

**ASSESSMENT OF INVENTORY MANAGEMENT
PRACTICE IN THE CASE OF WOLKITE UNIVERSITY**



**WOLKITE UNIVERSITY
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**A RESEARCH PAPER SUBMITTED TO DEPARTMENT OF
MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENT
FOR BACHELOR DEGREE.**

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WOLKITE, ETHIOPIA

APRIL, 2025

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Acknowledgment

I would like to express my deep gratitude from the core of my heart to God, who has given me the strength to carry on in my hard times and for his invaluable gift being with me throughout in my study as the research comes to end with his will. I feel the deepest sense of gratitude to my Advisor SISAY M. (MBA), a man with true respect for learning, for his proper guidance and encouragement for this study upon the completion. I would also like to acknowledge to participants and contributors of the study who forwards their idea, believes, agreements and disagreements through questionnaire, interview and discussion. Finally, my special thanks go to my family and all my friends and relatives for the generous support in case of doing my paper and contribution of by letting the researcher to discuss and sharing idea.

Abstract

Effective inventory management is a tool to run the organization property. Therefore, assessments of inventory management have a vital role. This is the reason why the study is conducted. To conduct this research, applying descriptive research is believed to be appropriate. In this study cross-sectional data was use, because it increase research quality and the population size very large. To get relevant data both primary and secondary data were collected. After the data collection process ends, it was analyzed by descriptive statistics like percentage and table. This study was conducted in Wolkite University. Based on the findings of the study, the researcher forward feasible recommendation so as to help the organization overcome its inventory management practice related problems. The major finding of the study indicates that the inventory management practice of the university loose.

KEY :- INVENETERY MANAGEMENT PRACTICE

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The research will be conducted on the assessment of inventory management practice in Wolkite University main campus. The research provides academic knowledge of conducting research and to give solutions for the campus affecting inventory management of the main campus. The concept of inventory management refers to the process of managing the stock of any resource or item in a university. It involves keeping the inventory from overstock to minimize the cost of doing business. This study aims to analyze the practice of inventory management in the main campus of Wolkite University.

1.2 Statement of the problem

Inventory management and Control must address to meet the state of the market place and support the company's strategic plan. The many changes in the market demand, new opportunities due to worldwide marketing, global sourcing of materials, and new manufacturing technologies, that many companies need to change, important and update their inventory control process. Therefore, proper usage of inventories is vital in any organization due to its great distribution for a better success of the organization. For this reason, organizations are required to focus and implement internal control procedures, rules and regulations (Whittington and pony, 1995).

Inventory management system or process provides information to effectively utilize people and equipment, coordinate internal activities, and communicate with customer. The Activities of internal control do not make decisions or manage operations; they provide the information that makes more accurate and timely decisions to manage their operations. An internal control System should design and

operate to provide reasonable assurance. That is, an entity's cost of internal Inventory management and Control system should not exceed the benefits that are expected to be derived (Toomey, J.W., 2000).

Most organization doesn't give the required level of attention to the importance and relevance of inventory management. Over or under stock of inventory and also proper integration of inventory management practice among different units of operation is said to be ignored aspect of an organization. Therefore in consideration to the above problems the researcher will try to answer the following research questions.

1.3 Research Question

This study tries to answer the following specific question based on the problem of the study

1. What are the problems observed in inventory handling of Wolkite university main campus?
2. What are the Strengths and weakness observed in the application of inventory management practice in Wolkite University?
3. When does inventory take place and how long it takes

1.4.Objectives of the study

1.4.1.General objectives

The general objective of this study is to assess inventory management practice in Wolkite university main campus.

1.4.2.Specific objectives of the study

Based on the main objective of this study and the problem statement, the study has the following specific objectives:

1. To identify the major problems in inventory management practices and control in Wolkite University.
2. To identify the major strengths and weakness of inventory management practices and control system of Wolkite University.

3. To indicate major solution on the long duration taken on inventory activities and inform appropriate time.

1.5. Significance of the study

The research is expected to contribute in some ways to various parties. This study will be important to assess inventory management practices in case of Wolkite university main campus. Also it is important to enable employees of inventory management evaluate themselves; indicate the strengths and weakness of the firm inventory management practice; might initiate further studies to important width and depth.

1.6 Scope of the study

The study is limited to assess the inventory management practice at specific area of Wolkite University main campus. In this study, tries to assess in reference to funding, procurement practices and also include ware house and other departments that have direct influence in the inventory management of the campus.

1.7. Limitation of the study

The following are limitations of the study that the research faced

- Some respondents were not giving the required full information because of the fear that they had on this area.
- Shortage of time was occurring because the research was done on the time of academic season.
- Shortage of finance.

1.8. Organization of the research

The research is organized in five chapters. Which are

Chapter one comprises background of the study, statement of the problem, basic research question, objective of the study, significance of the study, scope of the study, and limitation of the study.

Chapter two deals with literature review, theoretical and empirical review.

Chapter three deals with research methodology,with particular focus on the study area and population,source of data,method of data collection,sample size and sampling technique and method of data analysis and presentation.

Chapter four deals with data analysis and findings are put together with their interpretation/implication.

Chapter five which is the last chapter deals with conclusion and recommendation for the study.

CHAPTER TWO

LITERATURE REVIEW

2.1.Introduction

This chapter aimed at giving insight to the researcher regarding the study. It included literature works from the books, journals and previous studies which are relevant to inventory management applications in different fields. The literature review is divided into two major parts: theoretical review and empirical review. This chapter will also provide a conceptual framework to show the relationship between the dependent and independent variables.

2.2.Theoretical Review

Theories are analytical instruments to understand the study, to elaborate and make assumption about the subject matter. It can also help us to compare the conceptual framework, evaluate and comment on their search gap of the given study (Mwangi & Nyambura, 2015).

2.2.1 Definition of inventory

Inventory can be defined as follow.

Inventory control is the means by which materials of the correct quantity and quality is made available as a when required with due regard to economy in storage and ordering costs and working capital.

It is also defined as the systematic location, storage and recording of goods in such a way that desired degree of service can be made to the operating shops at a minimum ultimate cost" (S. C Sharma, 1999). Inventory and its management are related both to materials management and physical distribution management. Material management and physical distribution management together constitute logistics management, the process of management both the movement

and storage of materials and materials from their source to the point of ultimate consumptions.

2.2.2 Functions of inventory management

Inventory management cover wide variety of activities in the inventory management there is some functions the functions are:

- To carry adequate stock to avoid stock out.
- To ensure optimum level of stocks other total inventory cost is minimized(Nair,2002)
- To buy the right quantity of perishable items so that loss incurred by unsold items are minimized.
- To order sufficiently higher quantity at a times that repeated ordering and costs incurred in such manner can be reduced.

2.2.3.The need for inventory

Some of them or important reason for obtaining and holding inventory are:

- **Predictability:**to engage incapacity planning and production scheduling,you need to control how much raw material and how many parts and assemblies you process at a given time.Inventory buffers what you need from what you process.
- **Fluctuation in demand:**a supply of inventory on hand is protection.You don't know always how much you are likely to need at any given time,but you still need to satisfy customer or production demand on time.If you can now customers are acting in the supply chain,surprise fluctuations in demand are held to minimum.
- **Uncertainty of supply:**inventory protects you from unreliable supplies or when an item is scarce and steady supply is difficult to ensure.Whenever

possible unreliable supplier should be rehabilitated through discussions or replaced. Rehabilitation can be accomplished through master purchase order with timed product releases, price or term penalty form on performance, better verbal and electronic communication between the parties and so, on. This will lower your on-hand inventory need.

- **Price prediction:** Buying quantity of inventory at appropriate time helps to avoid the impact of cost inflation note that contracting to assure a price does not require actually taking delivery at the time of purchase.
- **Buffer/safety stock:** -these types of inventory can serve various purpose, such as: -Compensating for demand and supply uncertainty.

-Decoupling and separating different part of your operations so that they can function independently from one another. (MaxMuller, 2011)

2.2.4. Inventory stores

The words inventory and stores are sometimes confused these must therefore be clearly understood stores means all those articles which are kept in stores while inventory comprise stores as well as materials in transit materials in products finished products and stocking company's shows rooms and distribution centers which have not been sold out. (S.C Sharma, 1999)

2.2.5 Aims of inventory management

There are aims for everything to do something. Therefore the aims of inventory management are:

- Provide both internal and external customers with required service levels in terms of quantity and order rate fill.
- As certain present and future requirements for all types of inventory and to avoid stocking while avoiding bad in production.

- Keeps cost to minimum by variety reduction economical lot sizes and analysis of costs incurred in obtaining and carrying inventories.
- Provide upstream and downstream inventory visibility to the supply chain.

2.2.6 Significance of inventory

The word inventory refers to any stock on hand at a given time. If materials are held for future use in an idle or unproductive state waiting its intended purpose.

The relative importance of inventory management to an organization can be arranged by the overall investment in inventory and the magnitude of materials costs for all products. Inventory so late one part of the system from the next to allow each work independently absorb the stock off or cost errors, and permit the effective utilization of inventory management to control the lot sizes so that the overall costs associated with the purchase or manufacture are at a minimum (Terisine, R.J. 1994)

Poor inventory management implies having enough item available when needed but not so much that an unnecessarily cost surplus incurred inventories are assorting of lubrication for the supply production supply distribution system that protect sit from excessive friction.

2.2.7. Types of inventories

It is very important to classify inventory into different type and classification so as to help or to make easy in managing or control of inventory at every stage (levels). There are four basic types of inventories.

I. Raw materials: These are items purchased from supplier to be used as input to the production process. They will be modified or transformed to the finished goods.

II. Goods in process: Are partially? Completed products that are still in the production process. They represent the materials waiting further reprocessing.

III. Finished goods: Are final product available for sale distribution or storage

IV.Supplies:Are inventory items consumed in the normal function of the campus that is not part of the final product.(Tersine.R.J.1994)

2.2.8.Relevant inventory costs

The objective of materials management is to minimize inventory investments and to maximize customer service.It is a plan to see that,the goals can be inconsistent or even indirect conflicts the role of the materials management is thus to balance the objective in relation to the existing conditions and environmental limitations.The basic object of inventory management Is to maximize customer service through maintaining appropriate amount of inventory with minimum possible cost.Inventory costs are costs associated with the operation of an inventory system.Thus the relevant costs included in inventories are

a)The purchase cost(P)

The purchase costs of an item are the unit purchase it is obtained from an external source or the unit production costs it is produced internally.For the purchase items it is the purchase costless modified for different quantity levels manufacturing items the unit cost include direct labor or campus overhead.

b)Ordering or set up cost(C)

This is the cost of placing an order.This cost directly with the number of order or setups Placed and not at all weights the size of the order.The ordering cost included making analyzing materials inspecting materials follows up orders and doing the processing necessary to complete the transaction.

c)Carrying costs or holding costs(H)

There are costs of items(inventories)in storage.This cost varies with the level of inventory and occasionally with the length of item an item is held.The greater the level of inventory overtime,the higher the caring cost caring casts can be included the costs of losing the use of funds field up in inventory like storage costs such as

rent of building heating cooling lighting security,record keeping,depreciation
obsolescence,product deterioration etc.

The holding costs include

1. Storage costs(rent,heating,lighting,etc.)
2. Handling costs:Costs associated with moving the items such as cost of labor,equipment for handling.
3. Depreciation,taxes and insurance.
4. Costs on record keeping.
5. Product deterioration and obsolescence.
6. Spoilage,breakage,pilferage and loss due to perishable nature.

d)Stock out cost(shortage cost)

This is the cost as a result of not having items in storage.This can bring losses of goodwill profit loss of incur back order cost and delay in the customer service.Establishing the correct quantity to order from vendors or the size of lots submitted to the firms productive facilities involves a search for the minimum total cost resulting from the combined effects of fewer individual costs holding costs,setup costs ordering costs and storage costs(Tersine,R.J,1994.)

The shortage costs include:Back order cost,Loss of future sales,Loss of customer goodwill,Extra cost associated with urgent,small quantity ordering costs,Loss of profit contribution by lost sales revenue.

The unsatisfied demand can be satisfied at a later stage(by means of back orders)or unfulfilled demand is lost completely(no back ordering,the shortage costs become proportional to only the shortage quantity).

e)Transportation costs

The expenses involved in moving products or assets to a different place, which is often passed onto consumers. For example, a business would generally incur a transportation cost if it needs to bring its product store tailors' in order to have them offered for sale to consumers. Transport costs have significant impacts on the structure of economic activities as well as on international trade. Empirical evidence underlines that raising transport costs by 10% reduces trade volumes by more than 20%. In a competitive environment where transportation is a service that can be bid on, transport costs are influenced by the respective rates of transport companies, the portion of the transport costs charged to users.

f) Storage cost

“Storage cost is facility expense related to product holding rather than product handling. Storage Cost must be allocated on the requirements of specific products since it is not related directly to inventory value.

2.2.9. Alternative inventory system

There are two types of inventory systems that aid to control inventory in stock

A) Perpetual system

Maintain a continuous record of the physical quantities inventory records the purchase of each item of inventory. This system is essential if adequate management planning and control over inventory are to be maintained and stock outs avoided. A firm using this system must have physical count at least once a year or to confirm the balance in the inventory account.

B) Periodic inventory system

A firm using a periodic system doesn't maintain continuous record of the physical quantities of inventory on hand. It takes physical counts periodically.

2.2.10 Inventory costing methods

There are three methods of inventory costing method. These are:-

1.First-in first-out(FIFO):This method is based on the assumption that costs should be computed out in the order in which incurred.Inventories are thus stated in terms of recent costs.

2.Last-in first-our(LIFO):Is a method based on the assumption that goods should be charged our latest cost being the latest cost be the first that are charge out.Inventories are thus stated in terms of earliest cost.

3.Weighted average method:Is a method based on the assumption that goods should be charged out at an average cost such average being influenced by the number of unites acquired at the price.Inventories are stated at the same weighted average cost.

2.2.11 Inventory decision

In the inventory management decision encompasses the principles procures and techniques for deciding what to order,how much to order,when it is needed and how and where to store if their decisions at each of these level should be consistent with decision at the other level and should support the campus objective by achieving desired level of customer crevice and achieving in venture inventory objective(BlackstoreHoffman1991).

2.2.12 Tools of inventory management

There are four tools of inventory management these are

1.ABC-analysis

2.Bar-coding

3.Radio frequency identification(RFID)

4.Inventory soft ware

2.2.13.What is inventory control

Inventory,control may be said to be planned method where by investment in inventories held in stocks is maintained in such a manner that it ensures proper

and smooth flow of materials needed for production operations as well as sales while at the same time, the total costs of investment in inventories is kept at minimum (A.K. Data (2001)).

2.2.14. Inventory control techniques

There are a number of techniques which play an important role in the inventory control program. These techniques are very helpful in rationalization of inventory control approach and assist in formulation of inventory control policies.

The following are the important tools and inventory controlling techniques as determination of stock level and safety. Those are economic order quantity, just in time, Stock card and bin card etc.

2.2.15. Economic order quantity (EOQ)

EOA model is a mathematical tool for determining the order quantity that minimizes cost of ordering and holding of inventories.

EOQ is the size of order which gives maximum economy in purchasing any material and ultimately contributed as towards maintaining the material the optimum level and at minimum cost which setting EOQ ordering cost and carrying costs are taken in to account. At EOQ level Ordering cost and cost of carrying are equal when total of these two costs are lowest.

2.2.16. Stock taking

Stock taking refers to the process of testing or checking the stores record with the actual items stocked in the store. The store received at any time should show the exact potential quantity of raw materials and parts which are available for use. Stock taking which enables to know whether there are any discrepancies between actual count and record (i.e. it could be shortage or overage) in the postings, whether any pilferage is taking place, and whether the materials are good in condition.

Stock taking is also sometimes called internal audit of stores usually external activity is a must for any organization for conducting check on the account.

2.2.17.Re-order point

The replenishment order is given either on outside firm or to the production department. At the time of issue replacement order stock should be sufficient for each item so that demand (either per raw materials by production shops or of finished goods by customers) can reasonably be met from the stock until replenishment this stock level when replenishment.

This level is determined for each item by compromising between the cost of maintaining these stocks and the disservice to the customer if this demand is not met in time.

The EOQ model thoughts the quantity size to order, but not the time to order. There order model finds out the time to order when the stock level go down to a predetermined amount, this generalize a quantity of stock to cover for the lateness between order delivery or the time gap of delivery and this activities that can reduce the risk of running stock out when the quantity level low (Porter, 2011).

Determining When to Order When Inventory items replenished, are order point can be specified in terms of units or days' supply. Consequently, it can be reordered reorder points under conditions of demand and performance cycle certainty.

The basic reorder point formula is:

R=D*T.R=Reorder point in units;

D=Average daily demand in units;and

T=Average performance cycle length in days.

The use of reorder point formulation simplifies that the replenishment shipment will arrive as scheduled. When uncertainty exists in demand or performance cycle

length, safety stock is required. When safety stock is necessary to accommodate uncertainty, the order point formula is:

R=D*T+SS. R=Reorder point in units;

D=Average daily demand in units;

T=Average performance cycle length in days; and

SS=Safety stock in units

2.2.18. Warehouse Management

Sustainable material management is management of raw materials and services from supplier to manufacturer or service renders to customer and return with improvement of social and environmental advantage so considered. It is improved technology by decreasing the manual practices. Sustainable material management has allowed businesses and supply chain to distribute wide area, and increase the future needs sustainable. These practices include organizing and managing warehouse also includes the settlement. Benefits of sustainable supply chain management include increased the good will to the business. Having a sustainable supply chain would also improved clarity, visibility and can responding quickly in any change. (Tan, Ahmed & Sundaram, 2009)

2.2.19. Handling of Inventory

Zijm (1999) defined as inventory material management is a movement of materials (raw material, scrap, semi-finished, finished products spare parts) in processes of any operation system, and in warehouse storage, in resaving processes and shipping areas. The main material handling is concerned material flow with warehousing. There is some materials typical support the material flows like forklifts, automated guided vehicles, shuttles, overhead crane and power and free conveyors. Warehousing uses those materials for flow activities from place to place and also to receiving and shipping areas. Essentially, according to materials usage and type the receivers of inventory material warehouse may be divided as Distribution Warehouse, Production Warehouses and Contract Warehouses.

Design of Material handling system Inventory material handling system designed is taking into consideration of cost minimization. Material handling approach is most important activities in many conditions since, while material handling can add a value to an organization, it is typically difficult to measure and enumerate the benefits included with material handling. But the material handling cost is much easier to measure the cost (Heragu, 2009).

2.2.20. Principles of Material Handling

According to Heragu (2009), even if, material handling system designee haven't a definite followed rule. However, The College-Industry Council on Handling Education (CIC-MHE) in collaboration with the Material Handling Institute (MHI), represents the sanitization/cleansing/of many years experience and knowledge, they compiled ten principles of material handling.

1. **Planning Principle:** All material handling necessarily planned according to the required objectives.
2. **Standardization Principle:** Material handling method that to best and ardize, fixable equipment and software, keeping the modularity to the organization to achieve its setting goals.
3. **Work Principle:** Material handling works it defines by the material movement without stacking the activity of the organization keeping the level of inventory.
4. **Ergonomic Principle:** Balancing the human capabilities and limitations must be included in designing and also material handling tasks and equipment must ensure on operation.
5. **Nit Load Principle:** The material flow and inventory objectives in each operation activity must be insured and must be checked the availability of materials by supply management.

6. Space Utilization Principle: Effective and efficient use must be equally available on every stage and place.
7. System Principle: Every material movement on operation and storage all activity integrated to form a coordinated, operational system which spans receiving, inspection, storage, production, assembly, packaging, unitizing, order selection, shipping, and transportation, and the handling of returns.
8. Automation Principle: Material handling should be in every place must be systemized or using computer system to improve the operational activity and efficiency, decrease operating costs and also minimize the using unsafe manual labor.
9. Environmental Principle: At the time of designing and selecting the alternative equipment, material handling system must be into consideration.
10. Life Cycle Cost Principle: On material handling life cycle the economic analysis should be considered. (Heragu, 2009).

Heragu(2009)describes that material handling system is a continues management of a function of resource movement from one location to another.It is more ordinary in manufacturing and also in service systems.Material movement occurs everywhere and every time as required in warehouse or out of warehouse.Consequently,a minimum handling activity is very essential for any company.Due to manufacturers produced varieties of products to easily satisfy the need of demand.Therefore,highly efficient and effective material handling system is very necessary.Also material design system included that facility layout,product routing,and material flow movement must be considered.(Heragu2009)

2.2.21.The Impact of Excess inventory

Excess inventory of firm has a cost of holding an inventory and it will be negatively affects the net cash flows of the firm.Those costs could be include capital cost,(interest opportunity)and the storage costs,insurance,taxes,spoilage,losses and

other related to storage costs. The amount of other costs is based on firm decision that to take the action to excess inventory. In industry case when the technology changes fast and the product cycle short, the price of products may be festally go down. In any organization the excess inventories, the declining in price is part of the holding excess inventory. In addition to these the cost of providing price protection and product returns increases incase of excess inventory (Jijm 1999).

According to Calloniet.al(2005) in some situations unfortunately a firm or a business might forced to close and again to restart that time the organization incur a cost. The cost of inventory become to write off, all items that have an economical value like inventory materials value will become less and it must scraped or sold at bargain price.

These implies that inventory write offs could incur additional cost of inventory disposal. So, if an excesses inventory a cause of the value under, the profit margin become compacted. In addition, the liquidations that the undervalue involve to marketing, and incurred distribution and selling costs. In general excesses inventory is increase the total cost and decrease revenue and profit.

Also there are many cases that can be affected indirectly the price of inventory items. A firm may have are restricted price control over excesses inventory, by giving the first opportunity to customer. Excess inventory has an influence on flow of sources of funding availability and it is the main obstacles to the new opportunity of expansion

2.3. Empirical Review

Different studies have been conducted by varies researchers, concerning the practices of inventory management aim to investigating and control both public and private body with the general practices in such companies. More of them have a problem of managing inventory items. Ackah & Ghansha (2016) by their study, on the title of Assessment of Inventory Management, the researchers assessed the

Performance of the Production Sector to find out how the management of inventory within work would be effective and bring a lot of cost savings for the organization to increase organizational profitability. In order to reduce the cost of holding to ensure the continuity of supply at the same time shows, how the management of inventory within operational works would be effective and bring a lot of cost savings to the organization. Therefore increasing organizational profitability since inventory represents the asset account. Despite the growing concern for non-stock procurement policies, inventory continues to play a vital role within organization supply chain (Ackah & Ghansha 2016).

According to Girma (2016), studies on the title of the assessed the problems of inventory management and stock recorded handling in the warehouse. He stated his finding that the major problems of inventory management are - Lack of attention of store management, lack of assigned qualified employees to the right position on the right time, no planning mechanism to solve problems to improve inventory management and controlling system and lack of work performance evaluation of employees of the warehouse. The warehouse management and employees are working on inventory management and controlling function facing with lack of knowledge or skill to meet the expected performance. The company inventory items kept unsafely, misused of some materials and improper guide lines work manual. The researcher also gave his comment on the company concerning the periodic and perpetual inventory system, company should attention to inventory management, plan and evaluate warehouse employees performance, approve employees who are assigned in warehouse and prepare work related policies and procedures concerning to inventory management and controlling system.

Chan (2015) by her study of she said that, examine the association between inventory management and ineffective internal controls and hypothesize those managers found in firms with inventory-related material weaknesses in internal control are delayed in their inventory management, thus their firms experienced more stock

shortages and overages. The company and have a higher possibility and magnitude of inventory impairments. It shown the weak evidence is that inventory turnovers improve when the weaknesses are corrected.

Demisse(2015), Nganga(2013) and Nzuza(2015) on their studies, assessed factors affecting the effectiveness of inventory control, on problem area of long purchasing processes system and factors affecting inventory control problem on lack of knowledge and training of employees and also the practices of inventory audit is negatively affected inventory. Ogbo and Ukpere(2014) studies on the effective inventory control management, according to their finding an effective inventory control system drives high inventory cost and storage cost that decreases the organization profitability. Improving inventory control system has a benefit of cost reduction improvising sales effectiveness, reduction of waste, transparency and accountability, easy storage and high inventory utilization. In order to achieve all these, organization have to maintain flexible inventory services.

Keitany, Wanyoike & Richu(2014) they are stated their study on their findings shows that inventory control systems and lead time in materials management, an organization can achieve the benefits of effective use of labor, providing system flexibility, increasing productivity, decreasing lead times, reduction in wastes, reduction in production costs, increased product quality are achieved. The ratings showed that inventory control systems played a vital role in organizational performance, and as such, organizations must ensure that inventory controlling system are highly involved in material management activities hence achieving higher organizational performance

According to Mwangi and Nymbura(2015), understanding of the challenges faced by organization on poor performance of inventory controlling system, has an advantage to the organization successes. The results clearly indicate the necessity to provide support to organization if they are to successfully manage inventory. Accordingly, support to overcome the identified barriers of inventory management need to be recognized. However, most of the businesses are not

confident with inventory management as technique of influencing performance of food processing companies.

Naliaka and Namusonge(2015),On their study,They conclude that the firm's computers are linked with those of the suppliers in a real time environment although with varied responses.The firm at a lesser extent has computerized all its inventory management systems.The study concludes that Unga Group Limited has attained much through inventory control systems.Inventory control system has enhanced timely deliveries,to reduce production costs,to increase product quality,to decreased production cycle time,to reduced wastages,to reduce stock levels and to increase profitability as shown by a general mean of 4.12.The ratings showed that inventory control systems played a vital role in attaining competitive advantage,and as such,organizations must ensure that inventory control system be highly involved in inventory management activities

2.4.Summary of Empirical Review and Research Gap

Generally,in all the above studies researchers conducted inventory control management studies by different researchers in different angles,concerning the factors affecting inventory management,the assessment of inventory management,internal control system and the role of inventory control management.These show that how inventory managing is the key part of the management functions to perform in manufacturing,service renders company,any public company,small and large industries.

Inventory management plays a very significant role for any firm and business Ackah&Ghansh(2016).However,since it holds without service instead of generating income it incurs cost.There are a lot of researches done on inventory control management in different problem areas but most of them done on firm's areas.Those studies described on the above are not assessed the main core areas of gaps of purchasing inventory controlling system,the finance recording controlling system,the impact of unavailability of inventory on customer service department

work performance,the revaluation of inventory items,the disposal of inventory
obsolete items,the excess inventory purchase and idle inventory purchases

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discuss about the research methodology that is implemented on the research. Hereunder are the research design and approach, population and data source, sampling techniques, data collection method, data analysis and presentation of the study are discussed.

3.2 Research Design and Approach

Descriptive research design was used in this study since the researcher intended to look at the problem at hand thoroughly to define it, clarify it, and obtain pertinent information that could be of use in assessment of inventory practice. The research was conducted through a case study of Wolkite university main campus.

Research approach can be divided into a quantitative and qualitative or mixed approach based on the researcher's approach. The study was used qualitative and quantitative approach to achieve the specific and general objective of the study.

3.3 The study area and population

The research is targeted to study inventory management practice of Wolkite University main campus. The main campus especially inventory management and other related departments are estimated to have a number of employees (population size).

3.4 Source of data

The study was collected both primary and secondary source of data. Primary data was collected through questioners. Secondary data was collected from books, manuals, publication search papers and written materials on the subject matter.

3.5 Method of data collection

To collect the data for the study, the researcher was distributed the questionnaires to employees, managers and finance workers of Wolkite university main campus.

3.6 Sample size and sampling technique

3.6.1. Sample size

Since the numbers of respondents is small number, the study was used census sampling technique to select the sample size. Questionnaires were distributed to 100 employees. Academic staff 18, Administrative staff 30, Inventory management 32, and other 20 employee Wolkite University.

3.6.2. Sampling techniques

To select the needed number of individuals from employees' convenience sampling of non-probability sampling will be used. This technique permits the research to have complete freedom of selecting individual who can provide relevant data.

3.7 Method of data analysis & presentation

After gathering all required qualitative and quantitative information, data analysis was performed and presented through tables, percentages and frequencies. Then the data was analyzed by using descriptive analysis method.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The data collection method used in this paper is based on the questionnaires filled by employees.

The questionnaires was disturbed randomly selected employees found at Wolkite University the questionnaires is designed and developed in consideration to the skill and knowledge of members attempts was questions easily understand able to the respondent.

Gender of respondents

A total of hundred(100)were distributed and eighty 80 was filled and the remaining 20 weren't filled and returned.

Table1 genders of respondents

Sex of respondent	Frequency	Percent
Male	55	68.75
Female	25	31.25
Total	80	100.0

As seen from above table the sex of respondent out of 80 sample population 55(68.75%)males and 25(31.25%)are females from above table the majority participated in the study are male.

Table2age of respondents

Age group[years]	Frequency	percent
Under 25	12	15
26-35	37	46.25
36-45	16	20
>46	15	18.75

Total	80	100
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Analysis:seen from above table age respondent 12(15%)under 25 years of age,37(46.25%)within range of 26-35 years of age,16(20%)within range of 36-45 years of age and 15(18.75%)are above 46 years of age.This indicates those majority respondents are adult and young worker.

Martial status	frequency	percentage
marred	15	18.75
unmarred	55	68.75
divorce	10	12.5
total	80	100

Table3 martial status of respondent

Analysis:seen above table martial status group respondent 15(18.75%)married,55(68.75%)unmarried,and 10(12.5%) divorce.this indicate majority respondent are working group and actively flow the activity

Education level	frequency	percentage
Grade 12	15	18.75
Certificate	7	8.75
Diploma hold	29	36.25

1 st degree holder	20	25
Above 1 st degree	9	11.25
Total	80	100

Table 4 education level of respondent

Analysis :seen above The education level distribution indicates a good base level of skills and knowledge within the workforce. Having a solid percentage with a Diploma (36.25%) and First Degree (25%) provides a foundation for implementing improved systems and practices. However, targeted training and development initiatives, can allow them to apply theoretical knowledge to the practical situations.

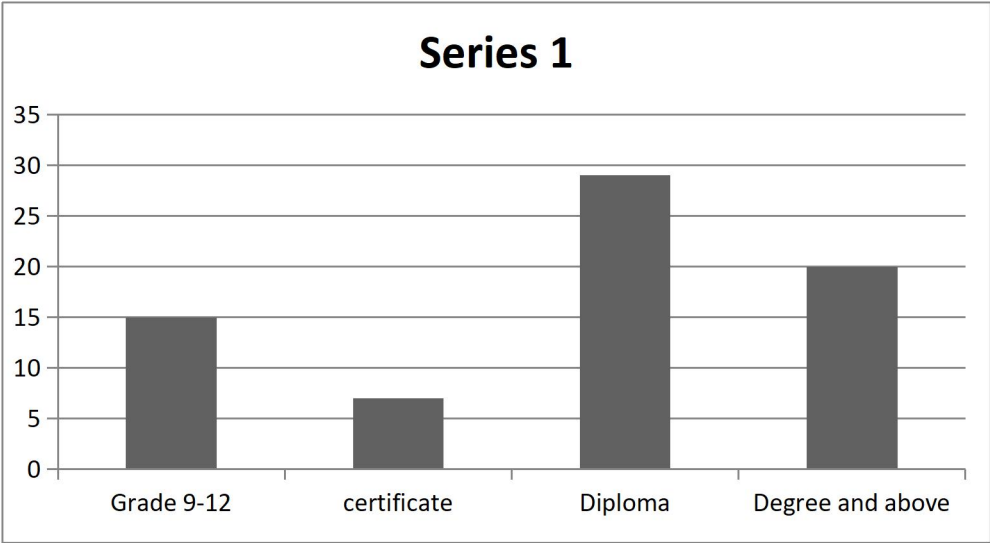


Figure1.Qualification of respondents

Analysis : seen from the above figure 20(36.25%)are degree and above qualification are partici pated in study.The respondent has most probable good knowledge about the study and response in good appropriate way.

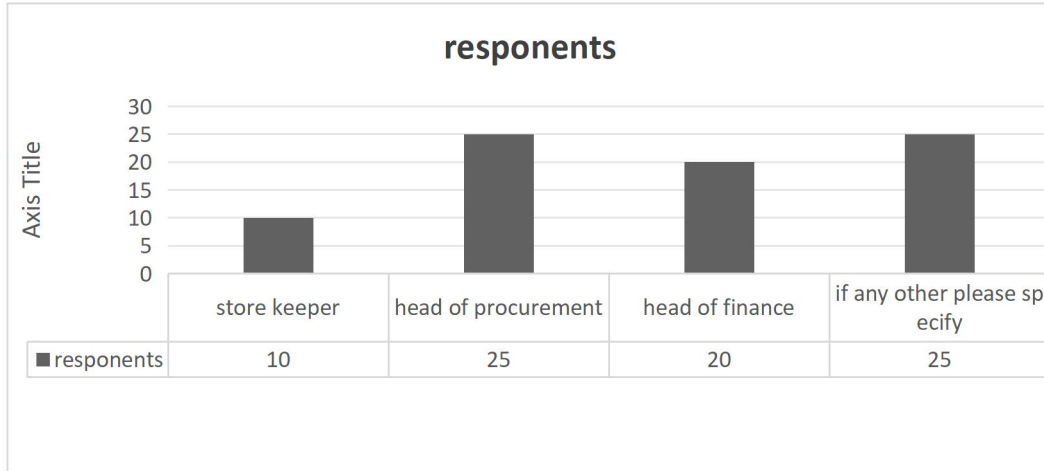


Figure2.occupation of respondent

Analysis :above figure the majority respondent those participated in the study were the job title are management or which specify their job title individual.more respondent is from head of finance categories.

Variables	Yes	No	Total percentage
Adequate fire outbreak alarms	15	65	100.0
Adequate insurance coverage	12.5	67.5	100.0
Total respondents			80

Table5 fire out break and insurance

Analysis:is inadequate fire outbreak alarms and insurance coverage of items that may cause to damage of inventories.

Appropriate condition	storage	frequency	percentage

excellent	22	27.5
Good	25	31.25
fair	15	18.75
poor	10	12.5
Very poor	8	10
Total	80	100

Table6 storage condition

Analysis: While a combined 58.75% of respondents rated storage conditions as "Excellent" or "Good," a significant portion perceived them as "Fair," "Poor," or "Very Poor" (41.25%). This suggests inconsistencies in storage practices across different areas or departments within the university. Investigating the reasons for these varying perceptions is crucial.

The proper procedure to ensure that only authorized employee may have permitted to take out parts from the stock	frequency	percentage
yes	65	81.25
No	15	18.75
Total	80	100

Table7 employée authorization

Analysis: Although a majority (81.25%) report that proper authorization procedures are in place for stock removal, the significant minority (18.75%) who disagree indicates a potential weakness in internal controls. This discrepancy requires a review and strengthening of authorization protocols to mitigate the risk of unauthorized access and potential inventory losses, ensuring overall organizational security and accountability.

<i>Does the university have different place for different material</i>	Frequency	Percentage
Yes	40	50
No	22	27.5
Do not know	18	22.5
Any other	0	0
total	80	100

Table 8 different place of material

Analysis: The responses regarding the segregation of materials are mixed. While 50% believe that the university has different places for different materials, a significant portion either disagree (27.5%) or are unsure (22.5%). This lack of clarity suggests a need for better communication and standardized procedures regarding material storage and handling. It is important to have clearly defined storage areas and practices to prevent damage, loss, and potential safety hazards.

How prepare training program for employees about inventory control system	Frequency	Percentage
Quarterly	20	25
Semi annually	45	56.25
Annually	15	18.75
Total	80	100

Table 9 training program for employee

Analysis: Most respondents (56.25%) indicated that training programs on inventory control are conducted semi-annually. While this suggests a commitment to training, the effectiveness of these programs needs to be evaluated.

The inventory turnover rate is satisfactory for the university's needs.	Frequency	Percentage
Very satisfied	20	25
Satisfied	25	31.25
Neutral	22	27.5
Unsatisfied	13	16.25
Total	80	100

Table 10 inventory turn over rate

Analysis :seen the above table 20(25%) very satisfied ,25(31.25%) satisfied ,22(27.5%) neutral ,13(16.25%) unsatisfied . this indicate that the university has good inventory tun over rate and have do the activity properly

Inventories are properly numbered for identification	Frequency	Percentage
Strong agree	10	12.5
Agree	9	11.25
Neutral	20	25
Dis agree	26	32.5
Strong Dis agree	15	18.75
Total	80	100

Table 11 inventory identification

Analysis:the above table,inventories are properly numbered for identification so that it is easy to access and use inventories easily and properly

<i>Are there competent personnel in inventory management?</i>	Frequency	percentage
Strong agree	20	25
Agree	25	31.25
Neutral	10	12.5
Dis agree	15	18.75
Strong dis agree	10	12.5
total	80	100

Table 12 personnel compétence

Analysis :above table a combined 56.25% of respondents agree or strongly agree that competent personnel are in place for inventory management, the significant portion expressing neutrality (12.5%) or disagreement/strong disagreement (31.25%) suggests concerns about the level of expertise or resource allocation in this area. This necessitates an assessment of current staffing levels, training programs, and skill sets to ensure adequate competency in inventory management and address potential gaps.

Current inventory management practices align with the university's overall goals	Frequency	Percentage
Strong agree	25	31.25
Agree	22	27.5
Neutral	14	17.5
Dis agree	13	16.25
Strong dis agree	6	7.5
Total	80	100

Table 13 management practice and goal

Analysis:the above table,the majority respondent replies 25(31.25%) strong agree .this indicate that the university goal has strong connection with the inventory management practice

<i>Physical verification of items is undertaken in your organization</i>	frequency	Percent
Very frequently	25	31.25
Frequently	27	33.75
Occasionally	13	16.25
Rare	8	10
Never	7	8.75
Total	80	100

Table 14 verification method

Analysis:-as seen above table a combined 65% of respondents indicate frequent or very frequent physical verification of inventory, the remaining 35% perform this crucial task only occasionally, rarely, or never. This inconsistency represents a significant risk to inventory accuracy and control, necessitating a review of verification policies, procedures, and responsibilities to ensure regular and comprehensive physical counts across the organization and address potential discrepancies.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

Conclusion

- ✓ The findings of this analysis underscore the importance of a proactive and systematic approach to inventory management and safety at Wolkite University. While some processes are in place, significant improvements are needed to mitigate risks, optimize efficiency, and ensure the safety of employees and assets. By implementing the recommendations outlined above, the university can create a more secure, efficient, and sustainable environment for its operations. It's crucial to remember that these recommendations are not a one-time fix, but rather the starting point of a continuous improvement process. Regular monitoring, evaluation, and adaptation are essential to maintaining a high standard of inventory management and safety. Continuous monitoring and adjustment are key to sustaining improvements and addressing emerging challenges. Future research should consider exploring the specific challenges faced by different departments and tailoring solutions accordingly.

Recommendations

Based on these findings, the following recommendations are proposed to enhance inventory management and safety practices at Wolkite University:

- **Prioritize Fire Safety and Insurance:** Conduct a comprehensive assessment of fire safety systems, including the functionality and coverage of fire alarms, sprinkler systems (if applicable), and fire extinguishers. Immediately review the university's insurance policies to ensure adequate coverage for potential losses

due to fire or other disasters. Address any gaps in coverage promptly. Implement regular fire drills and training programs to ensure employees are familiar with emergency procedures.

- **Standardize Storage Procedures:** Develop and implement standardized procedures for inventory storage, including guidelines for proper stacking, labeling, and environmental control (temperature, humidity). Conduct regular inspections of storage areas to ensure compliance with established procedures and identify any areas requiring improvement. Invest in necessary equipment and infrastructure to improve storage conditions, such as shelving, climate control systems, or specialized containers.
- **Strengthen Access Control:** Review and reinforce access control policies and procedures for inventory storage areas. Implement stricter measures for verifying the identity and authorization of individuals accessing inventory. Consider using security cameras, access cards, or biometric identification systems. Conduct regular audits to detect and prevent unauthorized access or removal of inventory.
- **Improve Communication and Training on Material Segregation:** Develop clear and concise guidelines for segregating different types of materials, considering safety requirements, storage conditions, and compatibility. Provide training to employees on proper material segregation practices, emphasizing the importance of following established guidelines. Clearly label storage areas to indicate the types of materials that should be stored in each location.
- **Evaluate and Enhance Training Programs:** Conduct a thorough evaluation of existing inventory control training programs, assessing their content, delivery methods, and impact on employee knowledge and behavior. Revise training programs to address identified gaps and ensure that they are relevant to the specific needs of employees. Implement a mechanism for assessing the

effectiveness of training, such as pre- and post-training assessments or performance evaluations. Consider incorporating practical exercises and simulations into training programs to enhance learning and skill development.

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APPENDEIX
Wolkite University

Department of management

**Assessment OF Inventory Management Practice In The Case Of
Wolkite University**

Dear respondent:-I am graduating class student in wolkite university conducting research on assessment of inventory management practice in Wolkite for the purpose of a requirement for partial fulfillment of the requirements for the degree of BA in management.I would very much appreciate your genuine answers to the following questions.All information furnished is safeguarded with strict confidentiality.**Thank you in advance for your cooperation.**

Part 1 Personal profile

1. Sex Male

Female

2.Age category

Below 25

26-35

36-45

above 46

3.status

Married

unmarried

Divorced

4.Educational level

a) Grade 12 complete

b) Certificate holder

c) Diploma holder

d) 1st degree holder

e) Above 1st degree

5.Work experience: **A.**Bellow one year **B.**1-5 years

C.5-10 years **D.**above 10 years

Part 2 organization objective

6.Please specify your position in the organization.

Finance store

procure ment

Any other _____

7.Adequate fire outbreak alarms

Yes

No

8.Adequate insurance coverage

Yes

No

9.Appropriator storage condition

Excellent

Good

Fair

Poor

Very Poor

10.The proper procedure to ensure that only authorized employee may have permitted to take out parts from the stock

Yes

No

11.Does the university have different place for different material?

Yes

No

Do not know

Any other _____

12.how prepare training program for employees about inventory control system?

quarterly

semi annually

annuall

13.The inventory turnover rate is satisfactory for the university's needs.

Very Satisfied-

Satisfied

-Neutral

Unsatisfied

Part 3.Please indicate your level of agreement or dis agreement to the following sign key rating

5=strong agree
agree

4=agree

3= neutral

2=dis agree

1=strong dis

	Item	5	4	3	2	1
14	Inventories are properly numbered for identification					
15	.Are there competent personnel in inventory management?					
16	Current inventory management practices align with the university's overall goals.					

Part 4 please indicate your level of agreement or dis agreement to the following sign key rating

5=Very frequently 4=frequently 3=occasionally 2=rare 1=never

	item	5	4	3	2	1
17	Is there optimal stock level?					
18	.Have you ever faced excess inventory?					
19	Physical verification of items is under taken in your organization					