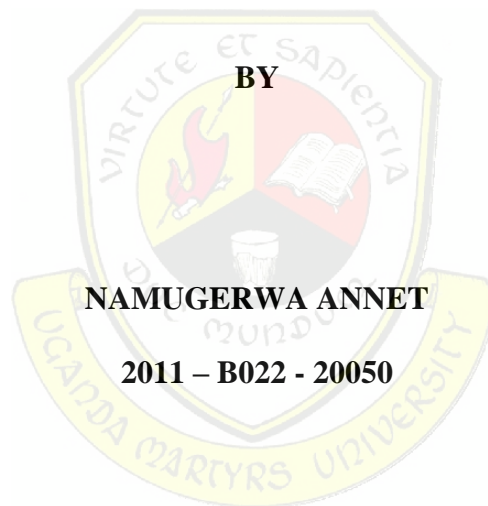


**THE EFFECT OF INVENTORY MANAGEMENT ON ORGANISATIONAL
PERFORMANCE OF PRINT MEDIA BUSINESS, A CASE STUDY OF THE DAILY
MONITOR**



**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF BUSINESS
ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELOR OF
BUSINESS ADMINISTRATION AND MANAGEMENT OF UGANDA MARTYRS
UNIVERSITY**

UGANDA MARTYRS UNIVERSITY

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DEDICATION

I dedicate this research study to my Husband Mr. Busulwa Robert, who has been there for me in tuition moments with a supporting say that everything is possible to those who wait patiently, and the great, endless love in all times exhibited to me. Thanks to Brother and Sister Paul and Prossy for the encouragement in all times. Also to my friends Namwanga Annet, Mwesigwa JohnBosco, Mubagizi Edison who have surrendered to contribute whatever they could for my survival in campus and all my classmates for the love exhibited when I was in time of unforgettable and sad moment of losing my baby.

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LIST OF ABBREVIATION

MRO	-	Maintenance, Repair and Operations
W.I.P	-	Work In Progress
EOQ	-	Economic Order Model
NPAT	-	Net Profit after Taxes
RR	-	Rates of Return
ROI	-	Return on Investment
GAAP	-	General Accepted Accounting Principles
USPS	-	United States Postal Service
SCC	-	Supply Chain Coordination

ABSTRACT

The study on the Effect of Inventory Management on Organizational Performance was carried out in Namuwongo, Kampala District. It aimed at investigating and ascertaining the relationship between Inventory Management and Organizational Performance in Print Media Business particularly the Daily Monitor. The study employed both qualitative and quantitative approaches of collecting data research designs. Data was collected using Questionnaires, Interview guide and Checklist. It was analyzed using the Statistical Package for Social Scientists 6.0 where conclusions drawn were presented using figures and correlation tables. The findings revealed that there was a positive and significant relationship ($r=0.515^{**}$, $p\leq 0.01$), between Inventory Planning and organizational performance, a positive and insignificant relationship ($r=0.334^*$, $p\leq 0.05$) Inventory Control of Inventory and organizational performance, a positive and insignificant relationship ($r=0.433^{**}$, $p\leq 0.01$) with Organizational Performance.

Above all it is important that daily monitor adheres to the inventory requisition and purchase procedures, adapts computerized inventory recording system and stock taking for achievement of more effective and quality results.

The study therefore, concludes that effective planning, control and coordination of inventory indicate a significant relationship between Inventory Management and Organizational Performance of the Daily Monitor.

CHAPTER ONE

1.0 Introduction

Inventory management is primarily about specifying the size and placement of stocked goods. Inventory management is required at different locations within a facility or within multiple locations of a supply network to protect the regular and planned course of production against the random disturbance of running out of materials or goods for improved performance (Garry, 1997). The scope of inventory management also concerns the fine lines between replenishment lead time, carrying costs of inventory, asset management, inventory forecasting, inventory valuation, inventory visibility, future inventory price forecasting, physical inventory, available physical space for inventory, quality management, replenishment, returns and defective goods and demand forecasting (Lau A., and Snell, 2006).

This chapter of the study presents the background of the study, statement of the problem, general objective, specific objectives, and research questions, scope of the study, significance of the study, Justification and definition of key terms.

1.1 Background of the study

Globally, Inventory represents an important decision variable at all stages of product manufacturing, distribution and sales, in addition to being a major portion of total current assets of many organizations. Inventory often represents as much as 40% of total capital of industrial organizations (Moore, Lee and Taylor, 2003:321), 33% of company assets and 90% of working capital, (Sawaya Jr. and Giauque, 2006:121). Since inventory constitutes a major segment of total investment, it is crucial that good inventory management be practiced to ensure organizational growth and profitability.

According to Temeng et al (2010:195), historically, however organizations have ignored the potential savings from proper inventory management, treating inventory as a necessary evil and not as an asset requiring management. As a result, many inventory systems are based on arbitrary rules. Unfortunately, it is not unusual for some organizations to have more funds invested in inventory than necessary and still not be able to meet `customer demands because of poor distribution of investment among inventory items (Temeng, Eshun and Essey, 2010:199

Inventory management involves the coordinating of materials available, controlling, utilization and procuring of materials. Inventory management is the direction of activities with the purpose of getting the right inventory in the right place at the right time and in the right quantity and it's directly linked to production function of any organization which implies that the inventory management system operated will affect the profitability of an organization directly and indirectly (Alm, 2000).

Inventory control involves the coordinating of materials availability, controlling, utilization and procuring of materials. Inventory control is the direction of activities with the purpose of getting the right inventory in the right place at the right time and in the right quantity and it's directly linked to production function of any organization which implies that the inventory management system operated will affect the profitability of an organization directly and indirectly (Alm,2000)

According to Richard et al (2009), organizational performance encompasses three specific areas of firm outcomes; financial performance which is concerned with profits, returns on assets, and return on investment; product market performance which centers on sales and market share; and shareholder return that involves total shareholder return and economic value added. Therefore organizational performance comprises the actual output or results of an organization as measured against its intended outputs which are its goals and objectives

Performance improvement is the concept of organizational change in which the managers and governing body of an organization put into place and manage a programme which measures the current level of performance of the organization like inventory management and then generates ideas for modifying organizational behavior and infrastructure which are put into place to achieve higher output (Ronald, H. Ballou, 2007). Performance improvement at the operational or individual employee level usually involves processes such as statistical quality control. At the organizational level, performance improvement usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the viewpoint of customers.

Inventories are the stock of raw materials, work in progress, finished goods and supplies held by a business organization to facilitate operations in the production process, (Pandey, 1995). Also if the company fails to manage its inventory efficiently, it is likely to face profitability problems (Block and Hirt, 1987). The goal of inventory management therefore is to provide the inventories required to sustain operations at minimum costs (Dickerson 1995).

Finally, inventory management has to do with keeping accurate records of finished goods that are ready for shipment. This often means posting the production of newly completed goods to the inventory totals as well as subtracting the most recent shipments of finished goods to buyers. When the company has a return policy in place, there is usually a sub-category contained in the finished goods inventory to account for any returned goods that are reclassified as refurbished or second grade quality. Accurately maintaining figures on the finished goods inventory makes it possible to quickly convey information to sales personnel as to what is available and ready for shipment at any given time.

1.1.1 Background of the case study

The Monitor was established in 1994 as an independent daily newspaper. The name Monitor is shared by the Saturday monitor and Sunday monitor which are also published by Monitor Publication Limited. It is located on plot **29/35 8th Street; P.O. Box 12141**; Kampala, Uganda.

The Monitor was re-launched as Daily Monitor in June 2005. Daily Monitor is a subsidiary of Monitor Publications Ltd, which is owned by The Nation Media Group and five other individual shareholders. The paper's private ownership guarantees the independence of its editors and journalists, free from the influence of Government, shareholders or any political allegiance.

Monitor Publications product portfolio includes the Daily Monitor Newspaper 2. 93.3 Kampala FM 3, Monitor Business Directory, Enyanda, Daily Monitor E-paper (Electronic Edition)

The Monitor is the only Ugandan newspaper that reports on news stories unhindered and conducts serious investigative reporting in the public interest. The culture of freedom is reflected throughout the newspaper, ensuring an open-minded and innovative approach to every aspect of publishing activity. The Monitor is keen on striking a balance between information, education and entertainment, as evidenced by its various products throughout the week.

1.2 Statement of the problem

Despite the inventory management practices employed in place, Daily monitor still struggles with issues of organizational performance and given the fact that Daily Monitor uses different systems of inventory management including integrated system responsible for management information system which helps to make serious decisions on stock, material requirement points, and over stock brands for the fast moving products, the measure of performance among universities is still minimal. However, despite of these techniques of inventory management at

Daily Monitor, performance had reduced from 85% to 78% in the years 2011 and 2012 respectively. Basing on the above information, Daily Monitor has registered decline in sales performance over time (Arinaitwe, 2006). This could be partly attributed to poor inventory management according to the financial report of the year 2011-2012. The researcher therefore wants to investigate the effect of inventory management on organizational performance of Daily monitor.

1.3 Objectives of the study

1.3.1 General objective.

The purpose of the study is to explore the effect of inventory management on organizational performance.

1.3.2 Specific Objectives

- i. To examine the effect of inventory planning on Organizational Performance
- ii. To find out the effects of inventory control on Organizational Performance
- iii. To examine the way inventory coordination affects the Organizational Performance

1.4 Research questions

- i. What is the effect of inventory planning on Organizational Performance?
- ii. What is the effect of inventory control on Organizational Performance?
- iii. How does inventory coordination affects Organizational Performance?

1.4.1 Research hypothesis

Inventory management has a positive and significant effect on organizational performance.

1.5 Scope of the study

1.5.1 Subject scope

The study will focus on the effect of inventory management on organizational performance. Inventory management is the independent variable and it will be measured through inventory planning, inventory control and inventory coordination while organizational performance will be the dependent variable and be measured through profitability, sales volume and return on investment.

1.5.2 Time scope

The study will consider information relating to the period of four years that is 2011-2012. This range of years will be considered due to the decline in sales at Daily Monitor despite of the many techniques used in the process of inventory management. Furthermore, the time will be enough to provide more information for the study upon which conclusions and recommendations are based.

1.5.3 Geographical Scope

The study is intended to be carried out at the daily monitor printing and publishing company head office in Namuwongo, plot 29/35 8th Street Kampala, Uganda.

1.6 Significance of the study

The study findings will be significant in the following ways;

It is hoped that study findings may be used as basis for further research and investigations in form of literature. The findings will provide information to managers in different organizations especially on knowing how to compare actual performance and inventory management.

The findings may also be beneficial to other upcoming researchers to investigate further about the impact of inventory management on organizational performance of other organizations other than Daily Monitor. The study may further encourage government to set up educational institutions to provide training on how to manage inventory in organizations.

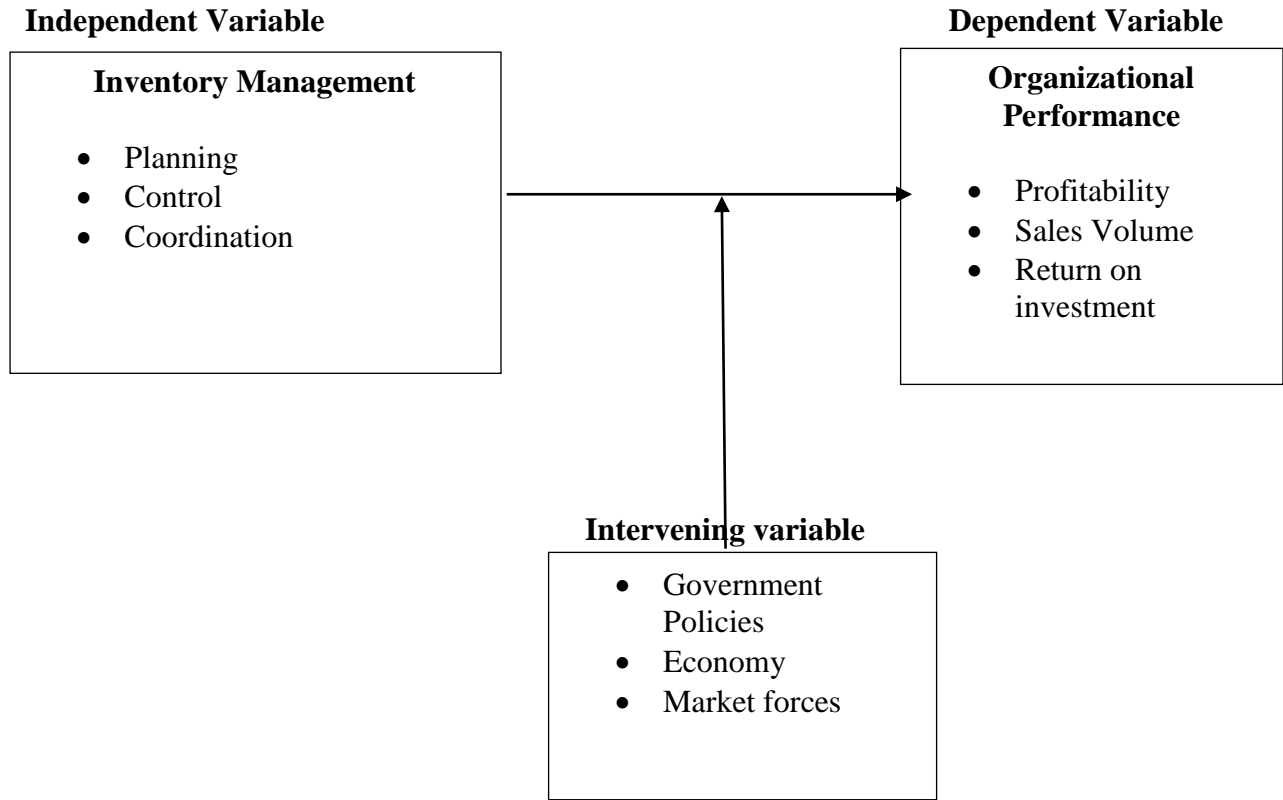
1.7 Justification of the study.

The research is justified in the context of establishing the effect of inventory management on organization performance of print media businesses. If products and delivery of goods is prompt there would be no need for inventories except as a hedge against price changes. Inventories must be maintained so that the customers may be serviced immediately or at least quickly enough so that they do not turn to another source of supply. In turn production cannot flow smoothly without having inventories of direct work in progress.

1.8 Conceptual Framework

According to Richard et al. (2009), organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.). The term Organizational is broader. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and development. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance (e.g. shareholder return), customer service, social responsibility (e.g. corporate citizenship, community outreach), and employee stewardship.

Figure 1: Conceptual framework



Source : Richard et al. (2009)

From the conceptual framework above, the independent variable of this study is the inventory management which is measured in terms of inventory planning, inventory control and inventory coordination. Organizational performance is the dependent variable which was measured in terms of profitability, sales volume and Return on investment and Government policies, Economy and market forces as the intervening variable.

1.9 Definition of key terms

Inventory: - is the amount of goods, materials or parts carried out in stock or store house for example, work in progress (W.I.P), raw materials, financial goods resale MRO items.

Inventory management according to Garry, J.Z, (1997) involves the planning, ordering and scheduling of the materials used in the manufacturing process. It exercises control over three types of inventories i.e. raw materials, work in progress, and finished goods. Purchasing is primarily concerned with control over the raw materials inventory, which includes; raw materials or semi-processed materials, fabricated parts and MRO items (maintenance, repair and operations).

Inventory control: - refers to the process whereby the investment in materials and parts carried in stock is required within pre-determined unit set in accordance with inventory policy established by management.

A customer, also client, buyer or purchaser is the buyer or user of the paid products of an individual or organization, mostly called the supplier or seller. This is typically through purchasing or renting goods or services. It is also the person or group that is the direct beneficiary of a project or service.

Profit generally is the making of gain in business activity for the benefit of the owners of the business. It is also defined as returns received on a business undertaking after all operating expenses have been met.

A technique refers to the ways which may be adopted in order to minimize on the uncertainties or outcomes of poor inventory levels like stockless purchasing system, determining order quantities and inventory levels.

Efficiency refers to a functioning or prospering of a company at a given time in a given period basing on the desired goals and objectives of a company.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This research assesses the effect of inventory management on organizational performance. This chapter reviews related literature as arranged in the objectives stated in chapter one of this study.

2.1 Theoretical approach

Inventory theory is the sub-specialty within operations research that is concerned with the design of production or inventory systems to minimize costs. It studies the decisions faced by firms and the military in connection with manufacturing, warehousing, supply chains, spare part allocation and it provides the mathematical foundation for logistics. The study will be guided by the contingency theory of organizations.

The contingency theory of organizational structure presently provides a major framework for the study of organizational design (Donaldson, 1995a, 2001). It holds that the most effective organizational structural design is where the structure fits the contingencies. There are, however, several major challenges to it. Some of these are theoretical, while some are empirical. However, some challenges lead to innovations in theory. Other challenges are accompanied by innovations in method. Both these theoretical and methodological innovations constitute opportunities for the contingency

A modern variation of contingency theory is configuration theory, which states that the fit between contingency and structural and other organizational variables is limited to just a few configurations that is, fits (Miller, D. 1986). However, an alternative theoretical concept is Cartesian (Donaldson, 2001), which holds that there are many fits, so that there is a continuous line of fits. Each level of a contingency variable is fitted by a level of the structural variable for

example, whereas configurationalism argues that there are few fits between size and formalization, such as simple structure and machine bureaucracy (Miller, 1986), Cartesians holds that there are many (Child, J. 1975).

Because fits lie along a continuous line (Child, J. 1975), they provide stepping-stones for organizational growth. An organization can readily move from one fit to an adjoining fit, thereby attaining high performance at each fit, and so giving it the extra resources needed for the next increment of contingency expansion. Thus the idea of a continuous fit line is consistent with the SARFIT model of repeated incremental changes in contingency and structure. Together, these theoretical ideas explain why organizations show frequent, incremental change (Donaldson, 1996) - rather than the infrequent quantum jumps postulated by configurationalism. Thus Cartesianism is part of a coherent theory of organizational change. Empirical evidence supports Cartesianism, rather than configurationalism (Donaldson, 1996, 2001).

Critics of structural contingency theory sometimes argue that it is not sensible for organizations to move into fit with their contingencies, because while the organization is changing its structure to fit the contingencies, the contingencies themselves change, so that the organizational structural change does not produce fit. Nevertheless, by moving towards the fit, the organization is decreasing misfit, and thereby increasing its performance relative to what it would be if it is where it makes no structural change.

The organization may attain not full fit, but quasi-fit, that is, a structure that only partially fits the contingencies (Donaldson, 2001). Yet this may increase performance sufficient to produce some expansion in the contingencies.

For such an organization in misfit, it may increase its structure sufficiently to move up onto the quasi-fit line. This level of fit produces an increase in the performance of the organization, though less than would be produced if the organization had moved into full fit. Nevertheless, this quasi-fit produces a sufficient increase in performance that the organization has new surplus resources that allow it to grow. This increment of growth propels the organization forward into a new state of misfit, which again can be resolved by the organization increasing its structural level sufficient to attain move back onto the quasi-fit line. Thus quasi-fit can be sufficient to impel the cycle of incremental changes of SARFIT, which accumulate over time into substantial organizational growth in contingencies and structural variables.

2.2 Inventory management

Pandey, I.M. (1995) defines inventories as a stock of products a company is manufacturing for sale and components that make up the product. He further asserts that inventories constitute part of the company's current assets, and therefore need to be managed effectively. Render and stair (1895) define inventory as any resource used to signify a current future need. This definition by Render and Stair contends with that of Pandey as they all refer to inventory as a stock of goods.

Inventory management is a pivotal in effective and efficient organization. It is also vital in the control of materials and goods that have to be held or stored for later use in the case of production or later exchange activities in the case of services. The principal goal of inventory management involves having to balance the conflicting economics of not wanting to hold too much stock. Thereby having to tie up capital so as to guide against the incurring of costs, such as storage, spoilage, pilferage and obsolescence and, the desire to make items or goods available when and where required (quality and quantity wise) so as to avert the cost of not meeting such requirement.

It is Inventory management in an organization that deals with identifying every items of stock. Inventory management is primarily about specifying the size and placement of stocked goods. Inventory management is required at different locations within a facility or within multiple locations of a supply network to protect the regular and planned course of production against the random disturbance of running out of materials or goods (Chambers Dictionary, 1998). Effective inventory management determines how profit of an organization can be maximized. Maximizing of profit depend on minimizing cost and maximizing revenue. Maximization is an efficient concept which requires increasing profit without increasing the resources used (Stephenson, H.B.1985).

The importance of inventory management in organization is to ensure that at any point in time the capital of the business is not necessarily tied down in form of material in the store, which may provide opportunity for fraud and theft. In other words the management wishes to put at minimal rate stock losses, which emanate from store operation. Thus, as business organization stock is of paramount important likewise the profit of the business. Inventory problems of too great or too small quantities on hand can cause business failures. If a small business experiences stock-out of a critical inventory item, production halts could result. It is thus the management of this economics of stockholding that is appropriately being referred to as inventory management.

Therefore it should be adequately taken care of because it has to do with profit of the business. A well planned and effective stock management can contribute substantially to a firm annual turnover. A note of concern, the present study intends to solve problems associated with the management of inventory by small businesses. This is because inventory of a business can go a long way in determining the success or the failure of the business. Ineffective inventory management therefore can lead to stock out which will definitely lead to loss of customer and

goodwill, which will make the profit of the business decrease and result in ultimate collapse of the organization. The primary objective this research work is to examine the importance of inventory management on small business profitability. Studies have revealed that the major objectives of inventory management and control in small businesses is to inform managers how much of goods to re-order and when to re-order (Lucey, T. 1992). Keth, L.Muhlemon,J.O.1994).

Inventory management can be further subdivided into inventory planning, inventory control as well as inventory coordination as detailed below.

2.2.1 Inventory planning

Render and Stair (1994) assert that the planning phase is a primarily concern with what inventory is, how much to be stocked and how it is acquired. This information is then used in forecasting demand for inventory, controlling inventory levels and studying how organizations control their inventory is equivalent to studying how they achieve their objectives by supplying goods and services to their customers. Inventory planning involves developing a records management program that meets the current and future needs of the organization. The records inventory, appraisal, and needs assessment are the preliminary work towards a records management plan. A plan is a road map to a destination, or a set of guidelines for getting a job done. But any records management plan must be practical and realistic.

A records management plan should examine the current records situation, describe both short-term and long-term goals, and identify what resources might be needed to achieve those goals. Long-term plans usually cover a three- to five-year framework and the broader purposes of the program. Short-term plans, usually covering one year, indicate exactly what the program is expected to accomplish in the near future.

The implementation of lean manufacturing principles has led to substantial cost savings, lead time reductions, and quality improvements in many industries. Originating in the automotive industry, these principles are increasingly applied in other industries, including process manufacturing (King 2009). However, traditional lean manufacturing is mainly focusing on material flows within plants, while the planning and synchronization of operations as well as the optimal management of information flows for example propagation of demand signals across the entire supply chain are not adequately addressed. In addition, value generation is not limited to manufacturing alone: a substantial share of the total value added is contributed by supply and distribution processes. Consequently, many companies in process industries have coined the vision of lean supply chain management for the efficient planning and execution of material and information flows in an end-to-end way (Packowski et al. 2010).

In traditional planning processes, as proposed by the concepts of Material Requirements Planning (MRP I) and Manufacturing Resource Planning (MRP II), production and replenishment decisions are directly based on demand forecasts. In such a planning scenario, adjusting production is the default means of reacting to demand fluctuations. If the forecast- and planning-period is too long, accuracy of the forecast is usually low, resulting either in oversized inventory targets or in stock-outs due to insufficient inventory buffers. On the other hand, short forecast periods lead to frequent adjustments of the production schedule as short-term demand can be subject to significant fluctuation. Consequently, short forecast periods may lead to high setup costs and low capacity utilization.

2.2.2 Inventory control

Inventory control according to Lucey (1996) is defined as a system used to control the firm's investment in stock. It starts with ordering, receipt, storage and issue, all together associated with

recording. Goods must be properly received, inspected and the goods received note raised (Lucey 1996). However, sophisticated inventory or stock control in the firm is a basic pre-requisite in that stock movements are accurately recorded (Lucey 1996). Other scholars such as Walgemback et al (1982) defines inventory as the merchandise owned by the company and held for resale to customers in the ordinary course of business. Since inventories constitute stock of products, they have a relationship with performance of the daily monitor printing and publishing company.

Inventory control system as defined by Lucey (1997) is a system in a firm used to control the firm's investment in stock. It includes recording, monitoring of stock levels, forecasting future demands, deciding on when and how much to order. For a firm to perform efficiently and effectively, the inventory control system has to be properly designed and implemented to suit the firms requirements .The overall objective of inventory is to minimize total costs associated with stock there by meeting the firms objective of wealth maximization. These systems include just in time systems. This is a recent approach in inventory control that was developed by the Japanese (Kakuru, 2000). The aim of just in time is to have a particular item of inventory delivered hours before they are required. Thus there is no need for holding stock and there is need to be in close liaison with the supplier and the purchaser.

According to Lucey T (1996), just in time aims at producing the required item of high quality at the exact time they are required. This was further supported by Dickerson, Campsey Brigham, (1995). Just in time system of control according to Lucey (1996), is the system that aims at producing the required items of high quality exactly at the time they are required and can only operate in an environment where the following assumptions exist; it assumes that deliveries will always be made 100% on time, It assumes that items supplied are perfect quality with zero defects and therefore all costs associated with poor quality will be eliminated, There is a move

towards zero inventories which means that the firms will hold on inventories at all and therefore will avoid all costs of carrying and maintaining safety stocks. Inventory control models include;

Economic order quantity (EOQ) model

The economic order quantity is one of the oldest and the most commonly known inventory technique dating back to 1915. Publication by Ford W.Harris (Render and stair, 1994). According to Render and Stair (1994), they assert that the EOQ is also known as the optimal quantity and it is calculated using re-order quantity which minimizes the balance of costs between carrying and ordering costs. However according to Lucey (1994), the economic order quantity is the quantity at a point where carrying costs and ordering costs are not only minimal but also equal.

This control technique answers the inventory control question of “how much to order”, which it does by defining the quantity to order that will minimize carrying and ordering costs (Arora 1995, Drury, 1995). The re-order point as per Lucey (1994) is a definite action level while according to Van Horne(1995),it is appoint when replenishment should be ordered with inventory(Lucey 1994). According to Render and Stair (1994), the reorder point is given as; Re-order point =demand per day x lead time for new order. From the above, because of uncertainty in determining the lead time and usage rate, buffer of inventory should be kept by firms to guard against stock outs. Furthermore Van Horne (1995) looks at re-order point when replenishment should be ordered with inventory. The above system and techniques will be helping the firm in determining the right level of inventory to hold at a particular time.

Safety stocks are also another technique used when management believes that some economic order quantity assumptions are invalid hence it comes in to correct. According to Pandey (1995),

in the real life situation, lead-time, delivery time, demand and usage of the materials cannot easily be determined. This may give rise to a situation where demand of a commodity exceeds supply hence leading to stock outs. Therefore, there is need for inventory control so as to keep a buffer during the lead time to ensure that there is continuous smooth operation (Pandey 1995, Van Horne 1995). Furthermore render and stair (1994) assert that in maintaining safety stocks against stock outs and excessive stocks, a firm should consider including safety stocks in the formula that is $\text{re-order point} = \text{demand per day} \times \text{lead time} + \text{safety stocks for new order}$.

An effective control system provides reasonable, but not absolute assurance for the safeguarding of assets. The reliability of financial information and the compliance with laws and regulations, reasonable assurance is a concept that acknowledges that control systems should be developed and implemented to provide management with the appropriate balance between risk of a certain business practice and the level of control required to ensure business objectives are met.

Internal control keeps an organization on course toward its objectives and the achievement of its mission, and minimizes surprises along the way. Internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations. Internal control also ensures the reliability of financial reporting (that is to say all transactions are recorded and that all recorded transactions are real, properly valued, recorded on a timely basis, properly classified (Whatttington, R and Pany, K. 2001).

Finally, according to Wild (2002:4), inventory control is the activity which organizes the availability of items to the customers. It coordinates the purchasing, manufacturing and distribution functions to meet the marketing needs. This role includes the supply of current sales items, new products, consumables; spare parts, obsolescent items and all other supplies. Inventory enables a company to support the customer service, logistic or manufacturing activities

in situations where purchasing or manufacturing of the items is not able to satisfy the demand. Lack of satisfaction could arise either because of the speed of purchasing or manufacturing is too protracted, or because quantities cannot be provided without stocks. Clodfelter (2003:279) adds that a good inventory control system offers the following benefit.

2.2.2 Inventory coordination

Thomas and Griffin (1996) classify coordination into three categories of operational inventory coordination that is the buyer vendor coordination, production distribution coordination and inventory distribution coordination.

Verter and dincer (1995) discuss the facility location decisions of multinational organizational organizations. They highlight the need for coordination among all the international entities of global companies in order to improve competitiveness. They also suggest that production-distribution networks are the effective tools for modeling the company's global supply chain configuration.

The supply chain management (SCM) is a term used to describe the management of materials and information across the entire supply chain, from suppliers to buyers and final customer. Inventory costs can be classified into two parts concluded of the cost of capital (or investment) and physical storage costs. The capital costs are the money expended due to time delays between in and out payment streams in the companies including of depreciation and interest charges (Grubbstrom et al., 1986). The cost of holding inventory included of the money invested, expense for managing warehouse, handling and other variable costs, insurance and taxes, and loses from deterioration, damage, theft, and obsolescence (Silver et al., 1998).

In order to minimize a total costs or alternatively maximize a total profits in a supply chain the cooperative decisions among supplier and buyer would be applied which this method leads it to

achieve benefit for all parties Jaber and Zolfaghari., 2008). When there is no cooperation between the firms, each firm in the supply chain will focus on optimizing its own cost or profit function based on the variables. In this case, the decisions concerning production, purchase and shipment are made separately and often sequentially by each of the member of the chain. Although each member in the supply chain has different operational goals, the performance of all members depends not only on how well each member manages its operational processes, but also on how well the members coordinate their decisions. Buyer and supplier act independently is thus clearly not guaranteeing that the best overall optimal result is achieved that would minimize or maximize the total cost (profit) function of the supply chain. It is thus very important on how decisions in a supply chain can be coordinated in order to get closer to the joint optimal solution. Several researchers proposed the idea of optimizing the total cost to analyze the integration in a single supplier-buyer model was considered early on by Goyal (1976). Banerjee (1986) developed the model by incorporating a finite production rate and following a lot-for-lot policy for the vendor. By relaxing Banerjee's lot-for-lot assumption, Goyal (1988) proposed a more general joint economic lot sizing model.

Lu (1995) specified the optimal production and shipment policies when the shipment sizes are equal. He relaxed the assumption of Goyal (1988) about completing a whole batch before starting shipments. Goyal (1995) then developed a model where successive shipment sizes increase by a ratio equal to the production rate divided by the demand rate.

He found an expression for the optimal first shipment size as a function of the number of shipments. Later, Hill (1997) took this idea one step further by considering a more general type of policy, the single-buyer, single-supplier integrated production inventory model based on successive shipments to buyer, within a single production batch increasing by a fixed factor. In

addition, the coordinated inventory models have been argued in the following literature. According to Goyal and Gupta (1989) applying the inventory decision models of players in a particular supply chain is a common method of obtaining good coordination. Ben-Day a et al. (2008) have contributed to improve literature on cooperated inventory models. The coordination orders in a two-level (vendor-buyers) supply chain have become the main issue discussed by various researchers in their studies (Weng1 (995), Gurnani, (2001); Boyaci and Gallego (2002); Viswana than and Wang, (2001), Jaber and Osman, (2006).

Vendor managed inventory (VMI) has been defined as a collaborative strategy between a buyer and a supplier to optimize the availability of products at minimal cost to both companies. The supplier takes responsibility for the operational management of the inventory within a mutually agreed framework of performance targets which are constantly, monitored and updated to create an environment of continuous improvement in Jame and Rich (1997). In a VMI system, the operations of the vendor and buyer can be integrated through information sharing by using the information technologies such as electronic data interchange (EDI) or internet-based protocols. The vendor can use this information to plan production, schedule deliveries, and manage inventory levels at the buyer.

As a consequence, system cost can likely be reduced while capacity utilization will be increased. These benefits of VMI have been widely recognized in different industries, especially in the retail industry. Haq et al (36) developed a mixed integer program to determine production and distribution batch sizes that minimize system costs in a multi-stage production inventory-distribution system. System costs include unit production costs, setup cost, carrying cost and transport cost. All costs are either fixed or linear. The assumption of linear transportation costs greatly limits the applicability of this model.

Chandra and Fisher (17) present a single plant, multi -customer multi-period model that seeks to combine a production planning problem with a vehicle routing problem. Two solution procedures are presented that is uncoordinated and coordinated. In the uncoordinated approach, the production planning problem is solved to automatically and a vehicle routing problem for each period is solved heuristically.

Clark and Scarf (19) provide one of the earliest efforts in the area of inventory-distribution coordination. They present a recursive decomposition approach to determine optimal policies for serial multi-echelon structures. Silver and Peterson (57) provide a formation and discussion of simple two-echelon inventory systems. Muckstadt and Thomas (49) investigate the applicability of multi-echelon method s in low demand stock levels in a two-echelon system, item decomposition and level of decomposition. Level decomposition sets an aggregate service level goal for each echelon. Item decomposition determines stock levels for each item of each echelon.

2.3 Organizational Performance

According to Richard et al. (2009), organizational performance encompasses three specific areas of firm outcomes that is financial performance (profits, return on assets, return on investment), product market performance (sales, market share) and shareholder return (total shareholder return, economic value added). The term Organizational is broader. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and development. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance (e.g. shareholder return), customer service, social responsibility (e.g. corporate citizenship, community outreach), employee stewardship.

According to West et.al (1990), organizational performance refers to a function of an organization's ability to meet its goals and objectives. How successful an organization achieves its objectives, satisfies social responsibilities or both depends upon how well an organization carries out its activities. Organizational function is an important factor in the performance of a society or nation. How well the organizations of the society do their job-organizational performance, gives rise to debate (Stoner et. al, 1989). Organizational performance is evaluated regardless of the system being used, either formal or informal. Systematic ways of appraising organizational performance throughout the company are however desirable so that each manager can help to improve current performance and identify individuals who show the greatest potential for higher management positions (Pigers et. al, 1989). Lucey (2003) observes that excessive levels of stock are undesirable because they increase the risks of inventory becoming obsolete, stock loss through damage and theft, increased storage costs like rent, insurance and unnecessary tie up of the firm's funds.

Organizational performance is the most important criterion in evaluating organizations, their actions, and environments. This importance is reflected in the pervasive use of organizational performance as a dependent variable. March and Sutton (1997) found that of 439 articles in the Strategic Management Journal, the Academy of Management Journal and Administrative Science Quarterly over a three year period, 23% included some measure of performance as a dependent variable. In contrast to the dominant role that organizational performance plays in management fields, is the limited attention paid by researchers to what performance is and how it is measured. The definition of 'organizational performance' is a surprisingly open question with few studies using consistent definitions and measures (Kirby, 2005).

Performance is so common in management research that its structure and definition is rarely explicitly justified instead its appropriateness, in no matter what form, is unquestionably assumed (March & Sutton, 1997). Sadly, 10 years later, these assumptions continue largely unquestioned. Reviewing the last three years of the journals examined by March and Sutton (1997) identified 66 papers that included organizational performance as a dependent, independent or control variable. Measures ranged from an assortment of operating ratios, net profit after taxes (NPAT) and return on equity to FD approvals and broad perceptions of relative performance variously measured.

There are three common approaches to organizational performance measurement seen in the literature. The first is where a single measure is adopted based on the belief in the relationship of that measure to performance (Hawawini et al., 2003; Roberts & Dowling, 2002; Hillman & Keim, 2001; Spanos et al., 2004). Ideally these beliefs are supported by theory and evidence but are often merely assumed. The second approach is where the researcher utilizes several different measures to compare analyses with different dependent but identical independent variables (Baum & Wally, 2004; Contractor et al., 2003; Miller, 2004; Peng, 2003). The third approach is where the researcher aggregates dependent variables, assuming convergent validity based on the correlation between the measures (Cho & Pucik 2005; Goerzin & Beamish 2003). This is most common with subjective measures of performance where the investigator is seeking something similar to trait based psychometric validity (see Varadarajan and Ramanujam 1990). However it is not uncommon to see operational and market measures are also being aggregated (Rowe and Morrow 1999). The justifiability of these approaches depends crucially on whether the specific measures used meet the assumptions made. We address the nature of these specific measures below by first examining the objective measures of performance as detailed below;

Accounting Measures

Accounting measures are the most common and readily available means of measuring organizational performance. The validity of their use is found in the extensive evidence showing that accounting and economic returns are related. For instance, Danielson and Press (2003) found that the correlation between accounting and economic rates of return was above 0.75, and Jacobson (1987) found that despite a weak R² of 0.2, ROI was able to distinguish performance between firms and over time.

The rules that accounting systems are based upon (such as GAAP standards) are not always consistent with the underlying logic of organizational performance. For instance, choices over depreciation schedules, inventory and booking expenses can undermine the ability to accurately tap the time dimension. To rigorously apply accounting measures one must understand the nature of the rules (equations) that define the measure of interest.

However, researchers rarely have the inclination, time or data to achieve this. Another important limitation of accounting measures of performance is that they emphasize historic activity over future performance. Due to their reliance on auditable sources, accounting measures reflect what has happened and can be quite limited in revealing future performance, which can be both a negative, as in the case of Enron, or a positive, as in the case of many early internet companies. Hence, the apparent predictability and validity of accounting measures as signals of economic returns may have less to do with their validity and more to do with the stationary properties of the environment in which the measurement is taking place. The implication being that the more turbulent the environment is, the less clear the rules of performance are, and the more variable the regulatory and institutional environment in which firms are operating, the less valid and comparable are accounting measures as signals of economic returns.

For instance, Jusoh and Parnell (2008) encountered difficulties applying Western accounting measures in the emerging Malaysian environment. Measures of organizational performance such as customer and employee satisfaction were more strong. A case study on measurement in Vietnam also found accounting measures to be a biased reflection of performance (Luu et al, 2008)

Financial Market Measures

Within the strategy, economics and finance literatures market value based measures are the preferred instrument for characterizing organizational performance. The greatest strength of these measures is that they are forward looking, in theory representing the discounted present value of future cash flows (Fisher & McGowan, 1982).

They also incorporate intangible assets more effectively than accounting data (Lev, 2001), something of clear relevance to those interested in resource based and knowledge based views of the firm.

However, the connection between market measures to the actual performance of the firm depends on how much of the rent generated from its activities flows to shareholders and the informational efficiency of the market. The usual justification of these measures is that firms are instruments of shareholders. But, as noted above, this assumption about the stakeholder dimension may not be as applicable in Continental Europe or Japan (Dore, 2000). Moreover, research on psychological and other influences suggests that market values do not simply reflect an efficient appraisal of future cash flows (Malkiel, 2003; Kahneman & Riepe, 1998).

Empirical research in finance has shown that only a small proportion of share price movement is explained by systematic economic effects (Cutler et al., 1989; Roll, 1988). Instead, share price.

However Organizational Performance can be further subdivided into Profitability, Sales volume and Return on investment as detailed below.

2.3.1 Profitability

Business profitability is a justification of its good performance and loss is a justification of poor performance. In fact profits of a business are the end results of operation and an indication of its good performance (Griffith 2001). According to Hermanson (1989), profitability is the organizations ability to generate income and its inability to generate income is a loss. He further asserts that if the income generated is greater than the input cost, that is simply profitability but if the incomes are less than the input cost, it reflects poor performance.

Masumeno (2001) asserts that the principle motivating force in any business is profitability. He noted that although profit maximization is not the only motive in business, it is important. Therefore there should be adequate return on capital invested if any business is to be considered good performing.

Profitability is measured with income and expenses. Income is money generated from the activities of the business. For example, if crops and livestock are produced and sold, income is generated. However, money coming into the business from activities like borrowing money does not create income. This is simply a cash transaction between the business and the lender to generate cash for operating the business or buying assets.

Expenses are the cost of resources used up or consumed by the activities of the business. For example, seed corn is an expense of a farm business because it is used up in the production process. A resource such as a machine whose useful life is more than one year is used up over a

period of years. Repayment of a loan is not an expense but it is merely a cash transfer between the business and the lender.

Profitability is measured with an “income statement”. This is essentially a listing of income and expenses during a period of time (usually a year) for the entire business. Information File Your Net worth Statement includes - a simple income statement analysis. An Income Statement is traditionally used to measure profitability of the business for the past accounting period. However, a “pro forma income statement” measures projected profitability of the business for the upcoming accounting period. A budget may be used when you want to project profitability for a particular project or a portion of a business. Whether you are recording profitability for the past period or projecting profitability for the coming period, measuring profitability is the most important measure of the success of the business. A business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment.

Increasing profitability is one of the most important tasks of the business managers. Managers constantly look for ways to change the business to improve profitability. These potential changes can be analyzed with a pro forma income statement or a Partial Budget. Partial budgeting allows you to assess the impact on profitability of a small or incremental change in the business before it is implemented. A variety of Profitability Ratios (Decision Tool) can be used to assess the financial health of a business. These ratios, created from the income statement, can be compared with industry benchmarks. Also, Income Statement Trends (Decision Tool) can be tracked over a period of years to identify emerging problems.

2.3.2 Sales volume

Previous studies on the effect of sales promotion dimensions on sale volume are inconclusive. Most researchers agreed that sales promotion dimensions have no significant effect on sales volume (Davis et al. 1992; Dekimpe, Hanssens and Silva-Risso 1999; Pauwels et al. (2002). Gilbert and Jackaria, 2002; Srinivasan et al. 2000). While some research believed that sales promotion dimensions have positive effect on sales volume (Ailawadi, 2001; Ailawadi and Neslin 1998; Oyedapo et al, 2012; Odunlami and Ogunsiji, 2011; Bamiduro, 2001).

The findings of Bamiduro (2001) confirmed that there is positive significant relationship between sales promotion dimensions and sales volume of the organizational performance. Oyedapo et al, (2012) conducted a research on the impact of sales promotion on organization performance using the Nigerian manufacturing industry and their findings revealed that the adoption of sales promotion dimensions significantly influence the performance of organizations

According to Ailawadi (2001), sales promotions have a positive long-term effect on sales because promotions persuade consumers to change brands and to buy in larger quantity. Odunlami and Ogunsiji (20011), who encroached on the effect of sales promotion as a tool on organizational performance. They concluded that the effective implementation of sales promotion dimensions lead to increase in sales volume. Moreover, Wayne (2002) found a link between sales promotion dimensions and product trial which eventually lead to increase in sales volume. Pauwels et al (2002) also discovered that sales promotion dimensions have permanent effect on sales volume. However, long term effects are under an academic debate and different research shows opposing results. Some of the research shows that after a promotional purchase probability for a repeat purchase is lower than after a non-promotional purchase.

Totten and Block (1994) found that sales promotion dimensions have no long term effect on sales volume. Dekimpe, et al (1999) and Srinivasan et al. (2000) their findings proved that sales promotion dimensions do not change the structure of sales volume over the long run. Sales promotion dimensions are considered to be an external stimulus and after when it is gone consumers are less likely to re-purchase (Dodson et al. 1978).

2.3.3 Return on investment

Return on investment (ROI) is one of the key methods used to quantify the level of success achieved or achievable in a business endeavor. The concept of ROI is used throughout private industry not only to determine past results, but also to evaluate the current situation and as a decision making tool for the future. The advantages of ROI are clear in that it provides the flexibility to anticipate output changes in advance.

This benefit results in the ability to not only preview the future in a real world sense, but also to modify the inputs to the numerator and denominator of the equation to model potential courses of action for the enterprise. Although a useful concept, ROI does not easily transition for use in the public sector. Unlike private enterprise, the public sector has no “profit” or “total sales” to use in the equation with respect to total sales, revenue is not directly relevant to ROI, but asset turnover ratios can be calculated.

The increasing need for some method to quantify ROI in the public arena has led to multiple attempts from a diverse group of public enterprises with varying results. This is the purpose of cost benefit analysis wherein, for service centers, through estimation of a shadow price a quasi-profit may be estimated to produce a measure of ROI.

The Australian government placed increased emphasis on what they termed the “value added” approach in an effort to determine the output they were receiving as a result of budgetary expenditures. For example, the Royal New Zealand Navy desired a determination of ROI for the implementation of a retention bonus plan used to control the attrition problem that was being experienced with marine engineers. Both of these results were somewhat mixed with valuable lessons learned.

Also the United States Postal Service (USPS) met with a greater level of success in their effort, due largely to the fact that they are run much more like a private enterprise. Although not seeking to be “profitable,” the USPS does generate revenue which can be used in the numerator of the formula which when divided by the USPS asset base in the denominator results in a fairly conventional ROI.

2.4 Inventory planning and organizational performance

Planning is a process that has to be commenced from somewhere and completed for a purpose. It involves gathering information that would enable managers and supervisors make sound decisions on what and how much to stock. The information obtained is also utilized to make better actions for achieving the objectives of the Organization. In most cases the planning and controlling processes move together for the success of the organization

Business owners usually create internal policies and procedures for inventory planning and control. Managers and employees must follow these policies and procedures when handling the company’s inventory. Policies and procedures outline who can order inventory, how inventory flows through the company, and accounting policies for valuing inventory and procedures to deal with obsolete goods. Inventory planning and control has several benefits for companies who derive the majority of their revenue sales from inventory.

Inventory planning and control can help organizations manage cash flow. Small businesses do not have large capital balances for purchasing copious amounts of inventory. Business owners implement policies and procedures to limit the amount of money spent on inventory. Cash flow improvements also come from purchasing the lowest cost inventory available in the business environment. Not only does low-cost inventory save the company money, but it also allows companies to develop a cost advantage in the economic market.

2.5 Inventory control and organizational performance

Sharma (2004) views inventory control as the means by which materials of the correct quantity and quality is made available as at when required with due regard to economy in terms of storage and costs (both ordering and working Capital). He also asserts that inventory control is the systematic way of locating, storing and recording of goods in such a way that desired degree of service can be made to the operation organization at minimum ultimate cost. Inventory control aims at providing the following information to the business organizations for effective Decision Making such information on the accuracy of stock records and physical quantities, evidence in support of the value of stock shown in the balance sheet and profit and loss statement , reveal any weakness in the method of inventory keeping; and disclose any loss, fraud, or theft in the process of material handling and identifying deterioration, obsolescence, slow movement and redundancy in the stocks on hand.

Ahuja (2002) and Martand (2009) have identified the objectives of inventory control to include to minimize the costs involved in purchasing, stocking and issuing of the supplies, to reduce the frequencies of ordering for stock items, to decrease pilferage, waste and over stocking to minimize the investment and fluctuations in Inventories while at the same time providing prompt

order filling services for customers, to integrate and deploy within the logistical system the minimum amount of inventory consistent with desired delivery capability and total cost expenditure, to ensure adequate supply of products to customer and avoid shortages as far as possible, to provide a scientific base for both short term and long term planning of materials, and to provide a reserve stocks for variations in lead of delivery of materials.

According to Arora (2000), the factors to be considered in Inventory Control for better performance of the organizations include, procurement costs, inventory carrying costs, cost of spoilage and obsolescence, cost of running-out of stock and set-up cost. A good inventory control system minimize the possibility of delays in production that are caused by lack of materials, permits the organization to exercise economics in purchasing, essential for an efficient accounting system is deterrent to people who might steal materials from factory is desirable to expedite the production of financial statement, allows for possible increase in output, protect advantage of quality discount, creates buffer between input and output and protects against scarcity of materials in the market and avoid inventory build-up (Carter, 2002).

However poor inventory control has the following symptoms such as high rate of order cancellations, excessive machine downtime due to material shortage, large scale inventories written down because of price decline, distress sales, widely varying rate of inventory losses, large writing down at the time of physical inventory taking, continuous growing inventory qualities, liabilities to meet delivery schedules and even production rate (Menon, 2006) leading to poor organizational performance.

2.6 Inventory coordination and organizational performance

There seems to be a general lack of managerial ability to integrate and coordinate the intricate network of business relationships among supply chain members (Lambert and Cooper 2000). Stank et al. (1999) studied inter-firm coordination processes characterized by effective communication, information exchange, partnering, and performance monitoring. Lee (2000) proposes supply chain coordination as a vehicle to redesign decision rights, workflow, and resources between chain members to leverage better performance such as higher profit margins, improved customer service performance, and faster response time.

Kleindorfer and Saad (2005) asserted that continuous coordination, cooperation, and coordination among supply chain partners are imperative for risk avoidance, reduction, management and mitigation such that the value and benefits created are maximized and shared fairly in the organizations leading to their performance. Supply chain coordination is a strategic response to the challenges that arise from the dependencies supply chain members (Xu and Beamon 2006).

Supply chain coordination can be defined as identifying interdependent supply chain activities between supply chain members and devise mechanisms for manage those interdependencies. It is the measure of extent of implementation of such aggregated coordination mechanisms, which helps in improving the performance of supply chain in the best interests of participating members (Arshinder 2008).

Various perspectives have been presented in the literature for coordinating supply chain by different authors. These perspectives and classification of coordination literature has been

adopted from the review paper by Arshinder et al. (2008a), however, the authors are motivated to revise the paper with view of incorporating uncertainty in SCC and up gradation of coordination mechanisms. The inventory coordination is attained by ensuring growth in reporting of coordination mechanisms in supply chain, managing uncertainty has become more and more challenging, which can be tackled with SCC, information technology has been evolving and playing an important role in making global supply chain seamless. Inventory coordination aims at understanding and appreciating SCC in different processes of supply chain, to explore various coordination mechanisms to coordinate the supply chain, to understand the role of SCC in managing SC uncertainty and to relate substitute measures of SCC with supply hence contributing to well performance of the organization.

2.7 Conclusion

Basing on the literature review, it's important for print media businesses to improve on their inventory management systems because it is one of the major company resources that affect the performance of the organizations. These conclusions will however be confirmed after a thorough research of the study.

CHAPTER THREE: METHODOLOGY

3.0 Introduction

This chapter describes the area and context of the study. It highlights the scope and the basis upon which the findings of the study are based. It describes the research design, area of study, study population, sampling procedure, sample size, sampling techniques, data sources, data collection methods and instruments, quality control methods data management and processing, data analysis, ethical consideration, limitations of the study which the researcher used to collect the necessary data analyze it and attach meaning to it.

3.1 Research Design

It was a case study designed using both qualitative and quantitative approaches. A case design was used because it is fit for small samples for in-depth analysis. Qualitative approach was employed because it develops a deeper understanding basing on the readily available information. On the other hand quantitative approach was used because it allows reporting of summarized results in numerical terms with a high degree of confidence and at the same time facilitates drawing meaningful results from the body of qualitative data.

3.2 Area of Study

The study was restricted to Monitor Printing and Publishing Company whose head office is in Namuwongo, plot 29/35 8th Street Kampala, Uganda.

3.3 Study population

The study took on a target population of 65 people who included departmental heads, accountants, internal auditors, and stores staff. It considered these categories because they are involved in stock management.

3.4 Sampling Procedure

The study employed purposive sampling methods since it was looking at respondents who were fully involved in stock management in Monitor Publications.

3.4.1 Sample Size

A sample size of 56 respondents was selected from the population of 65 people and this was calculated basing on Krejcie and Morgan (1970), table for determining sample size and this is backed by Amin (2005) who said that a sample selected using Morgan and Krejoice table is a true representative of the population.

3.4.2 Sampling Techniques

Purposive sampling technique was used because the researcher aimed at specific people to include in the study. It was used simply because the study targeted basically such people involved in stock management. It also ensures that people with relevant information are sampled.

3.5 Data Collection Sources

Data was collected using both primary and secondary sources. The primary sources involved the use of questionnaire and interview guide issued to accountants, managers, stores assistants and procurement officers. This category provided the researcher with first hand information regarding the study. Whereas secondary data sources involved review of the available stock cards, goods received note, and inventory reports.

3.5.1 Primary Data Sources.

The methods included questionnaires, key informant interviews and observation. Key informant interviews were used to generate information from Managers and Internal Auditors and also structured questions were used.

3.5.2 Secondary Data Sources

The study employed printed materials including text books, journals, reports, especially those related to the field of study. Other materials especially journals and books were reached via internet which enables the researcher to compare whether results that is getting are relevant and adequate literature. The secondary data was based on conceptual frame work as an instrument.

3.6 Data Collection Tools

Questionnaire was used and it was divided into two sections including the title, demographic information of the respondents as well study issues based on variables and their dimensions. Other instruments included interview guide and required stationary used in gathering information.

Questionnaire used targeted Stores Assistants, Accountants, and the Procurement Officers to enable the researcher get the right information concerning the organization.

The interview guide which was used targeted the Managers and the Internal Auditors to allow the researcher know in details about the flow of the operations right from the top managers down to the employees.

3.7 Quality Control methods

Validity of data collection instruments was ensured with the help of the supervisor who edited the questionnaire and interview guide. Questionnaires were pre-tested in an organization with the similar setting that is The Observe Media House. Appropriate adjustments were made to ensure clarity of the instruments.

Reliability of the questionnaires is the consistency with which respondents interpret and respond to all the questions (Amin 2005). This was achieved by testing the instruments for the reliability

values (alpha values are recommended by Sekaran (2001). The alpha values for each variable under the study should not be less than 0.6 for the instruments to be deemed reliable (Mugenda 1999).

Table 1: Reliability Table

Dimension	Number of cases	Alpha Values
Inventory Planning	6	0.891
Inventory Control	5	0.723
Inventory Coordination	5	0.671
Organizational Performance	3	0.837

Source: Field Data (2014)

Results of the reliability test in the table above reveals that all the variables had Alpha Values above 0.6 mark. This is an indication that all variables in the instruments are recommended and purely reliable (Sekaran, 2001).

3.8 Data Management and Processing

Responses to the questions were noted down during the interview session which enabled immediate probing on issues that were not clear on the interview schedule.

Data was analyzed using both statistical and narrative methods. Correlation was used to access the relationship between inventory management on organization performance.

3.9 Ethical Consideration

A letter of introduction was issued to the researcher from the University where permission was sought from the management of Monitor publications. Respondents who were identified to

participate in the study were protected by the researcher through seeking their consent and ensuring them of confidentiality of the information.

3.10 Limitations of the study

The researcher faced a problem of insufficient funds, which were required for travelling, typing and printing of research work in various drafts and copies, this was overcome by obtaining a soft loan from colleagues since the researcher is self sponsored

CHAPTER FOUR

4.0 PRESENTATION, INTERPRETATION AND DISCUSSIONS OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study on the inventory management and its relation to organizational performance of Monitor Printing and Publishing Company. Presentation is by use of tables, figures and graphs and charts basing on the study objectives.

4.2 Response Rate

Basing on the selected population of 56 respondents, the researcher was able to complete the study with 56 respondents including key informants making the response rate to be 100%.

4.3 Demographic Information of Respondents

The demographic information of respondents was rendered necessary because it contributes to relevance of the information on the study; therefore data regarding background information of respondents has been presented below into categories, of gender, education level, and position in the institution, age bracket and period served in the institution.

4.3.1 Gender of Respondents

Respondents were required to indicate their gender and the following are the findings;

Table 4.1 Respondents' Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	34	60.7	60.7	60.7
Female	22	39.3	39.3	100.0
Total	56	100.0	100.0	

Source; Field Research (2014)

Figure 2: Gender of Respondents



Source: Field Research (2014)

The study revealed that majority of respondents were males 34 (61%) and female making a total presentation of 22 (39%).

4.3.2 Level of Education of Respondents

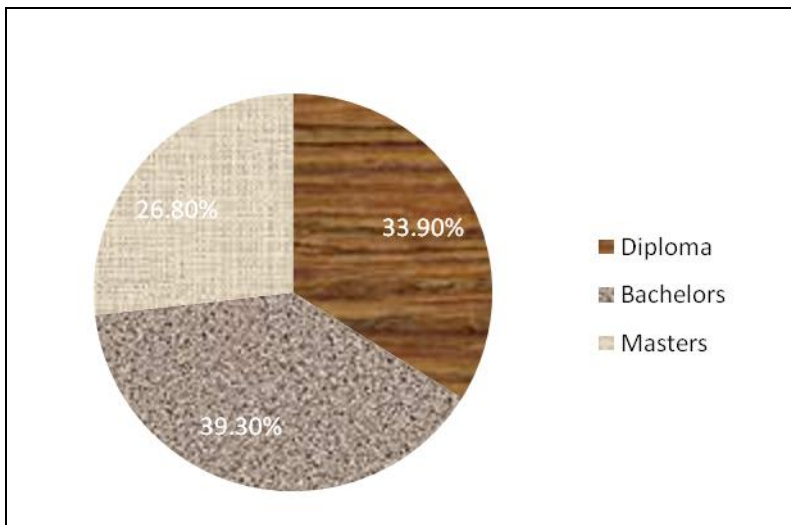
Details about the education level of respondents were obtained and results are presented in 4.2 below;

Table 4.2 Respondents' Level of Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	19	33.9	33.9	33.9
Bachelors	22	39.3	39.3	73.2
Masters	15	26.8	26.8	100.0
Total	56	100.0	100.0	

Source: Field Research (2014)

Figure 3: Level of Education of Respondents



Source: Field Research (2014)

Majority of respondents had Bachelors Degree as represented by 22 (39%) followed by Diploma holders with 19 (34%) and the least with 15 (27%). The findings have a bearing on the level of

understanding of such a category because they are believed to understand what inventory management mean and its contributions to organizational performance.

4.3.3 Position held in the institution

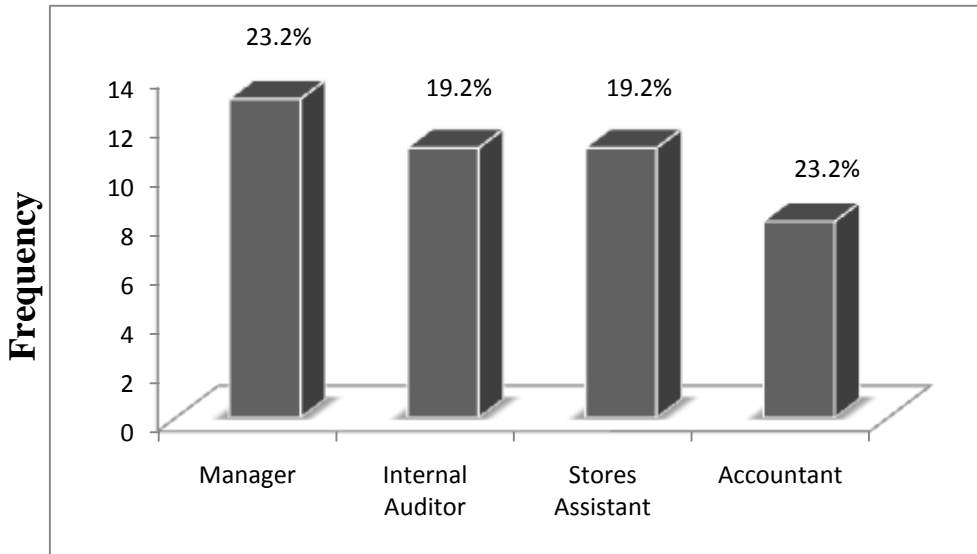
Findings regarding respondents' position was obtained and is presented in the table below;

Table 4.3 What Position do you hold in this institution

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Manager	13	23.2	23.2	23.2
Internal Auditor	11	19.6	19.6	42.9
Stores Assistant	11	19.6	19.6	62.5
Accountant	8	14.3	14.3	76.8
Procurement Officer	13	23.2	23.2	100.0
Total	56	100.0	100.0	

Source: Field Research (2014)

Figure 4: Respondents' Position



Source: Field Research (2014) **Position Held in the Institution**

Finding revealed that majority of the respondents 22 (23.2%) were Managers and Accounts and 19 (19.6%) were Internal Auditors and Stores Assistants respectively.

4.3.4 Respondents' Age Groups

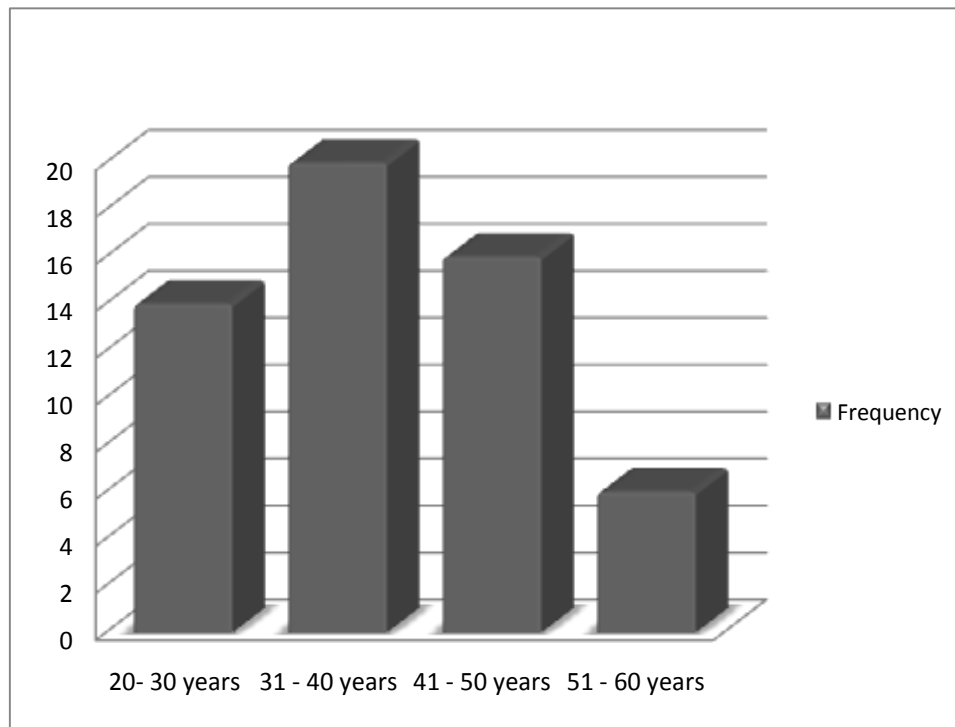
The study obtained details of the age group of respondents for purposes of understanding their age and possibly the experience they possess in their respective positions. Details of the findings are shown in the table below;

Table 4.4 Respondents' Age Group

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20- 30 years	14	25.0	25.0	25.0
31 - 40 years	20	35.7	35.7	60.7
41 - 50 years	16	28.6	28.6	89.3
51 - 60 years	6	10.7	10.7	100.0
Total	56	100.0	100.0	

Source: Field Research (2014)

Figure 5: Respondents Age Group



Source: Field Research (2014)

Age Bracket

From the findings above it is evident that majority of the respondents were in the age bracket of between 31 – 40 years with 20(37.5%), followed by 41- 50 years represented by 16(28.6%), age 20 – 30 years scored 14(25.0%) and the least were in age group 51 – 60 years (10.3%).

4.3.5: Longevity in Service

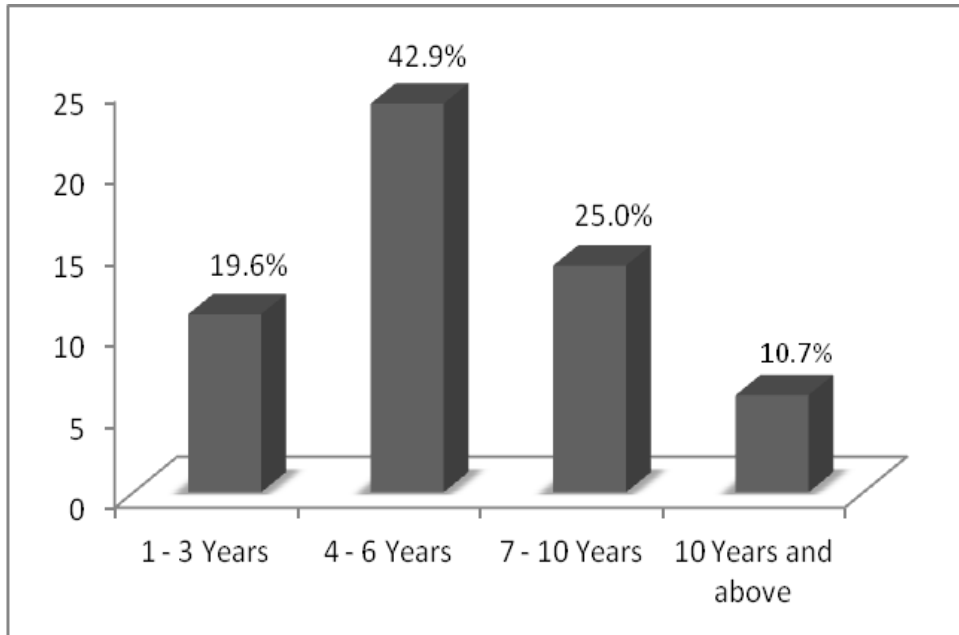
The study investigated the duration spent by the respondents in the institution the findings are presented in the table below;

Table 4.5: Longevity in the Institution

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 - 3 Years	11	19.6	19.6	19.6
4 - 6 Years	24	42.9	42.9	62.5
7 - 10 Years	14	25.0	25.0	87.5
10 Years and above	6	10.7	10.7	98.2
Total	56	100.0	100.0	

Source: Field Research (2014)

Figure 6 Longevity in the institution



Source: Field Research (2014) **Longevity in the Institution**

Findings revealed that majority of respondents had worked in the institution for years between 4 6 years with 24 (42.9%), 7 - 10 years 14 (25.0%), others 1- 3 years with 11(19.6%) and 10 years and above with 6(10.7%).

4.4 Inventory Planning

Respondents were asked a number of questions regarding control environment in their respective capacities and the following were the results;

Table 4.6: Descriptive Statistics on Inventory Planning

	N	Minimum	Maximum	Mean	Standard Deviation
The Organization has a record management System	56	1.00	5.00	3.7857	1.26080
The record management plan examines records appropriately	56	1.00	5.00	3.9821	1.15193
Inventory Planning enhances information flow	56	1.00	5.00	4.0893	1.13260
Planning is useful in decision making	56	1.00	5.00	4.1429	1.01674
Inventory planning enhances profitability	56	1.00	5.00	4.3393	1.01403
Departmental needs are incorporated in inventory planning	56	1.00	5.00	4.3393	0.97751
Valid N (listwise)	56				

Source: Field Research (2014)

Table 4.6 above shows the details of the effectiveness of inventory planning under various key statements obtained from the respondents. The statements have been ranked in terms of their mean and standard deviations so as to derive meaning out the results. Thus the details of the table are as presented in the corresponding heading and test statements.

The organization has a record management system

The study findings reveal in table 4.6 above indicated that respondents agreed that the institution has a record management system in place. This was represented by a mean of 3.78 which

indicates that majority of the respondents were neutral. This shows that inventory planning indeed exists in the organization. Centrally to this, the corresponding standard deviation of 1.26 signifies varying views from the respondents on the same statement. This is in line with Render and Stair (1994) assertion stating that, planning phase is a primarily concern with what inventory is, how much to be stocked and how it is acquired. This information is then used in forecasting demand for inventory, controlling inventory levels and studying how organizations control their inventory.

The record management plan examines records appropriately

Table 4.6 above clearly state that respondents were in agreement that the record management system examines records appropriately. This was revealed by a mean of 3.98, but a significant standard deviation of 1.15 provides differing views on the same statement. This shows that majority of the respondents were neutral. Putting in place a management plan that examines records is of great importance to the organization, this is supported by Render and Stair (1994), who categorically put it forward that a record management plan should examine the current records situation, describe both short-term and long-term goals, and identify what resources might be needed to achieve those goals.

Inventory Planning enhances information flow

Results as presented in table 4.6 above, state that respondents were in agreement that inventory indeed enhances information flow in the organization. This is evidenced by a mean of 4.08 which designates that majority of the respondents strongly agreed and a standard deviation of 1.13 clearly signifies varying responses to the same test statement. Management's adherence to inventory planning is of great importance to the organization, this is in with Packowski et al. 2010, who asset that information flows for example propagation of demand signals across the

entire supply chain are can be adequately addressed if proper flow of information is of concern in the organization. In addition, value generation is not limited to manufacturing alone: a substantial share of the total value added is contributed by supply and distribution processes. Consequently, many companies in process industries have coined the vision of lean supply chain management for the efficient planning and execution of material and information flows in an end-to-end way.

Planning is useful in decision making

Results in table 4.6 above indicate that respondents were in agreement with the test statement as represented by a significant mean of 4.14. However, a standard deviation of 1.01 signifies variation in responses on the same question. In relation to the views of the majority respondents who strongly agreed that planning is a driver to decision making in the organization. This is in line with what Packowski et al. 2010 stated that planning processes, as proposed by the concepts of Material Requirements Planning (MRP I) and Manufacturing Resource Planning (MRP II), production and replenishment decisions which are directly based on demand forecasts.

Inventory planning enhances profitability

The findings as revealed in table 4.6 above clearly indicate that respondents strongly agreed with the test statement as represented by a mean value of 4.33. Consequently a standard deviation of 1.01 provides variations in responses on the same statement. According to results from the interview guide, the researcher was able to identify and conclude that the increasing and steady performance of the organization under study is as a results proper inventory planning which has significantly contributed to its profitability.

Departmental needs are incorporated in inventory planning

Results as presented in table 4.6 above stipulate that respondents were in agreement that departmental needs were included in inventory planning. This is an indication of proper flow of

work and coordination of activities enhanced by proper communication with different departments in the organization. This is presented by a mean value of 4.33 which indicates that majority agreed. However, a standard deviation of 0.97 provides varying views regarding the same matter and this is in line with the assertions by Packowski et al. 2010.

4.5 Inventory Control

Table4.7: Descriptive Statistics on Inventory Control

	N	Minimum	Maximum	Mean	Standard Deviation
The organization has an inventory control system	56	1.00	5.00	3.9107	1.13260
There is a monitoring system in place	56	1.00	5.00	3.8393	1.17205
Quality management is adhered to at all levels	56	1.00	5.00	3.9286	1.15770
Safety of stock is considered	56	1.00	5.00	4.0000	1.09545
There is independence in the entire inventory process	56	1.00	5.00	4.0714	1.09307
Materials are recorded on arrival	56	1.00	5.00	3.9464	1.10239
Goods are inspected on arrival	56	1.00	5.00	4.2143	.96699
Valid N (listwise)	56				

Source: Field Research (2014)

The organization has an inventory control system

Results in table 4.7 above reflect that respondents were neutral to the statement that the organization has an inventory control system as presented by the mean value of 3.91. However, a standard deviation of 1.13 clearly indicates varying responses in the test statement. This is in line with Lucey (1996) assertions that inventory control system is important in controlling the organization's investment in stock. It can be observed from ordering, receipt, storage and issue, all together associated with recording. Therefore goods must be properly received, inspected and the goods received note raised. Results from the interview guide clearly supports the findings since the researcher saw recording fully operational at all levels.

There is a monitoring system in place

Findings in Table 4.7 above clearly states that respondents agreed as presented by a mean value of 3.83, consequently a standard deviation of 1.17 gives varying views on the test statement. An inventory management system is of great importance to the organization in that it ensures that recording, monitoring stock levels, forecasting future demands, deciding on when and how to order and how much to order. For a firm to perform efficiently and effectively, the inventory control system has to be properly designed and implemented to suit the firm's requirements (Lucey 1996).

Quality management is adhered to at all levels

Results as revealed in table 4.7 above show an agreement in findings on quality management being adhered to at all levels and this is presented by mean value of 3.92. Consequently a standard deviation of 1.15 indicates varying views in regard to the same test statement. Quality management ensures safety and improved performance in the organization. This is in line with

Kakuru (2000), who stated that the overall objective of inventory management is to minimize total costs associated with stock there by meeting the organization's objective of wealth maximization. These systems include just in time systems which is a recent approach in inventory control that was developed by the Japanese.

Safety of stock is considered

Results in table 4.7 reflect an agreement by respondents of consideration of safety of stock. This is presented by a mean value of 4.00 which indicates that majority of the respondents agreed with the results. On the other hand a significant standard deviation of 1.09 provides varying views on the test statement. Those in agreement clearly imply that indeed safety of stock is of great importance to the organization. This is in line with Pandey (1995), who says that in the real life situation, lead-time, delivery time, demand and usage of the materials can easily be determined if safety of stock is put into due consideration. This is done by avoiding stocks outs and excessive stocks. This indeed is also in line with (Van Horne 1995) who asserts that maintaining safety stocks, an organization should follow a formula that is $\text{re-order point} = \text{demand per day} \times \text{lead time} + \text{safety stocks for new order}$.

There is independence in the entire inventory process

The results in table 4.7 indicate that respondents agreed with the presence of independence in the entire inventory process. This is evidenced by a mean value of 4.07 showing that the majority of the respondents strongly agreed with what was asked them. A standard deviation of 1.09 portrays varying views on the same statement. The findings from the interview guide are in agreement with the testament and results since the researcher through the interaction with key personnel observed that segregation of duties really existed. Personnel in the stores were only responsible for receiving consignment not ordering and the accounting aspect was carried out by

another individual. This is in line with what Whittington and Pany (2001) stated that there is need for independence during operations because it tends to check on cost and at the same time insure that internal controls are adhered to.

Materials are recorded on arrival

Findings under this test statement clearly reveal a significant agreement with the mean value of 3.94, implying that materials procured were recorded on arrival. However, a standard deviation of 1.10 clearly signifies varying responses from the respondents. Recording of materials on arrival is an internal control measure which ensures that what is ordered for is actually what is received and at the same time conforms to the quality requirements. This was observed during the interview held with resources interacted with where they stressed that FIFO a method of stock control was observed, hence making recording of materials effective.

Goods are inspected on arrival

Table 4.7 above indicate that members agreed with the statement that goods are inspected on arrival this was represented by a mean value of 4.21, however, a standard deviation of 0.96 indicates varying views on the test statement. Inspection of goods on arrival is an internal control measure which aims at ensuring that quality, quantity and specifications and adhered to before issuance of Goods received note. This is in line with Lucey (1996), who stated that goods must be properly received, inspected and the goods received note raised.

4.6 Inventory Coordination

Table 4.8: Descriptive Statistics on Inventory Coordination

	N	Minimum	Maximum	Mean	Standard Deviation
Coordination is carried out at all levels	56	1.00	5.00	3.8571	1.22739
Inventory management is observed at all levels	56	1.00	5.00	3.5179	1.45216
Inventory decisions are taken collectively	56	1.00	5.00	3.4286	1.42519
There is inventory documentation at all levels	56	1.00	5.00	3.7857	1.26080
Supplier relationship is observed at all levels	56	1.00	5.00	3.9821	1.10357
The institution has a buyer/seller supply chain management and it is observed	56	1.00	5.00	3.8571	1.25667
Departments raise their requirements on time	56	1.00	5.00	3.9107	1.13260
Valid N (listwise)	56				

Source: Field research (2014)

Coordination is carried out at all levels

The findings in Table 4.8 indicate that respondents agreed with the existence of coordination in the entire inventory process. This is evidenced by a mean value of 3.85 which shows that majority of the respondents agreed with what was asked about the organization. However a standard deviation of 1.22 which portrays varying views on the test statement. Coordination ensures the flow of activities to enhance a competitive advantage for the organization. This is in

line with Verter and dincer (1995) who highlight the need for coordination among all the international entities of global organizations in order to improve competitiveness.

Inventory management is observed at all levels

The results in Table 4.8 show that respondents agreed with the observation of inventory management at all levels in the organization. This is evidenced by a mean value of 3.51 a figure which indicates that majority of the respondents agreed with the observation. . However a standard deviation of 1.45 exhibited varying views on the same test statement. Proper inventory management contributes to the positive results in the organization. This is in line with the results from the interview guide where the key personnels concluded that through ensuring proper inventory management, positive results of development and performance are revealed to the organization.

Inventory decisions are taken collectively

The results in table 4.8 reflect the agreement of the respondents' view on whether inventory decisions being taken collectively in the organization. This is evidenced by a mean value of 3.42. However a standard deviation of 1.26 exhibits varying views on the same test statement. According to the interview guide, the key personels agreed that the issue of inventory decisions is core because is the basis of the organizational performance. This is in line with Jaber and Zolfaghari., 2008) who asserts that in order to minimize a total costs of stock or alternatively maximize a total profits in a supply chain the cooperative decisions among supplier and buyer should be applied which this method lead to achievement of benefits for all parties.

Supplier relationship is observed at all levels

The results in table 4.8 reflect that the respondents agreed that supplier relationship is observed at all levels in the organization. This is evidenced by a mean value of 3.98 which shows that

majority of the respondents agreed with what was asked about the organization. However a standard deviation of 1.10 exhibits varying views on the same test statement. This is observed through the supply chain management (SCM) used to describe the management of materials and information across the entire supply chain, from suppliers to buyers and final customer. This is in line with Goyal (1976) who says that buyer and supplier act independently thus clearly guaranteeing that the best overall optimal result is achieved through minimizing or maximizing the total cost or (profit) function of the supply chain. It is thus very important on how decisions in a supply chain can be coordinated in order to get closer to the joint optimal solution to analyze the integration in single supplier-buyer model.

The institution has a buyer/seller supply chain management and it is observed

The findings in Table 4.8 indicate that the respondents agreed that the organization has a buyer seller supply chain management an observed. This is evidenced by a mean value of 3.85 which shows that majority of the respondents agreed with what the researcher was looking for. On the other hand a significant standard deviation of 1.25 provides varying views on the same test statement. During the interactions with key personnel in inventory management they stressed the importance of buyer/seller chain management because it eliminates both financial and other costs. This is in line (Grubbstrom et al., 1986)'s assertion that capital costs are the money expensed due to time delays between in and out payment streams in the companies including of depreciation and interest charges. The cost of holding inventory included of the money invested, expense for managing warehouse, handling and other variable costs, insurance and taxes, and loses from deterioration, damage, theft, and obsolescence (Silver et al., 1998). This was typical of the organization and indeed worked in favour of the organization.

Departments raise their requirements on time

Results in table 4.8 reveal that respondents strongly agree that departments raise their requirements in time. This is represented by a mean value of 3.91 which shows that majority strongly agreed with what asked them . However, a standard of 1.13 signifies varying responses on the same test statement. In reference to the findings from the interview guide key personnel clearly revealed that departmental requirements are collected through their budget, and these facilitate planning for inventory all year around.

4.7: Organizational Performance

This section responds to the Organizational Performance by analyzing data collected under dimensions of organizational performance and computing for the mean and standard deviation of the responses to the statement categorized under profitability, sales volume and return on investment. Findings are as analyzed below;

Table 4.9: Descriptive Statistics of organizational performance

	N	Minimum	Maximum	Mean	Standard Deviation
The organization is able to meet all supply demands on time	56	1.00	5.00	3.9821	1.21343
There is increased return on investment as result of proper inventory management	56	1.00	5.00	3.8214	1.19251
Institutional Assets have increased	56	1.00	5.00	3.8393	1.17205
There is increased profits as a result of improved inventory management	56	1.00	5.00	3.9464	1.06889
Promotional techniques used increase sales volume	56	1.00	5.00	4.0000	1.09545
Valid N (listwise)	56				

Source: Field Research (2014)

The organization is able to meet all supply demands on time

The information as availed in table 4.9 reveals that respondents believed that the institution is able to meet all supply demands on time. This was presented by a mean value of 3.98 which indicates that majority of the respondents agreed with what was asked. Consequently a standard deviation of 1.21 is a significant that communicated varying responses on the same test statement. Ability of an organization to meet supply demands on time is an indication financial

performance. This is in line with West et.al (1990) who stated that organizational performance refers to a function of an organization's ability to meet its goals and objectives.

There is increased return on investment as result of proper inventory management

Results in table 4.9 show that respondents agreed that there is increased return on investment as result of proper inventory management and this is presented by a mean value of 3.82 indicating that majority of the respondents agreed with what was asked. However, a standard deviation of 1.19 indicates varying views on the test statement. Return on investment is manifested increased profitability and sales volume; it can also be one of the key methods used to quantify the level of success achieved or achievable in a business endeavor. The concept of ROI is used throughout private industry not only to determine past results, but also to evaluate the current situation and as a decision making tool for the future of the organization.

Institutional Assets have increased

Findings reveal that respondents agreed that indeed institutional assets had increased as evidenced by a significant mean value 3.83. Whereas a standard deviation of 1.17 shows a variation in responses gathered. Findings generated during the interview showed that there was increased organizational performance due to that fact the organization is no longer renting premises but operating in its own premises and fully furnished. This is in line with what scholars say that increase in assets is a clear indication of improved performance of an entity.

There are increased profits as a result of improved inventory management

Findings in table 4.9 clearly state that respondents agreed to increase in profits as a result of proper inventory management. This is reflected in a mean value of 3.94. Consequently a significant standard deviation of 1.06 is an indication of varying views on the same test

statement. Profits are the aim of every business because it enables the owners to meet its obligations. This is in line with Don Hofstrand, who asserted that profitability is the primary goal of all business ventures. Without profitability the business cannot survive in the long run. So measuring current and past profitability and projecting future profitability is very important.

Promotional techniques used increase sales volume

Results presented in table 4.9 reveal that respondents strongly agree that promotional techniques used by the organization increase sales volume. This was presented by a significant mean value of 4.00. However, a standard deviation of 1.09 indicates variations in the views of other respondents. Through interaction with the head of sales division in the organization under study the researcher was able to acknowledge this because sales were increasing progressively each year and this was attributed to the various promotional techniques employed by the organization. This is indeed in line with what Bamiduro (2001) confirmed that there is positive significant relationship between sales promotion dimensions and sales volume of the organizational performance.

4.8: Correlation Analysis

4.8.1 Inventory Planning

Correlation analysis was carried out to establish the effect inventory planning on financial performance and the following are the findings;

Table 4.10: Correlation matrix between inventory planning and firm performance

		Inventory Planning	Organizational Performance
Inventory Planning	Pearson Correlation	1	.515**
	Sig. (2-tailed)		
	N	56	
Organisational Performance	Pearson Correlation	.515**	1
	Sig. (2-tailed)	.000	
	N	56	56
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Field Research (2014)

The correlation matrix in Table 4.10 shows that the correlation coefficient between inventory planning and organizational performance was .515** suggesting that the two variables were related. The correlation coefficient ($r=.515^{**}$, $p\leq 0.01$) suggests a positive and significant relationship between inventory planning and organizational performance in Daily Monitor. This indicates that when inventory planning is not up standard it leads to poor organizational performance in the same Daily Monitor. The findings are in agreement with the findings by Render and Stair (1994) who asserted that the planning phase is a primarily concern for the performance of the organization. This is because it involves knowing what inventory is, how much to be stocked and how it is acquired.

4.8.2 Inventory Control

Correlation analysis was conducted to assess the effect inventory has of organizational performance and the findings are as presented under;

Table4.11: Correlation matrix between inventory control and organizational performance

		Inventory Control	Organisational Performance
Inventory Control	Pearson Correlation	1	.334*
	Sig. (2-tailed)		
	N	56	
Organizational Performance	Pearson Correlation	.334*	1
	Sig. (2-tailed)	.012	
	N	56	56
*. Correlation is significant at the 0.05 level (2-tailed).			

Source: Field Research (2014)

The correlation matrix in table 4.11 above shows that the correlation coefficient between inventory control and organizational performance was .334* suggesting that the two variables were related. The correlation coefficient ($r=.334^*$, $p\leq 0.05$) suggests a positive and insignificant relation between inventory control and organizational performance. This entails that absence of Inventory Control results into poor organizational performance in the organization. This is in line with Lucey (1997) who says that for a firm to perform efficiently and effectively, the

inventory control system has to be properly designed and implemented to suit the organization's requirements.

4.8.3: Inventory Coordination

Correlation analysis was conducted to establish the effect of inventory coordination on organizational performance and the following are the findings;

Table 4.12: Correlation matrix between inventory coordination and organizational performance

		Inventory Coordination	Organizational Performance
Inventory Coordination	Pearson Correlation	1	.433**
	Sig. (2-tailed)		
	N	56	
Organizational Performance	Pearson Correlation	.433**	1
	Sig. (2-tailed)	.001	
	N	56	56
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Field Research

The correlation matrix in table 4.12 above shows that the correlation coefficient between inventory coordination and organizational performance was .433** suggesting that the two variables were related. The correlation coefficient $r=.433$ and the $p \leq 0.01$ suggests a positive and insignificant relation between inventory coordination and organizational performance in Daily

Monitor. Coordination ensures the flow of activities to enhance a competitive advantage for the organization. This is in line with Verter and Dincer (1995) who highlight the need for coordination among all the international entities of organizations in order to improve competitiveness.

4.10: Conclusion

This chapter presented findings from the study, analyzed and discussed in relation to the reviewed literature. Correlations are carried out and findings presented and interpreted as stated above.

CHAPTER FIVE:

SUMMARY, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents summaries of the study findings as per the study objectives, conclusion based on those findings and recommendations which are based on both the study and other relevant literature considered necessary and vital to be used in future to improve inventory management in media houses.

5.1 Summary of Findings

5.1.1 The effect of inventory planning on organizational performance

The study revealed is there was a positive and significant relationship between inventory planning on organizational performance as presented by ($r=.515$, $p\leq 0.05$) in Daily Monitor. This implies that inventory planning explains the variation in Organizational Performance by 51.5%.

5.1.2 The effect of inventory Control on organizational performance

The study found that there is a positive and insignificant relationship between inventory control and organizational performance as presented by ($r=.334$, $p\leq 0.05$) in Daily Monitor. This implies that inventory control explains the variation in Organizational Performance by 33.4%.

5.1.3 The effect inventory coordination on organizational performance

The findings indicated that there is a positive and insignificant relationship between inventory coordination on organizations performance as presented by ($r=.433$, $p\leq 0.05$) in Daily monitor. This implies that inventory coordination affects Organizational Performance by 43.3%.

5.2 Conclusions

Given that the correlation analysis showed a positive and significant effect of inventory planning on organizational performance, inventory control on organizational performance and finally a significant effect of inventory coordination on organizational performance, the researcher concludes that indeed there is a positive and a significant relationship between the Inventory Management and Organizational Performance.

5.3 Recommendations

According to the results of the study, segregation of duties is at a minimal level. This evidenced when the researcher found out that over three activities such as financial data management, analysis and advice, financial report preparation and external business affiliations are done by only the accountant. Therefore the study recommends that to ensure quality and avoid boredom at work, the institution should segregate the duties by assigning a specific task to perform.

It also recommends that the organization adopts a style of motivating its employees and instill a sense of sharing and knowing the organization's objectives in order to improve on its performance.

The study finally recommends that's the management of the organization should usually carry out and involve themselves in stock taking to know the right values of stocks in the stores, ascertain the absolute stocks in order to maintain better inventory records but not leaving all activities to the stores keepers and wait collect the final results to make decisions which is not effective and efficient for the organizational performance.

5.4 suggestions for further Research

The study should not be taken as an end to its self but further research on quality control since inventories and quality contribute to the better performance and goodwill to the customers, it provides better services and products hence the corporate image put to competitive edge.

More research on the internal controls in the organization.

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APPENDICES

APPENDIX I: RESEARCH QUESTIONNAIRE

I am Namugerwa Annet, a student of Uganda Martyrs University Nkozi. In partial fulfillment of the requirements for the award of a Bachelors Degree in Business Administration and management, I am required to carry out an individual research project and present a report.

It is against this background that I am writing to request you to take part in this study that aims at assessing the “**Effect of Inventory Management on Organizational Performance of Daily Monitor and Publication Company, Kampala**”. The information obtained will be treated with utmost confidentiality and will be used for academic purposes only and therefore, there is no need to include your name anywhere on this questionnaire.

Thank you for your support.

Instructions:

1. Tick (√) or circle on the appropriate response
2. To the respective Section please follow instructions as indicated.

SECTION A: BIOGRAPHIC INFORMATION

1. Gender
 - a) Male
 - b) Female
2. Level of Education attained
 - a. Certificate/Diploma
 - b. Bachelors
 - c. Masters
 - d. Others Specify

3. What position do you hold in this institution?
 - a. Manager
 - b. Internal Auditor
 - c. Stores Assistant
 - d. Accountant
 - e. Procurement Officer

4. In what age bracket are you?
 - a. 20 - 30 Years
 - b. 31 – 40 Years
 - c. 41 – 50 Years
 - d. 51 - 60 Years
 - e. 61 and above

5. For how long have you served in this institution?
 - a. 1 – 3 Years
 - b. 4 – 6 Years
 - c. 7 – 10 Years
 - d. 10 Years and above

SECTION B: INVENTORY MANAGEMENT

While answering the following questions please rank the statement using Likert Scale from the strongly disagree to strongly agree

- 1) Strongly Disagree 2) Disagree 3) Neutral 4) Agree 5) Strongly Agree

INVENTORY PLANNING

	1	2	3	4	5
	SD	D	N	A	SA
The Organization has a records management System					
The Record management plan examine records appropriate					
Inventory planning enhances information flow					
Planning is useful in decision making					
Inventory planning enhances profitability					
Departmental needs are incorporated in inventory planning					

INVENTORY CONTROL

	1	2	3	4	5
	SD	D	N	A	SA
The organization has an control system					
There is a monitoring system in place					
Quality management is adhered to at all levels					
Safety of stock is considered					
There is independence in the entire inventory process					
Materials are recorded on arrival					
Goods are inspected on arrival					

INVENTORY COORDINATION

	1	2	3	4	5
	SD	D	N	A	SA
Coordination is carried out at all levels					
Inventory management is observed at all levels					
Inventory decisions are taken collectively					
There is inventory documentation at all levels					
Supplier relationship is observed at all levels					
The institution has a buyer/seller supply chain management and it is observed					
Departments raise their requirements on time					

ORGANISATIONAL PERFORMANCE

	1	2	3	4	5
	SD	D	N	A	SA
The organization is able to meet all supply demands on time					
There is increased return on investment as a result of proper inventory management					
Institutional assets have increased					
There is increased profits as a result of improved inventory management					
Promotional techniques used increase sales volume					
Inventory management has been greatly responsible for revenue performance					

APPENDIX II: INTERVIEW GUIDE

1. How does a record management system enhance inventory planning?
2. In your opinion, how does independence of the entire inventory process enhance organizational performance?
3. Is inventory documentation a great resource to organizational performance? If so how is carried out?
4. In your own view how has the institution managed to maintain a good supplier relationship?
5. How important is inventory coordination and how have you ensured implementation and adherences?

Thanks for your cooperation!

INTRODUCTORY LETTER

RELIABILITY TEST