customers, colleagues and subordinates he/she is in contact with and factors that affect their behavior. It may also refer to the problem that occur and how they should be dealt with.

Gordon (2004) states that transparency is an internal part of good governance in distribution function. For successful managing of organization resources, distribution planning should be considered as a strategic professional rather than an administrative function. He continued to say that distribution managers are equipped with adequate knowledge and skills for improving planning and decision making. He explained that most of the developed countries have adopted a more decentralized approach. Efforts have been put into providing

distribution managers with adequate skills, experience and qualification and risk management and minimizing the potential of corruption.

Clara (2004) states that adequate training and availability of better management information and some forward thinking leads to reduction of all types of risks and quick customer order processing. She concluded her research by saying that distribution planning in organizations continues to improve and become more responsive to changing circumstances.

This can be achieved through leadership skills by provision of high standards training focusing on outcome rather than processes. As a result training provides individuals with personal growth by providing knowledge, awareness and skills. This makes them work confidently and be focused and decisions made by them will be of high value. On the job, training involves induction of newly hired employees in organizations. It trains them in areas that are related to their jobs. It helps to familiarize them with operations that they will be entitled to in the organization. In job training, there is verbal instruction, demonstration on how they are entitled to do it. Its main advantage is that it is learnt within a short period of time. (porter 2004)

Off the job training is done in form of instruction, conferences and even seminars. It enables employees to be effective in their work and more so, will have confidence in what they are entitled to. Vestibule training tends to duplicate on job training. This kind of training takes place in classrooms with help of equipments and machines. The training will involve activities which are identical to those at work. This will enable them to cope with work in organizations since the person is already familiar with the work. (farmer 1984)

## **2.3 Critical Review**

In evaluation of previous studies on issues of inventory control management in the supply chain helps in performance in improvement, the researcher noted that some factors noted in by previous writers are similar to those he found, for example poor management of inventory systems in the supply chain. Incomplete evidence of the full receipt of goods and services paid for, embezzlement of funds under the pretext of low value items, poor filing of procurement and related expenditure documentation, excessive delays in the procurement process, inappropriate use of arbitrary compliance criteria to eliminate bidders, as well as the existence of poor linkages between procurement and other areas of finance management.

Researchers need to be a second channel of communication in the business world to enhance continuous improvement and delivery of results. Researcher's efforts can complement the individualistic approach of extension of services by identifying patterns across business, parastatals and industries. This study will therefore, attempt to address these gaps.

## **2.4 Summary**

An issue raised in the literature review extensively provides sufficient background to carry out this study. Hence we can say that good inventory management is often the mark of well-run organization. Inventory level must be planned carefully in order to balance the cost of holding inventory and the cost of providing reasonable levels of customer service. Successful inventory management require a system to keep track of inventory transaction, accurate information about demand and lead times, realistic customer of certain inventory related cost and priority system of classifying the item in inventory and allocating control effort. The importance of a clear vision, backed by definite plans, cannot be gainsaid in any turnaround situation.

This is because it gives you a tremendous feeling of confidence and personal power with regard to change at the personal level, professionals looking for a fundamental shift in their organizations' capabilities do not need to improve themselves they need to reinvent themselves. Collaboration programmers' must aim to reduce work in process and achieve a near-optimum level of finished goods inventory for several product lines. It should facilitate the reduction of production times and improve delivery performance with no increase in components. Competition is occurring in the market space not market place.

All players must dance to the same drumbeat through shared information. There must be a linkage in the key processes of planning, scheduling, sourcing, design, new product introduction, content, order management, and procurement. Resilience on the other hand, requires that the supply chain is robust enough to face the many adversities of a chain. The future is for time-based competition. It is probably reasonable to assume that this country will grow robustly if supply chain management is given its rightful place in national policy formulation.

## Chapter Three

### Research Design And Methodology

#### 3.1 Introduction

This chapter deals with the research design, target population, sample, and design, data collection, method, data analysis and the results that were expected.

#### 3.2 Research Design

The study adopted a descriptive research design where the respondents were expected to give a description of effect of inventory control in the performance of a business firm. This research design involved describing of the characteristic of a particular phenominal by seeking an answer to question like what, when and how, and therefore the research considered it to be the most appropriate to determine the effect of inventory control in the performance of a business firm. (zikmund 2000).

#### 3.3 Target Population

Target population as defined by borg and crall (1959) is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of the study is as follows:

**Table 3.1 Target Population**

Category	Population	Percentage
Top Management	5	6
Middle Management	15	19
Supportive Staff	60	75
<b>Total</b>	<b>80</b>	<b>100</b>

**Source: Author (2012)**

#### 3.4 Sample Design

According to (kuul 1984) sampling is the process by which a relatively small number of individual, object or event is selected and analyzed in order to find out something about the entire population from which it was selected. A sample is a small proportion of targeted population selected using some systematic form.

Due to the nature of the study, the researcher used stratified random sampling technique because it enabled generalization of a larger population with a margin of error that is statistically determinable and also gave the employees equal opportunity to participate



(mugenda and mugenda, 1999). Therefore the researcher considered a sample of 60 employees. The sample size was as follows:

**Table 3.2 Sample Size**

Category	Target Population	Sample Size	Percentage
Top Management	5	2	5
Middle Management	15	8	20
Supportive Staff	60	30	75
Total	80	40	100

Source: Author (2011)

### **3.5 Data Collection Methods**

Questionnaires were used in the study. Questionnaires were hand-delivered and collected after a few days. The questionnaire had both open and close ended questions. Closed ended questions were used to ensure that the given answers are relevant. In open ended questions, space was provided for relevant explanation to be provided by the respondent, thus giving them freedom to express their feelings.

#### **3.5.1 Validity And Reliability Data Collection Instruments:**

A pilot study was undertaken to pre-test the methods and tools of data collection. I developed ten questionnaires which were sent to selected respondents and then the information acquired was evaluated to assess their reliability.

### **3.6 Data Analysis**

According to baily (1984), data analysis procedure includes the process of packaging the collected information putting in order and structuring its main components in away that the findings are easily and effectively communicated. After the fieldwork, before analysis, all questionnaires were checked for reliability and verification. Editing, coding and tabulation were carried out. The data was analyzed using quantitative and qualitative techniques.

## Chapter Four

### Data Analysis, Presentation And Interpretation

#### 4.1 Introduction

This chapter analyses the data collected by the study. The data is interpreted according to research statistics. The data was analyzed using descriptive statistics such as tables and charts. A number of questions especially the open ended one generated data of qualitative nature. The data provided information that formed the basis for discussion and interpretation of results.

#### 4.2 Quantitative Analysis

The Quantitative Analysis Of The Data Was Presented As Follows;

##### 4.2.1 Response Rate

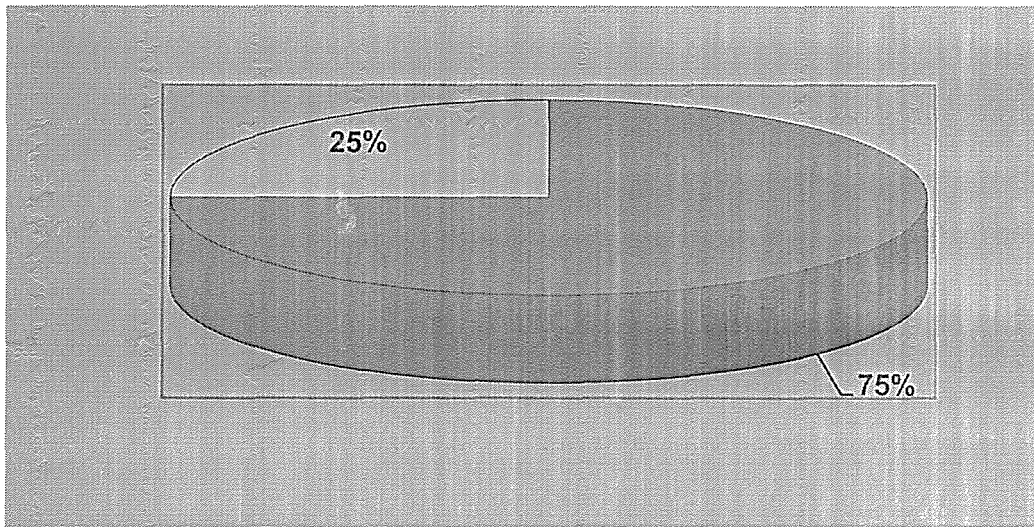
A total of 40 questionnaires were distributed and out of these 30 did respond thus constituting 75%. This implied high response rate.

**Table 4.1 Response Rate**

Category	Frequency	Percentage
Response	30	75
Non Response	10	25
Total	40	100

Source: Author (2012)

**Fig 4.1 Response Rate**



**Source:Author (2012)**

Table 4.1 and figure 4.1 above show the response rate. Based on the analysis 75% of the respondents dully filled and returned the questionnaires while 25% of the total respondents did not return the questionnaires. From the analysis it can be concluded that majority of respondents were able to participate in the study.

#### **4.2.2 Gender**

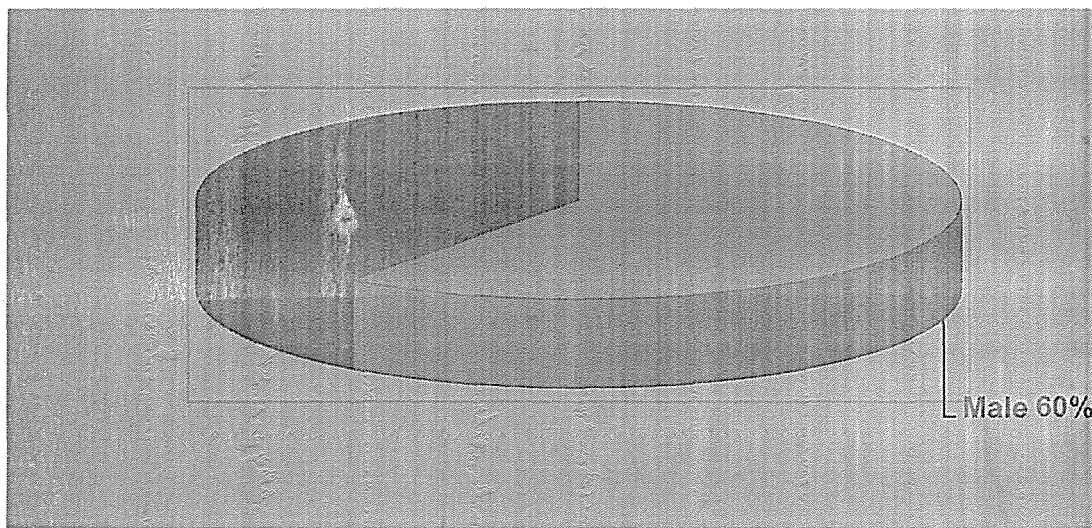
The male respondents were 18 while the remaining 12 were female. These constituted 60% of male respondents as compared to 40% of female respondents. This shows that male workers were the majority in the work place.

**Table 4.2 Gender**

Gender	Frequency	Percentage
Male	18	60
Female	12	40
Total	30	100

Source: Author (2012)

**Fig 4.2 Gender**



Source( 2012)

#### 4.2.3 Marital Status

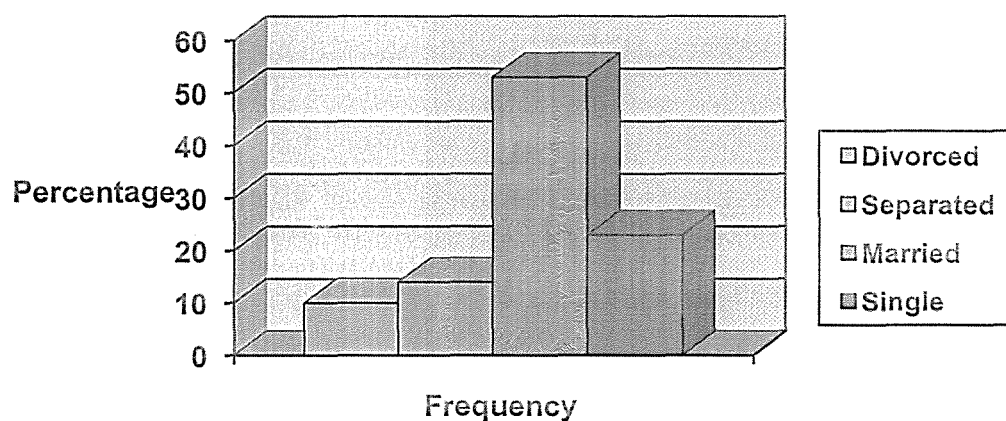
Out of 30 respondents, 16 of them were married, 7 were still single 4 were separated while 3 were divorced. Majority of the respondents 64% in this organization were married as compared to the rest.

**Table 4.3 Marital Status**

Marital Status	Frequencies	Percentage
Divorced	3	10
Separated	4	14
Married	16	53
Single	7	23
Total	30	100

Source: Author (2012)

Fig 4.3 Marital Status



Source: Author (2012)

#### 4.2.4 Highest Level Of Education

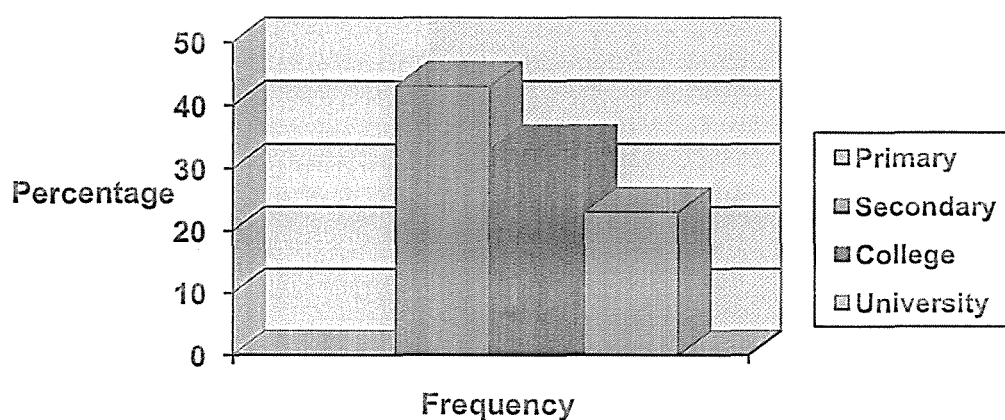
Those who had attained secondary education were 13 at 44%, 10 of them at 33% had only attained college education while 7 of them at 23% had attained university education. No respondent reported to have attained primary level only or no formal education at all.

**Table 4.4 Highest Level Of Education**

Population Category	Frequencies	Percentage
<b>Primary</b>	-	-
<b>Secondary</b>	13	43
<b>College</b>	10	33
<b>University</b>	7	33
<b>Total</b>	30	100

Source: Author (2012)

**Fig 4.4 Highest Level Of Education**



Source: Author (2012)

#### 4.2.5 Age Analysis

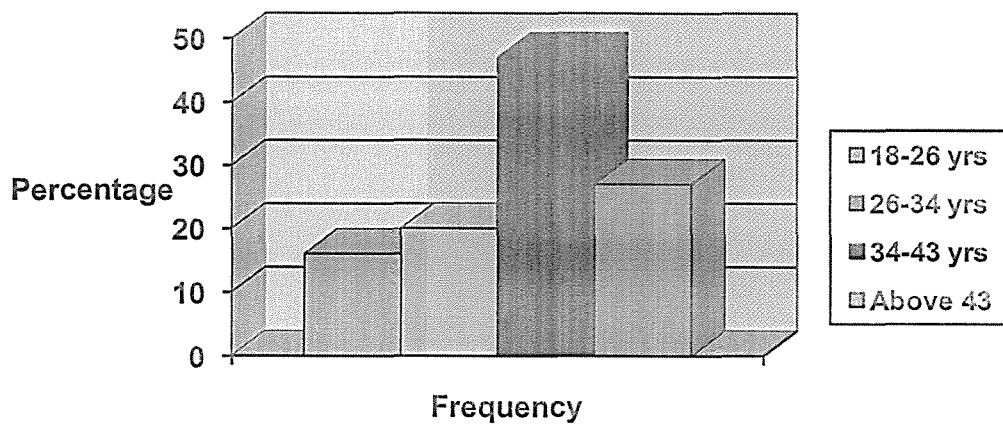
The respondents who were between the age of 18-26 were 5 at 16%, 26-34 were 6 at 20%, 34-43 were 11 at 47 % while those who were above the age of 43 were 8 at 27%. From the study it can be concluded that majority of the respondents were young and energetic.

**Table 4.5 Age Analysis**

Age Category	Frequency	Percentage
18-26yrs	5	16
26-34 Yrs	6	20
34-43 Yrs	11	47
Above 43	8	27
Total	30	100

Source:Author (2012)

**Fig 4.5 Age Analysis**



Source: Author (2012)

#### 4.2.6 Effect Of Information Communication Technology In The Performance Of A Business Firm.

The Analysis Of Information Communication Technology Was As Follows

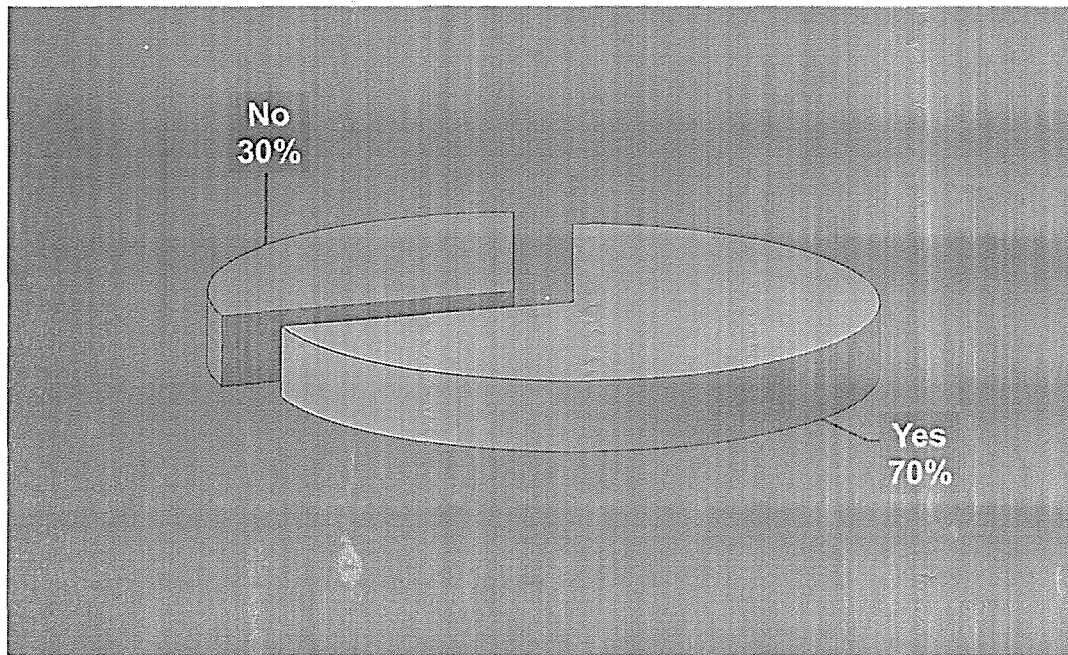
Table 4.6 Effect Of Information Communication Technology

Information Communication Technology	Frequency	Percentage
Yes	21	70
No	9	30
Total	30	100

Source: Author (2012)



**Fig 4.6 Effect Of Information Communication Technology**



**Source: Author (2012)**

Table 4.6 and figure 4.6 above shows the effect of information communication technology on business performance. Based on the analysis 70% of the total respondents indicated that information communication technology affected business performance while 30% of the total respondents stated that information communication technology had no effect on business performance. From the study it can be concluded that information communication technology was vital to the performance of the organization.

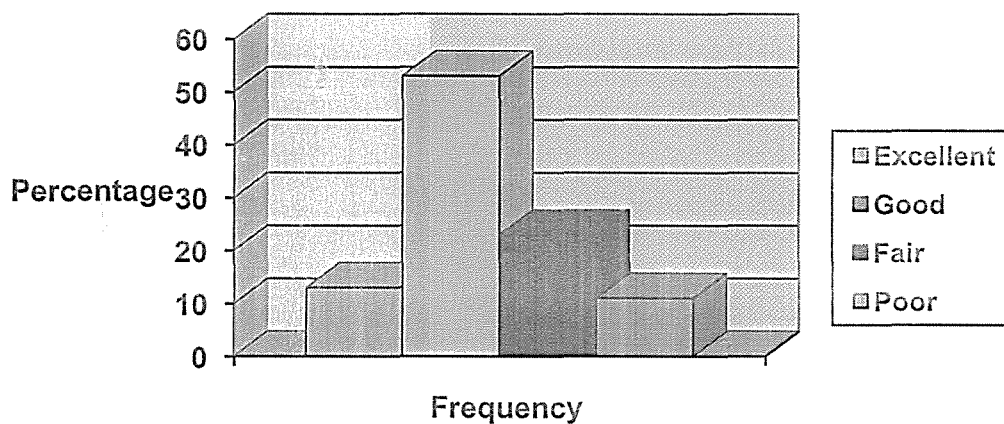
#### **4.2.7 Information Communication Technology Rating**

As to how they rated information communication technology table 4.7 technology rating

Information Communication Technology	Frequency	Percentage
Excellent	4	13
Good	16	53
Fair	7	23
Poor	3	11
Total	30	100

Source: Author (2012)

Fig 4.7 Information Communication Technology Rating



Source: Author (2012)

Table 4.7 and figure 4.7 above show how they rated information communication technology in the organization. Based on the analysis 13% of the total respondents rated technology as excellent, 53% was good, 23% was fair while 11% was poor. From the study it can be concluded that majority of the staff rated information communication technology as excellent.

#### 4.2.8 Effect Of Material Handling In The Performance Of A Business

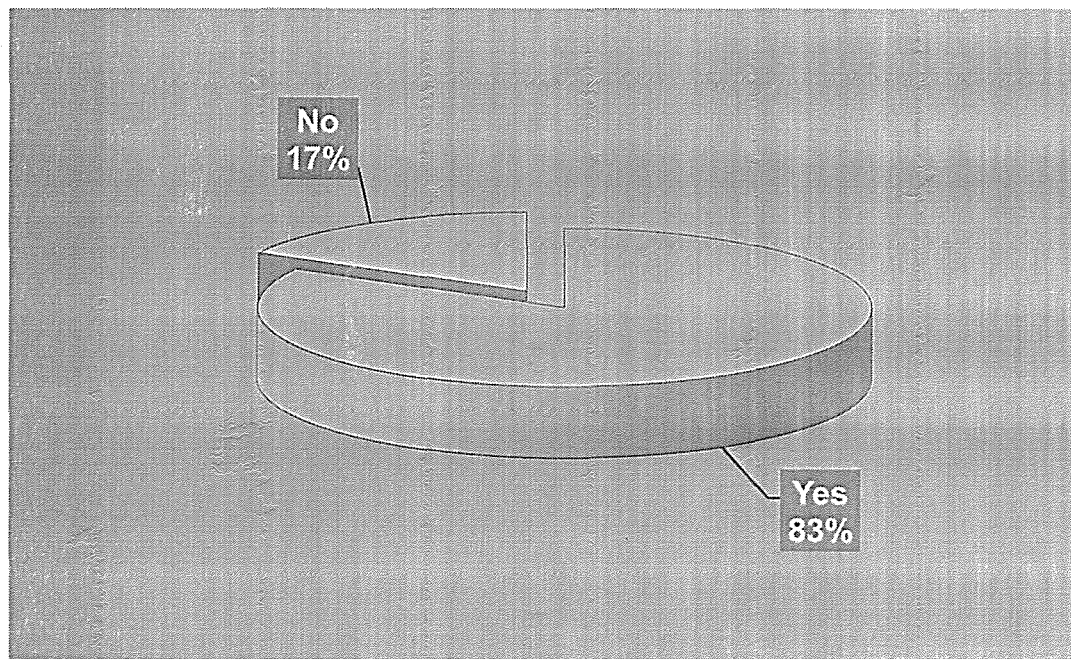
The analysis of material handling was as follows;

Table 4.8 Effect Of Material Handling

Material Handling	Frequency	Percentage
Yes	25	83
No	5	17
Total	30	100

Source: Author (2012)

**Fig 4.8 Effect Of Material Handling**



Source: Author (2012)

Table 4.8 and figure 4.8 above show the effect of material handling on business performance. 83% of the total respondents indicated that material handling had an effect on business performance while 17% of the total respondents stated that material handling had no effect

on business performance. From the study it can be concluded that material handling had an effect on business performance.

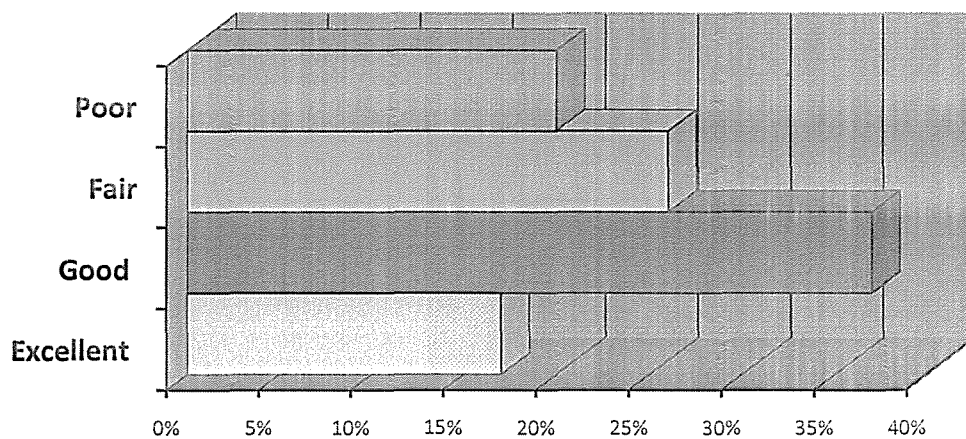
#### 4.2.9 Material Handling Rating

**Table 4.9 Material Handling Rating**

Material Handling	Frequency	Percentage
Excellent	5	17
Good	11	37
Fair	8	26
Poor	6	20
Total	30	100

Source: Author (2012)

**Fig 4.9 Material Handling Rating**



Source: Author (2012)

Table 4.9 and figure 4.9 above show how they rated material handling. Based on the analysis 17% of the total respondents indicated that it was excellent, 37% thought it was good, 26%

agreed that it was fair while 20% of the total respondents stated that it was poor. From the study it can be concluded that material handling had an influence on business performance.

**4.2.10 Effect Of Personnel Competency In The Performance Of Abusiness.**

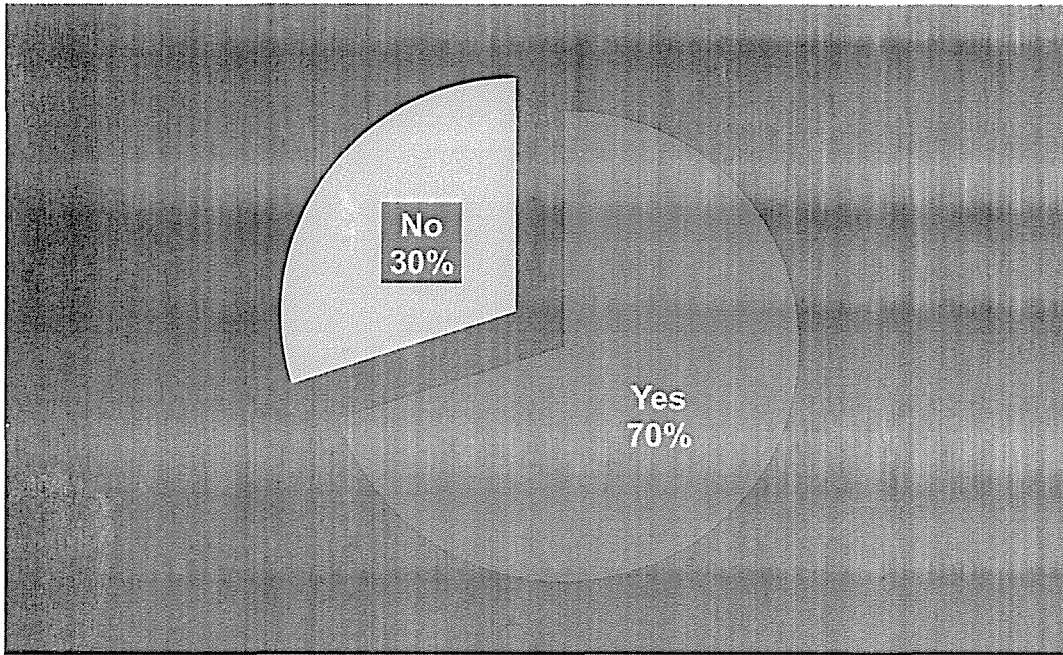
The analysis of personnel competency was as follows;

**Table 4.10 Effect Of Personnel Competency**

Personnel Competency	Frequency	Percentage
Yes	21	70
No	9	30
Total	30	100

Source: Author (2012)

**Fig 4.10 Effect Of Personnel Competency**



Source: Author (2012)

Table 4.10 and figure 4.10 above shows the effect of personnel competency. Based on the analysis 70% of the respondents thought personnel competency had an effect on business performance while 30% of the total respondents stated that personnel competency had little effect on business performance. From the study it can be concluded that personnel competency affected business performance.

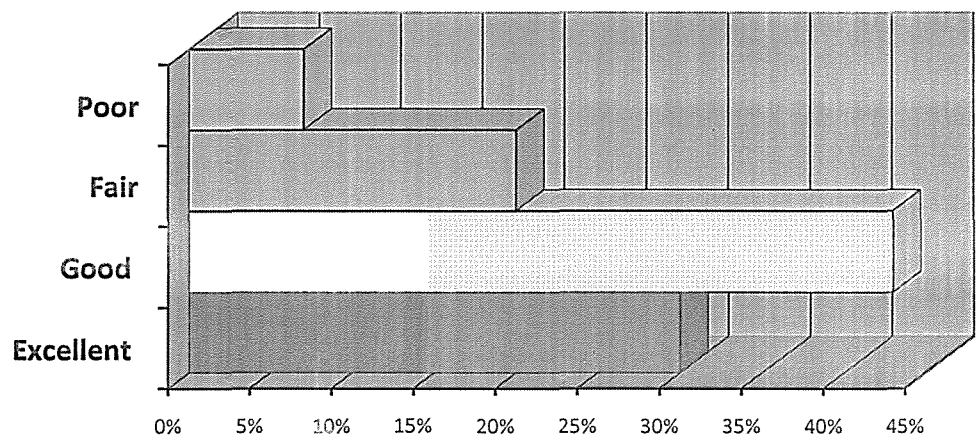
#### 4.2.11 Personnel Competency Rating

Table 4.11 Personnel Competency Rating

Personnel Competency	Frequency	Percentage
Excellent	9	30
Good	13	43
Fair	6	20
Poor	2	7
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Author (2012)

Fig 4.11 Personnel Competency Rating



Source: Author (2012)

Table 4.11 and figure 4.11 above show how they rated personnel competency. Based on the analysis 30% of the total respondents indicated that personnel competency was excellent, 43% believed it was good, and 20% thought it was fair while 7% of the total respondents stated that it was poor. From the study it can be concluded that majority rated personnel competency as excellent.

4.2.12 Effect Of Training In The Performance Of A Business

The analysis of training was as follows;

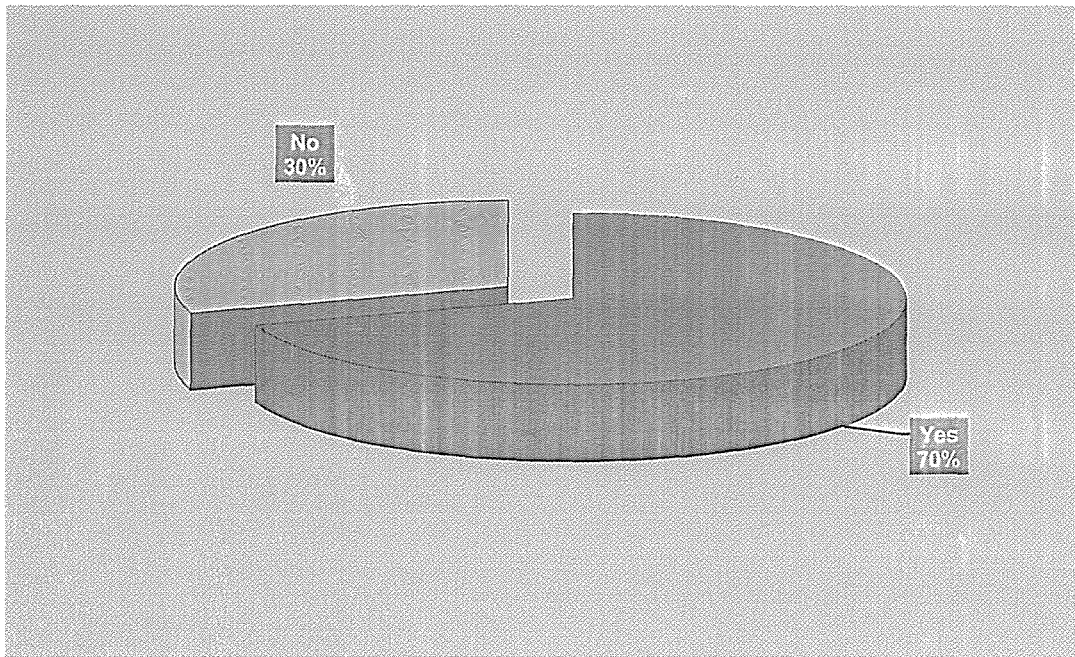
Table 4.12 Effect Of Training

Training	Frequency	Percentage
Yes	21	70
No	9	30
Total	30	100

Source:Author (2012)



**Fig 4.12 Effect Of Training**



**Source:Author (2012)**

Table 4.12 and figure 4.12 above shows the effect of training on business performance. Based on the analysis 70% of the total respondents indicated that training affected business performance while 30% of the total respondents stated that training had no effect on business performance. From the study it can be concluded that training had an influence on business performance.

**4.2.13 Training Rating**

As to how they rated training the analysis was as follows,

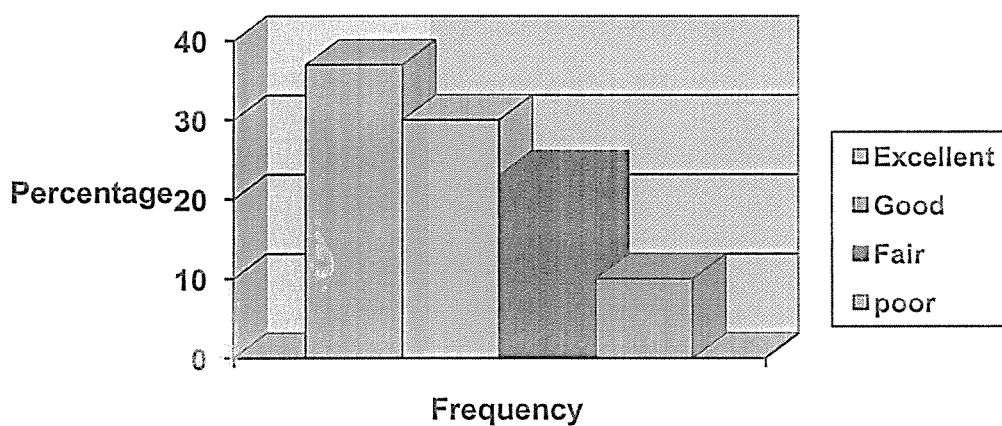
**Table 4.13 Training Rating**



Training	Frequency	Percentage
Excellent	11	37
Good	9	30
Fair	7	23
Poor	3	10
Total	30	100

Source: Author (2012)

Fig 4.13 Training Rating



Source: (2012)

Table 4.13 and figure 4.13 above show how they rated training in the organization. Based on the analysis 37% of the total respondents rated it as excellent, 30% was good, 23% was fair while 10% was poor. From the study it can be concluded that majority of the staff rated training as excellent.

### 4.3 Qualitative Analysis

This is a technique that measures variables that do not produce discrete numeric data. This section of data analysis gives the judgment opinion of the respondents' answers received from

the questionnaires. When the respondents were asked, they pointed out some of the activities carried by the company give their significance as cost reduction due to low cost incurred.

#### **4.3.1 Information Communication Technology**

Most of the respondents were aware of information communication technology and how it had led to high profits. Other respondents pointed out that if there was no information communication technology then no progress or developments will be improved in business performance.

#### **4.3.2 Material Handling**

Majority of the respondents indicated that material handling had an effect on business performance. They indicated that material handling was a major determinant for any organization when performing their daily duties.

#### **4.3.3 Personnel Competency**

Most Of the employees clearly stated that lack of competence staff had an influence on business performance. This had great influence and some of their negative responses on complains on dissatisfaction, hence low profits which emanated from the low demands because of the staff failure.

#### **4.3.4 Training**

Most of the employees clearly stated that management are trying very hard to make sure that their employees are being trained more frequently which help them to improve in their skills, knowledge and attitude thus improve in the productivity. Training benefits not only in the organization areas but also outside the organization is able to expose their talents thus earns more respect through experience acquired.

## **Chapter Five**

### **Summary Of Finding Conclusion And Recommendation**

#### **1.5 Introduction**

In this chapter, the summaries of major research findings of the study are discussed on the basis of these findings, conclusions are drawn and recommendations that would help in the improvement in the entire business performance.

#### **Summary Of The Findings**

##### **5.2.1 Information Communication Technology**

Majority of respondents were of the view that information communication technology affected business performance. Majority of the respondents also thought information communication technology was the vital link that can streamline business performance in order to achieve the company's set missions and objectives.

##### **5.2.2 Material Handling**

The majority of procurement managers have failed to procure handling equipment as a means for better management of resources which is essential requirement for their competitive advantage when loading and off loading company's assets and materials.

##### **5.2.3 Personnel Competency**

Majority of the respondents said that staff competency affected business performance. Without competency it was difficult to determine the best supplier, manufacturer and producers among the many.

##### **5.2.4 Training**

The majority of the respondents were of the view that training would improve business performance. It is difficult to force an individual to work, so as to those be used as a tool of coaxing employees. To work hard rather it helps them to have knowledge, skills attitude and culture that can help individual in one or another.

### **5.3 Answers To The Research Questions.**

#### **5.3.1 To What Extend Does Information Communication Technology Affect Business Performance?**

The majority of respondents 70% stated that information communication technology was the driving force behind every successful or failed endeavor. They further stated that business performance would be effective if the management adhered to those underpinning principles of management while at the same time upholding the core ethics.

#### **5.3.2 How Does Material Handling Affect Business Performance?**

Majority of the respondents indicated that material handling had an effect on business performance. Based on the analysis 83% of the total respondents indicated that material handling had an effect on bussiness performance while 17% of the total respondents were of the opinion that material handling had no effect on business performance. From the study it can be concluded that material handling was essential in any type of organisation performance.

#### **5.3.3 How Does Personel Competency Affect Business Performance?**

Majority of the respondents indicated that personnel competency had an effect on business performance. Based on the analysis 70 % of the total respondents indicated that personnel competency had an effect on business performance while 30% of the total respondents stated that personnel competency had no effect on business performance. From the study it can be concluded personnel competency had an effect on business performance.

#### **5.3.4 How Does Training Affect Business Performance?**

The majority of respondents at 70 % indicated that training was critical to the development of business performance. It was however stated by the majority of respondents that training would impart skill and knowledge requirements for effective business performance.

## **5.4 Conclusion**

The results from the study have clearly indicated that provision of information communication technology, effective material handling, personnel competency, and training of employees would go along way in enhancing effective business performance.

## **5.5 Recommendation**

Based on the study findings the following recommendations were made;

### **5.5.1 Information Communication Technology**

Information communication technology is vital in any organization therefore companies should be embraced by every one for faster developments. Organizations should continuously endeavor to use technology so as to undercut competition.

### **5.5.2 Material Handling**

Organisation should ensure that there is enough facilities and equipments to be used when handling of materials. Provision of enough space within the organisation to facilitate efficient movement when handling of material to minimize breakages of goods hence improve business performance in the organisation.

### **5.5.3 Personnel Competency**

The organization should ensure employees are competent in order to perform effectively in the organization and work together as a team for innovative and for quality benchmarking processes.

### **5.5.4 Training**

From the study it can be recommended that training the employees through short courses, attending seminars, lectures and reading other company's magazines/journals/manuals greatly develop the employees of the organization and so they are able to make the organization more competitive.

## **5.6 Area For Further Research**

The study recommends further research to dwell on the challenges faced by organisations in their attempt to implement inventory control management in their business operations.

## Appendix A:

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## Appendix B: Research Instruments

### 1. Questionnaire

#### Dear Respondent

My Name Is NABAASA DEUS, A 3<sup>rd</sup> Year Student At Kampala International University, Pursuing BACHALORS OF PROCUREMENT AND SUPPLY MANAGEMENT. I Am Conducting A Research On “**Assessment Of Effects Of Inventory Control Management In The Performance Of A Business Firm** ” A Case Study Of orange in UGANDA. The Purpose Of This Study Is To Fulfill My Academic Requirements. Therefore I Kindly Seek Your Assistance In Providing Answers To The Following Questions.

**Note:** This Is An Academic Research; Your Responses Will Be Treated With The Highest Degree Of Confidentiality.

Please Answer Questions By Putting A Tick [✓] In The Appropriate Box Or By Writing In The Space Provided.

#### Section 1: General Information

1. Gender      (A) Male [   ]      (B) Female [   ]

#### 2. Age In Years

19-26      [   ]

26-34      [   ]

34-43      [   ]

Above 43      [   ]

#### 3. Level Of Education?

(A) Primary      [   ]

(B) Secondary      [   ]

(C) College      [   ]

(D) University      [   ]



**4. Marital Status?**

(A) Single [ ]

(B) Married [ ]

(C) Separated [ ]

(D) Divorced [ ]

**Section 2: Effect Of Information Communication Technology On Business Performance**

**5. How Would You Rate Information Communication Technology In Your Organization?**

(A) Excellent [ ]

(B) Good [ ]

(C) Fair [ ]

(D) Poor [ ]

**6. Do You Think Information Communication Technology Has An Effect On Business Performance?**

(A) Yes [ ]

(B) No [ ]

Explain.....  
.....  
.....  
.....

**Section 3: Effect Of Material Handling On Business Performance.**

**7. How Would Rate Material Handling In Your Organization?**

(A) Excellent [ ]

(B) Good [ ]

(C) Fair [ ]

(D) Poor [ ]

**8. Do You Think Material Handling Has An Effect On Business Performance?**

(A) Yes [ ]

(B) No [ ]

Explain.....  
.....  
.....  
.....

**Section 4: Effect Of Personnel Competency On Business Performance.**

**9. How Would You Rate Personnel Competency In Your Organization?**

(A) Excellent [ ]

(B) Good [ ]

(C) Fair [ ]

(D) Poor [ ]

**10. Do You Think That Personnel Competency Has An Effect On Business Performance?**

(A) Yes [ ]

(B) No [ ]

Explain.....  
.....  
.....  
.....

## **Section 5: Effect Of Training On Business Performance**

### **11. How Would You Rate Training In Your Organization?**

(A) Excellent [ ]

(B) Good [ ]

(C) Fair [ ]

(D) Poor [ ]

### **12. Do You Think Training Has An Effect On Business Performance?**

(A) Yes [ ]

(B) No [ ]

Explain.....  
.....  
.....  
.....

## Work Plan

Activity	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012
Preparation Of Materials And Proposal Writing								
Data Collection								
Data Analysis								
Report Writing								
Finalization Of The								