



WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

ASSESSMENT OF MATERIAL MANAGEMENT PRACTICE

IN CASE WOLKITE UNIVERSITY

**RESEARCH PAPER SUBMITTED FOR THE PARTIAL
REQUIREMENTS OF THE FULFILMENT FOR BA DEGREE IN
MANAGEMENT**

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ABSTRACT

The study entitled assessment of material management practice in the case of Wolkite University. The study was conducted with the objective assessing the practice of material management and also has the importance of helping the researcher to improve his practical knowledge and familiarize with the real world. The data was collected through primary and secondary data collection method and the collected data was analyzed by using descriptive method. And census sampling method was used Using the results of data analysis conclusion was made as follows; The materials does not purchase timely as it is needed, material were stored in unquiet or unclean warehouse. The organization does not use computerized system for recording and controlling the purchased materials. There is lack of specialist units and co-ordinate method of material demand forecasting in the organization. Finally the researcher came to an end by recommending important issue to modify the material management practice of the company as follows; to operate the tasks of the organization there should have materials as per required time. The martials should be stored in the clean warehouses to decrease obsoletes of the materials. It is advisable that organization to use computerized inventory controlling method. Demand forecasting should be by specialist unit to be effective in estimating the demand.

Key word: *Material management, material disposal, inventory management, storage manage*

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Material management is the planning, directing, controlling and coordinating those activities which are concerned with materials and inventory requirements from the point of their inception to their introduction in to the manufacturing process.

Material management is an organizational activity that design to enhance and keep the control of material function as purchasing, storing and also control the movement and the flow of material in an organization. According to Wild (1995), materials management is a concept which brings together the responsibility for determining the requirement; scheduling the processes and procuring; storing and dispensing materials. As such it is concerned with and controls all activities involved in the acquisition and use of all materials employed in the production of finished goods. Materials management concepts enhance communication and coordination by bringing together all functions which are interrelated. Bose (2007) explained that supply chain coordination improves all stages of the chain taking actions that together increase total supply chain profits. Supply chain coordination requires each stage of the supply chain to take into account the impact its actions have on other stages. Lack of coordination occurs either because different stages of the supply chain have objectives that conflict or because information moving between stages is delayed and distorted.

Ramakrishna (2005) noted that previously materials management was treated as a cost center, since the Purchasing Department was spending resources on materials while Stores Department were holding huge inventories, thereby blocking money and space. However, with the process of liberation and the opening up of global economy, there has been a drastic change in the business environment, resulting in organizations exposed to intense competition in the market place. Firms all over the world have been working out various strategies to face the challenges and to cut down manufacturing costs to remain

competitive. Ramakrishma (2005) noted that progressive management has since recognized that materials management can provide opportunities to reduce costs and can be treated as a profit center.

Material is the basic resource for the operation of any organization. Accordingly, it should be managed in efficient and effective manner. Material is the term to describe the grouping of management function related to the complete cycle material which flows from the purchasing and internal control of production (Sharma, 2006). Material management practice is the process of planning, coordinating, organizing and controlling the flow of goods from one place to another place. Material management practice is the activity that applies to get right quality, right quantity at right place and time with the right price. Material management practice can include purchasing, Inventory controlling, transportation, ware house, material handling and the like Management is simply a balancing act: the objective of management is to be able to deliver the activity (Belington, 1995). The narrow definition of Billington Widen by, Wild (1995), materials management practice is a concept which brings together the Responsibility for determining the manufacturing requirement; scheduling the manufacturing Processes and procuring, storing and disposing materials. As such it is concerned with and Controls all activities involved in the acquisition and use of all materials employed in the Production of finished goods. Materials management practice concepts enhance communication and coordination by bringing together all functions which are interrelated. Material management practice is the coordination, function for planning, and controlling of material flows. Its objective is to maximize the firm's usage of the resources and to provide the required level of the customer services (Robert 1981). Despite the obvious importance, material management has not always received its share of attention. Commonly the organization puts all their effort in to making products and gave a little through to the associated process of material management practices. By now considering change which is coming from different environment such as external, the reason, why for these changes the recognition of the importance of material management practices, developed. In a sense assessing all part of the practice of material management practices is so difficult the reason why? It is so wider however, the researcher will very eager to

conduct the study in specific area of Wolkite University to assess the practice of material management.

1.2 Statement of the problem

Assessing the practice of material management in more advanced way is very necessary issue and also it leads the organization to evaluate their performance. Material management practice is very essential for today's competitive economic development and it play's significant role in profitability of business. This enables the business to gain competitive advantage over another William J. Stevenson (2007).

In the wolkite university there are such like problems misappropriation and miss location of materials, shortage of enough space to store the materials, problems in disposing materials which are outdated or which need further recycling, lack of enough personnel on disposal activity. In relation with this issue the researcher will try to assess how material management is effective in this organization and also investigate the practice of material management in the organization.

In most organization there is some difficulty in purchasing, inventory management and storage, material demand forecasting, and disposal management. The results of the survey shows that there were poor planning and control of material , poor identification of material ,lack of material when needed .

Begonet (2010) conducted the study on the assessment of material management practice by using descriptive research design and primary and secondary data were used as source. As the researcher understand from survey the material management of the organization was not much satisfactory. In conclusion some problem identified by the respondent which is mention below; Lack of evaluation of material management need and supply process, Existing policy of purchasing performance is weaker and Stock system is not technological.

So, the researcher has interest to conduct the selected issue to provide possible recommendation the problems related with the practice of material management particularly in the area of purchasing, warehousing, forecasting, disposal, and inventory management to show how those above difficulties are handled in Wolkite University

1.3 Research question

- How does the university forecast its future material demand?
- How policies and procedure are implemented in the organization for purchasing activities?
- How effective is the way of inventory management and storage in the organization?
- How careful are the materials issued for the user departments?
- How wastes are disposed within the organization?

1.4 Objective of the Study

1.4.1 General objectives

The general objective of this study is to assess the existing practices of materials management in Wolkite University

1.4.2 Specific objective

The following are the specific objective of the study

The specific objectives of this research are to address the following issues:

- ✓ To assess the existence of effective material demand forecasting within the organization;
- ✓ To assess the implementation of policies, procedures and effective way of purchasing materials;
- ✓ To assess the existence of effective inventory management and storage in the organization; and,
- ✓ To examine the issue of materials in the user department.
- ✓ To know how wastes are disposing in the organization.

1.5. Scope of the study

This study would be conducted in Wolkite University. And theoretically the study would be limited to the frame works of material management like, inventory management and storage, purchasing, material demand forecasting, and removal/disposal management.

1.6. Significance of the Study

The study would benefit the organization to know its practice in material management. From the researcher's points of view this study was helps the researcher to increase thinking capacity and problem solving. Other significances of the study are the following points: Primarily this research would be conducted as requirements in partial fulfillment to acquire BA degrees in management, to provide information regarding maintaining conducive working environment, it can serve for the researchers as guidelines or reference, and it initiates other researcher to conduct their study in these areas or another areas.

1.7. Limitation of the study

- Lack of ample experience in the research
- Respondent's unwillingness to respond
- And financial constraints
- These were some of the limitations

CHAPTER TWO

LITERATURE REVIEW

2.1 Concept of Material Management

2.1.1 *Definition of Material Management*

Materials management is a concept which brings together the responsibility for determining the manufacturing requirement that is scheduling the manufacturing processes and procuring, storing and dispensing materials (wild, 1995; Ondiek, 2009)..

Material management practice is a coordination function which is responsible for planning and controlling material flow with two main objects. These would be the minimizing of the firms, resources and provide the required level of the customer services (gopalkrishnan&sundaresan, 1998) .What is management and its major function of material management practices? Management is the process of setting and achieving goals through the excursion of five basic management functions, planning, organizing, staffing, directing, and controlling of utility of human, financial, Material, resources for the organizations; it works through the organizational members to reach stated objective.

There are various types of materials with organization like purchasing procurements, material management, physical distribution management those concepts cut in different terminology (rout, 2003). Material management views materials flow as system these includes:- Anticipating material requirements scientifically Sourcing, obtaining and inspecting materials Introducing materials in to the organizations Storing and handling materials, and disposal of scraps and un service able items. Monitoring the status of materials Replacement of stock and strengthening material information system (Burt, 1996)

Material management is the as the function responsible for the coordination of planning, sourcing, purchasing, moving, storing, and controlling materials in an optimum manner soas to provide a pre-decided service to the customer at a minimum cost(gopalkrishnan&sundaresan, 2006)

2.2 Elements of Material Management

Materials management is a concept which brings together the responsibility for determining the manufacturing requirement that is scheduling the manufacturing processes and procuring, storing and dispensing materials (wild, 1995; Ondiek, 2009).The followings are activities or elements of material management

A Material demand forecasting

B purchasing

C inventory management

D Disposal management

E Warehousing

2.2.1 Material Demand Forecasting

2.2.1.1 Definition

Forecasting is a prelude to planning. Before making plan, an estimate must be made of what conditions will exist over some future period (arnold,etal, 2008). Material demand management is a function of recognizing and managing all demands for materials it occurs in the short, medium, and long term (arnold,etal, 2008&Stevenson, 2012). Forecasting is a statement about the future value of variables of interest.

2.2.1.2 Techniques of forecasting

There are two types of forecasting techniques. They are

- Qualitative forecasting techniques and
- Quantitative forecasting techniques

Qualitative forecasting techniques

It is a technique that is used when there is no historical data available about past performance. This forecasting technique is subjective and judgmental in nature and most of the time they are based on opinion and expertise judgment. This technique relay on analysis of subjective inputs obtained from customers, sale person, manager and experts.

There are four common types of qualitative forecasting techniques. They are:-

- **Expert opinion method:** one of the most simple and widely used method of forecasting which consists of collecting opinions and judgments of individual who are expected to have the best knowledge of current activities or future plans. This technique has the advantage and disadvantage. some Advantages are, (fast decision, clear responsibility and accountability, brings together the considerable knowledge, experience, skill and talents of various managers, managers (experts) will acquire experience that is obtained in discussion) and some of its disadvantages are, (probably poor forecast (due to lack of experience), domination By one or few managers, diffusing responsibility for the forecast over the entire group may result in less pressure to produce a good forecast).
- **Sales opinion:** the sales representatives require maintaining to estimate the demand for each products and the forecast of each sale representative is consolidated to prepare the overall forecast of the company. Advantages of this method are (it can reset in quality forecast, pools together

Time series analysis

It is a set of some variable (demand) overtime (e.g. hourly, daily, weekly, quarterly, and annually). This are based on time and do not take specific account of outside or related factors.

Forecasting technique based on time series data are made on the assumption that history follows a pattern that would continue. Time series analysis is a time-ordered series of value of some variables. The variables value in any specific time period is function of four factors: 19

a) **Trend:** it is a general pattern of change over time. It represents a long time secular movement, characteristics of many economic series. It classified as linear trend, parabolic trend, asymptotic trend, and exponential trend.

b) **Seasonality:** refers to any regular pattern recurring with in a time period of more than one year. These effects are often related to seasons of the year. Example: weather variation, vacation or holidays theater demand on weekend etc. there are two models of seasonality:

- forecasting technique
- Additive model
- Multiplicative models

c) **Cycles:** are long term swings about the trend line and are usually associated with a business cycle (phase of growth and decline in a business cycle)

d) **Randomness:** are sporadic effect due to chance and usually occurrences.

Types of time series analysis

- **Simple moving average (SMA):** obtained by summing and averaging values from a given number of periods repetitively, each time deleting the oldest value and adding the new value.
- **Weighted moving average (WMA):** in this method the weight is given in such a way that more weight is given to the most recent value in the time series weight can be percentages or any real numbers.
- **Simple exponential smoothing (SES):** weight past data in exponential manner so that most recent data carry more weight in the moving average.

Casual forecasting methods

This method relay on identification of related variables that can be used to predict value of the variable of interest (demand).this method are used when historical data are available and the relationship between the factor to be forecasted.

2.2.2 Purchasing

2.2.2.1 Definition of purchasing

Purchasing is the process of obtaining the correct equipment, materials, supplies and service in the right quantity, of the right quality, from the right source and at the right time and right cost (alanmuhelman, etal, 1992). Purchasing is the process of acquiring the optimum quality and quantity of goods and service for the company in a timely manner and at lowest total cost (altekarak, 2005). Purchasing is the process of buying\obtaining the right material in the right quantity, times, with the right delivery (time and place), from the right source and at the right price are all purchasing function (Arnold, et al. 2008).Purchasing insure there are sufficient suppliers and raw materials at the right price, of the required quality, in the right place, and at the right time. Purchasing is the process by which a company(or other organization) contact with third party to obtain good and service required to fulfill its business objective in the most timely and cost efficient manner (euliot,etal.1985).

2.2.2.2 Goal of purchasing

As part of the overall material control activity, the statement of the objective of purchasing group will include the objective of inventory management and control. The primary objective is to contribute toward the profit of the manufacturing activity. The other important objective is to ensure the availability of materials. So that, delivery schedule can be maintained, thus keeping customer satisfied. The specific objectives that support the objective are:

Procurement of the right material, in the right quantity, of the right quality,

Receipt or delivery of this material in the right place, at the right time,

Purchase of the material from the right source, at the right price. It is the primary concern of any manufacturing organization to get an item at the right price. But right price need not be the lowest price. In this context it may be worth remembering John Ruskin's famous statement: "there is hardly anything in the world that somebody cannot make a little cheaper and the man who considers price alone is the lawful prey". While it is very difficult to determine the right price, general guidance can be added from the cost structure of the product. The 'tender system' of buying is normally used in public sector organization but the objective should be to identify the lowest "responsible" bidder and not the lowest bidder. The price can be kept low by proper planning and not by "rush". Price negotiation also helps to determine the right prices.

The right quality

This implies that quality should be available, measurable, and understandable as far as practicable. In order to determine the quality of a product, sampling scheme on incoming materials inspection will be useful. The quality particulars are normally obtained from the indent, and experience indicates that a substantial portion of the indents prepared by the user departments are invariably incomplete. Such incomplete indents often cause unnecessary delays in procurement as the indenter has to be referring to, and if not referred results in heavy rejection. Drawing is also attached to the indents, particularly for spare parts. Since the objective of purchasing is to ensure continuity of supply to the user departments, the time at which the material is provided to the user department assumes great importance.

Right time

For determine the right time, the purchase manager should have lead time information for all products and analysis it's components for reducing same. Lead time is the total time elapsed between the recognition of the need of an item till the item arrives and is provided for use. Obviously, this covers the entire duration of the material cycle and consists of pre-contractual administrative lead time, manufacturing and transporting lead

Right source

The source from which the material is procured should be dependable and capable of supplying items of uniform quality. The buyer has to decide which item should be directly obtained from the manufacturer. Aspects such as source selection, source development, and vendor rating are major way of getting material from the right source. In emergency, open market purchase and BAZAR purchases are resorted to. Techniques such as value analysis enable the buyers to locate the right material. Right mode of transportation has to be identified as this forms a critical segment in the cost profile of an item. It is an established fact that the cost of the shipping of ore, gravel, sand, is normally more than the cost of the item itself. Specifying the right place of delivery, say, head office of works, wood often minimizes the handling and transportation costs.

Right quantity

The right quantity is the most important parameter in buying. Concepts such as, economic order quantity, economic purchase quantity, fixed period and fixed quantity system, will serve as broad guide line. But the buyer has to use his knowledge, experience, and common sense to determine the quantity after considering factors such as price structure, discount, availability of the item, favorable reciprocal relations and make or buy consideration. Developing the right attitude, too, is necessary as one often comes across such statements: "purchasing known the price of everything and value of nothing"; "we buy price and not cost"; "when will our order places become purchase managers?"; "purchasing acts like a post box". Purchasing should, therefore keep 'progress' as its key activity and should be future oriented. The purchase manager should not follow the safe and well-trodden path; he should be innovative and his long term objective should be to minimize the cost of the ultimate product. He will be able to achieve this if he arms

himself with technique such as value analysis, material inelegancy, purchase research, SWOT analysis, purchase budget and lead time analysis. The buyer has to adopt the separate policy and

2.2.3 Inventory Management

Inventory management is a core operation of management activity. Effective inventory management is important for the successful operation of most business and their supply chain. It has its own impact on the following department:-on operation, marketing and finance. Poor inventory management hampers operation, diminish customer satisfaction and increases operating cost unsatisfactory inventory management is the sign that management does not recognize the importance of the inventory (Stevenson, 2012) Inventory is a stock or store of goods which ranging from small items such as pen, paper clips, screws, nests, and bolts to large items such as machinery, trucks, construction equipment and air planes (stevenson, 2006)

Inventory management is the determination of optimum inventory levels and procedures for the review and adjustment of inventory needed (amrineetal., 1993)Inventory are held for variety of reasons, such as meeting un anticipated demand, smoothing production de coupling internal operations, protecting against stock out, taking advantage of quantity discount, and hedging against increase in price (Sevenson& Van ness, 2005)). (joseph, 1987), inventory of raw material, work in process and finished goods plays a critical role in the production process, an understanding of cost and benefit is necessary.

2.2.3.1 Importance of inventory

Inventories are vital parts of business. Not only are they necessary for operations, but they also contributes to customer satisfaction. Atypical firm probably has about 30% of its current asset & perhaps as much as 90% of its working capital invested in inventory. Inventory decision in service organization can be especially critical. The major sources of revenue for retailer & wholesaler business is the sale of inventory, (Stevenson, 2006).

2.2.3.2 Types of inventory

According to DATTA (1998), there are many types of inventories, such as raw materials and production inventories, components and service parts, as well as work in process and finished goods inventories.

- Raw materials (production inventories):- these are raw materials and other supplies, parts and components which enter in to the product during the production process and generally from part of the product.
- In process inventory: - these are semi-finished, work in progress, and partly finished products formed at various stage of production.
- MRO inventory: - maintenance, repairs and operating supplies which are consumed during the production process and generally do not form part of the product itself.
- Finished goods inventories: - these are complete finished products ready for sale.

2.2.3.3 Functions of inventory

Inventory has many invaluable importance ;to meet anticipated customer demand , to smooth production requirement, to develop operation, to protect against stock outs, to take advantage of order cycle to hedge against price increase , to permit operation are some importance of Inventory , (Stevenson, 2006).

2.2.3.4 Objective of inventory

The objective of inventory control is:

- **Assurance of having the items needed:**

This is not limited to projected requirement only, but also looks into the requirements that may arise from time to time. This requirement may be result of the delays in delivery, or items received but rejected on inspection.

- **Economic buying**

Economic buying, in addition to the economic order quantity, considers various other factors, which influence the overall cost. Economic not only determines the quantity to be procured but also considers the price fluctuation trend, quantity discounts, and other external factors having an impact on the price. One of important objective of the economic buying is to reduce the procurement cost to the minimum.

- Avoiding any likely shortage of materials
- Avoiding overstocking of materials

- Reducing inventory-caring cost
- Providing flexibility to the purchase department to apply the appropriate purchasing policies such as:
 - i. Taking quantity discounts for lower unit prices
 - ii. Forward buying in case of cost likely to increase
 - iii. To adjust quantity to match with economic lots
 - iv. To order full truck load to reduce transportation cost
 - v. To adjust quantity conforming t standard packaging requirement

Inventory-carrying cost

Carrying of inventory is an important element of production activity. Various element of inventory-carrying cost are:

- **Interest on the inventory investment:-** depend on the size of the inventory
- **Overhead charges for the storage spaces:** - cost of lighting, safety provisions, air-conditioning, ventilation, furniture, racks etc...
- **Cost of handling facilities:** - store operation involves handling of heavy items, which include loading and unloading, internal transportation, and shifting.
- **Cost of manpower in stores division:-** this depend up on centralized or decentralized operation of the warehouse
- **Obsolescence cost:** - there are a large number of items in the inventory, which are in stock for long but no longer useful. Such obsolete items create numerous difficulties such as a high inventory value, occupying a useful space, and requiring continuous attention for cleaning and accounting.
- **Other element of inventory carrying cost** such as Insurance cost for the material stored, Depreciation, and taxes: - these all are related with the size of the inventory.

2.2.3.5 Codification

Codification is one of the important elements of inventory control activities. It helps in avoiding duplication of items in the inventory and enables correct entries in the bin cards, stock control cards, and account codes.

Method of codifications

- Mnemonic code: use alphabet and describe the items. Since there are only 26 alphabets, there is a limitation in giving a code to classes/subclasses more than 26 in number. A combination of alphabet is used to describe items, but very soon overlapping meanings are represented by these codes. For this reason, mnemonic codes are not well adopted to machine data processing methods.
- Consonant code: These also use alphabets, either singularly or in combination. In this system abbreviation are used, which are selected in such a way that sound like the item to be described. In this system initial letter is retained, but all subsequent vowels (including W & Y) are dropped. It is commonly used for coding long names and addresses.

Examples:

TPT- transport

MAT- materials

PLN- planning

MNTC- maintenance

- Alpha-numeric code: this system use combination of alphabet with numerical for codification. Used to maintain the list of individuals or company names, usually their account names.

2.2.3.6 Standardization

Standardization plays an important part in inventory control. It helps in reducing variety and thus reducing the demand for storage space for less number of items. It also helps in higher inventory turnover and reduces the number of slow moving items. It also assists in reducing the rate of obsolescence of spare parts.

2.2.3.7 Valuation of inventory

Inventory is a very important in any organization it is controlled so that it does not exceed the requirements and at the same time there are no stock outs. Excess inventory is a source of worry money various item of inventory are procured at different times item of inventory are procured at different times and at different prices. Price fluctuation is regular phenomenon and can be small or even large. These fluctuation in price do have a

direct impact on the cost of material issued as well as on the cost of inventory Stevenson, (2016)

2.2.4 Issue of material management

Basic Requirement:

Since large sums of money remain blocked in materials, it is essential for the custodian of materials to ensure that the issue of materials are made only under proper authorization.

In fact, authorization of stores is very vital.

ADVERTISEMENTS:

Moreover, for efficient operation, the following points to be considered:

- (a) Authorization of issues
- (b) Identification of requirements
- (c) Timing of issues.

(a) Authorization of Issues:

Since materials represents money, for the issue of materials there must be some authorization by responsible officers nominated by the management. Such authorization should be given clearly in the form of a directive circular.

The object is to avoid misunderstanding and unpleasantness that may arise due to the refusal by the storekeeper to issue materials. In many industries, the designation of the person authorized to draw materials along with their specimen signature are sent to the stores for verification. The request for issue of materials is invariably made in written form or documents for proper authorization. It is the primary responsibility of the storekeeper to verify all such documents for proper authorization before the materials are issued.

Even though certain persons are authorized to draw goods from the stores, management normally imposes a few restrictions for drawl of the goods beyond a certain level of consumption. In all such cases, a clear directive must be given to the stores department.

(b) Identification of

Requirement:

Largely due to ignorance, in several cases the correct description of the items is not given by the user department. Often the code number given may not tally with the description of the goods, and vice versa. Hence an experienced store-keeper should use his

intelligence to identify the mistake and suggest to the indenter the correct item. Details about materials requirements such as part number, code number, etc. ensure that it is supplied without delay and unnecessary correspondence.

(c) Timing of Issue:

The stores manager should ensure that the indenting departments are fully aware of the timing of issues. However, there may be sudden rush during the peak hours. This may put undue pressure on the stores department and may lead to sudden stoppage of production, in case of undue delay. So our intelligent store-keeper should study carefully the requirements of various departments and stagger (spread) the timings in such a way that each department can draw their requirements without loss of time.

Methods:

Issues from stores must be efficiently organized so that the requirements of the production/ operations department can be met.

1. Issue on request:

This is the most orthodox way of issue wherein the indenting department normally sends a man and collects the materials from stores.

2. Issue per schedule:

In a batch production unit sometime, the requisition for issue of stores is sent well ahead indicating when, i.e., the time and date it is required. The stores department will collect all the materials and keep them ready. Then it will intimate the indenting department about this. Depending on the prevailing practice of the industry either they are collected from stores or delivered at the shop floor. This is desirable in order to prevent any loss of man-hour caused by sudden absenteeism of a worker in the production department.

3. Imprested issues:

In this system a list of certain items especially for tools and components and in specified quantities is approved. The list is then held in a sub-store or tool kit near the shop floor.

4. Replacement issue:

In most engineering industries a large number of workshop machines are used. So there will be considerable requirements of tools and gauges. When a fresh issue has to be made the machine shop operator may be asked to return the old ones to the stores and obtain

new one for replacement. This is done without issue notes and the storekeeper has to maintain proper records of such replacement.

5. Loan issues:

The issue of stores on loan should, as far as possible, be discouraged.

Situations often arise where some amount of spares; electrical fitting, etc. are required on emergency basis due to some breakdowns. In such cases the materials are to be issued on a loan basis. However, the storekeeper is to maintain a separate record and ensure that they are returned before year-ending when annual stock-taking begins.

6. Stock records:

In a store-house where thousands of transactions take place some amount of records are to be maintained. This makes it possible for the storekeeper to make an entry of all transactions.

2.2.3 Ware house or storage

2.2.3.1 Definition of store

Store is an area in which all kind of materials needed for production, distribution, maintenance, and packaging are stored, received, and issues. Store is a temporary storage of material until the customers needed. The store function is therefore covering great deals for more than just aspects and includes the following activities:

- Controlling store house, stockyards
- Holding, controlling and issuing stocks.
- Material handling functions
- Quality control activities
- Clerical stores operations administrations

2.2.3.2 Objective of store

The concept of store keeping is not new concept store must be in constant with touch the user department in order to provide uninterrupted services to manufacturing decisions. Since working capital is locked up in ware house, store is often equated directly with money.

The store functions organized as follows:

- To receive materials, components, and equipment's

- To meet demand of user department by issuing the same
- Account the transaction correctly
- Minimize obsolescence, scraps, and surplus by proper identification
- Ensure good housekeeping, comprising receipts, issue handling and storage.

General classification of store

- Ordinary stores: these are generally such items of stores for which there is regular turn over caused by a constant demand. This may be further divided in to
 - New
 - Second hand
 - Serviceable
 - Second hand repairable
- Emergency stores: the store adopts are required to stock certain items of stores even though they do not have a regular turnover. These are emergency stores and comprise of item which do not ordinarily wear out or require renewable but which are required to be kept in the stock to meet emergency due to break age or unanticipated deterioration thus items a long time for procurement in case they are not stocked.
- Surplus store: these are items of ordinary of stocks which are not demanded by users. If any item is not issued for past 24 months or more, it is considered as surplus.

Surplus stores are further divided in to

- Dead surplus: items which are not being issued to any indenter during past 24 months or more and are not quickly to be utilized on any rail way with in next 2 years.
- Movable surplus: items which have not been issued to indenter during past 24 months, but their use in near future are anticipated.

Other classification

- Custody stores: these are stores which have been used for special works and charged to that works but due to in adequate stocking facilities available with

user. These are generally on a stock item but in certain situation. Stock items are also may be under these classifications.

- Impressed stores: certain important units like loco sides training, examining, deports, chief signal inspector, electrical Forman etc. such item are known as no standard item

2.2.5. Disposal Management

2.2.5.1 Definition

The activity and action required to manage waste material from its inspection to its final disposal. It is the handling of discarded materials; recycling and compositing which transform

waste in to useful products are form of waste management. Waste disposal is the process of **Casual forecasting methods**

This method relay on identification of related variables that can be used to predict value of the variable of interest (demand).this method are used when historical data are available and the relationship between the factor to be forecasted.

2.2.5.2 Concept of disposal

The concept of disposal site reuse involves the reduction involve and actual removal of dredged material from disposal area. For use lose when there by additional placement of advantage to be related material size. Permute reusable site would be provided for the maintenance dredging at a centralized location. Operation of reusable sites would be environmentally compatible because facilities could be properly planned and engineered. Dredge materials, legal and policy constraints regarding and depositing of material and potential use of dredge material for land fill and construction purpose (sharma, 2006)

2.2.5.3 Reason for disposal

In order to minimize disposal let us now analyze the reason for obsolescence and surplus usually encountered in many organization. One of the most common reasons for disposal and obsolescence in many organizations is the sudden development of high technology

/new technology/, rationalization, design change, product change, diversification. Another reason is the factory need to income (Gower press, 1972). Adoption of standardization and elimination of nonstandard varieties has led to disposal and obsolescence.

2.2.5.4 Objectives of disposal

The objectives of disposal planning is to ensure that assets identified and being surplus to existing or anticipate requirements as part of the assets review and analysis process are examined in detail to establish. Firstly, that there are no alternative economic or community uses for these assets and it disposed of that maximum return to government is achieved (gokhan, 1970)

Disposing of surplus assets and in accordance with a disposal plan ensure that they do not become a maintenance and/or financial burden. It may also free up funds required for capital worked influence decision making and support the ward estimates and budgets. Process (i.b by enabling reinvestment of disposal revenue). Re invests, with funds being provide substantiate benefits for agencies and their client, with funds being used to achieve enhanced service delivery out comes (gokhan, 1970)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGIES

This chapter concerns with main parts of the research which is the methodology parts that explain and justify the approach that was adopted in order to answer the proposed research question. This section would include research method, data source, research design, the sampling techniques, data type and a source instrument technique that would be used to analyses the data.

3.1. Research design

The study has been conducted through descriptive type of research. The reason why used this type of method is because it helps to describe the existing condition as it is and it is mostly preferable for studies conducted in the area of business and economics.

3.2. Target population

Accordingly, the target population for this particular study is staff members of material management in Wolkite University. The total population size is 40 employees to study the whole population by use census method in material management staff.

3.3. Data type, source and method of analysis

3.3.1 Data type and source

For this specific study the researcher used primary source of data .The primary data gathered through questionnaire, interview and observation (Kothari, 2004). The data was gathered from the material management staff members of Wolkite University.

3.4.2 Instrument and collection procedure

3.4.2.1 Questionnaire

Questionnaires were prepared in which to assess material management practice and the question includes close ended questions that were arranged to staff of the material management.

3.4.2.2 Interview

The interview method of data collection involves presentation of oral verbal stimuli and replying in terms of oral- verbal responses. In this study the researcher used personal interview which required face to face contacts with the manager.

3.4.3 Data analysis and presentation

The analysis of the data began in the study descriptive method of data analysis to be important for transforming of the raw data in to forms that makes easy to understand and interpret. Tables and percentage are used for presentation of data based on their appropriateness. Then, interpretation would be made under each table by explaining the result in detail and theoretical explanation is used to make clear evidence. Based on the analysis and interpretations the researcher made conclusion and recommendation

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter presents the data; analysis and interpretation made on the data. The primary data collected through questionnaires and interviews. Structured questionnaires distributed to 40 employees. Out of the total distributed questionnaires 40 are returned.

Table 4.1. Personal information

No	Item		Respondents	
			Frequency	Percentage (%)
1	Age	20-25	4	10
		26-35	17	42.5
		36-50	11	27.5
		>50	8	20
		Total	40	100
2	Sex	Male	25	62.5
		Female	15	37.5
	Total	40	100	
3	Educational status	Diploma	15	37.5
		First degree	21	52.5
		Master degree	2	5
		Other	2	5
Total			40	100
4	Years of experience	<5	10	25
		6-10	18	45
		11-15	3	7.5
		15-25	8	20
		>25	1	2.5
Total			40	100

Source: questionnaire: 2020

As shown on the above table more of respondents 17(42.5%) between 26-35 age and about 4(10%) of the respondents between 20-25 the remaining of the respondents 11 (27.5) 36-50 of the respondents 8 (20%) were above 50

It indicates that most respondent in the organization were adult age level it is important to the organization because these age groups are active working and productive group.

As shown on the above table most of the respondents 25(62.5%) are male and the other 15(37.5%) of the respondents are female. It shows male employees more participate in the college. The greater number of the male may important in the case of difficult situation of the things in every organization.

It is also shown that first degree holders constitute 21(52.5%) of the respondents, there are 15 (37.5%) respondents having diploma, 2 (5%) of them have masters and above educational level, while the remaining 2(5%) of the respondents are categorized under the other option. it means most of employees are educated. This implies there is no employees' lack of skill about material management.

The table also shows that respondents which cover 25% have an experience of <5 year, 45% of good work experience.

Table 4.2. Questionnaires analysis related with purchasing

- 1. SA (strongly agree) 3. N (neutral)
- 2. A (agree) 4. DA (dis agree) 5. SD (strongly disagree)

Table 4.2. Questionnaires analysis related with purchasing

No.	Items	SA	%	A	%	N	%	DA	%	SD	%	Total	%
1	Skilled man power is exist on the position.	15	33.3	16	36.7	4	13.3	3	10	2	6.7	40	100
2	Enough budgets are set for purchasing material.	15	40	18	50	6	6.7	1	3.3	-	0	40	100

3	The materials purchased meet the requirement	14	25	20	53.3	2	6.7	3	10	1	5	40	100
4	Materials are purchased on time	10	20	15	30	1	3.3	12	40	2	6.7	40	100

Source: questionnaire: 2020

As shown in the above table, from the total respondents, 33.3% of the respondents were strongly agree 36.7% respondent agree 13.3% respondents were neutral 10% were dis agree and the rest of the respondent, which means 6.7% were strongly diss agree about the existence of skilled man power in the position of purchasing. It indicates that the majority of the respondent, which means 36.7% were agree on the existence of skilled man power on the position of purchasing. This enables the organization to purchase products with minimum cost.

For the second item from the total respondent, 40% respondents were strongly agree, 15(50%) respondents were agree, 6.7 respondents were neutral the rest of the respondent which means, 3.3% were diss agree and none of respondent were strongly diss agree on the availability of enough budgets for purchasing material. It indicates that the majority of respondent, which means 50% were agree on the availability of enough budget for purchasing material. No inventories are created until either raw material or component part is bought (amrine etal., 1993&Arjan, 2010).

For the third item, from the total respondent, 30% of the respondents were strongly agree 53.3% respondents were agree 6.7% respondents were neutral 10% respondents were disagree and none of respondent were strongly dis agree about the fulfillment of purchased material for its requirement. It indicated that majority of the respondents, 53.3% were agree on fulfillment of purchased material for its requirement. Because the organization has enough budget, procedure and policies and skilled man power, the purchased materials fulfill its requirement. This enables the organization to provide quality products to customers and a customer becomes satisfied.

For the fourth item, from the total respondents, 20% respondent were strongly diss agree ,30% respondents were agree 3.3% respondents were neutral,40%

respondents were dis agree and the remaining 6.7% were strongly diss agree on materials are purchased on time. It indicates that the majority of respondent, 40% were diss agree on the timely purchase of materials.as the literature indicated, purchasing is the process by which a company(or other organization) contact with third party to obtain good and service required to fulfill its business objective in the most timely and cost efficient manner (euliot,etal.1985).

Table4.3 Questionnaire analysis related with inventory management and storage

No	Item	SA	%	A	%	N	%	DA	%	SD	%	Total	%
1	Skilled man power exist in the position	9	16.7	17	40	2	6.7	10	30	2	6.7	40	100
2	the inventory properly located in the warehouse	8	20	12	26.7	2	6.7	16	40	2	6.7	40	100
3	The management use computerized system for recording and controlling inventories	6	10	13	33.3	2	6.7	17	43.3	2	6.7	40	100
4	There is adequate spacefor purchased material	8	20	15	37	1	3	14	33.3	2	6.7	40	100
5	the store is clean enough	7	16.7	17	40	1	3.3	15	36.7	1	3.3	40	100

Source: questionnaire: 2020

From the table above for the first question, from the total respondent 16.7% of the respondents were strongly agree 40% respondents were agree 6.7% of respondents were neutral 30% respondents were diss agree and the rest of respondents which means,6.7% respondents were strongly diss agree on the existence of skilled man power on the

position. It indicates that the majority of the respondents which means, 40% respondents were agree on the existence of skilled man power on the position of inventory management and storage. This enables the organization to protect inventories from defect and effective use of storages. As indicated in the literature, this enables to minimize obsolescence and damage through timely disposal and efficient handling, maintenance of store record, proper location and stocking.

For the second item, from the total respondents, 20% respondents were strongly agree 26.7% respondents were agree 6.7% respondents were neutral 40% respondents were diss agree and the remaining, 6.7% respondents were strongly diss agree on the proper location of inventories in the warehouse. It indicates that majority of the respondent which means, 40% respondents were diss agree on proper location of inventories in the warehouse. Inventories should be located properly by using codification. Codification helps in avoiding duplication of items in the inventory and enables correct entries in the bin cards, stock control cards, and account codes.

For the third item, from the total respondent 10% respondents were strongly agree 33.3% respondents were agree 6.7% respondents were neutral neutral 43.3% respondents were diss agree and the rest of respondents which means 6.7% respondents were strongly diss agree on the usage of computerized system for controlling and recording purchased material. It indicates that the majority of respondents which means, 43.3% of the respondents diss agree on the usage of computerized system for controlling and recording purchased material. This makes the inventory controlling and recording practices more berried and time consuming.

For the fourth item, from the total respondents, 20% respondents were strogly agree 40% respondents were agree none of respondents were neutral 3.3% respondents were diss agree and the remaining respondents, which means ,6.7% respondents were strongly diss agree on the availability of adequate space in the store for purchased material. It indicates that the majority of respondents, 40% respondents were agree on the availability of adequate space in the store for purchased materials. In the literature discussed, to receive materials, components, and equipment's, Minimize obsolescence, scraps, and surplus by proper identification, comprising receipts, issue handling, enough storage space is necessary.

For the last item, 16.7% respondents were strongly agree 40% respondents were agree 3.3% respondents were neutral 36.7% respondents were disagree and the rest of 3.3% respondents were strongly disagree on the cleanness of the store. It indicates majority of the respondents, which means 40% respondents were agree on the cleanness of the store. The cleaned store make the material stay for the long period of time without any rust and obsolete

Table 4.4 Questionnaire analyses related with material demand forecasting:

No.	Items	SA	%	A	%	N	%	DA	%	SD	%	total	%
1	Is there effective material forecasting to estimate the demand for material	6	10	19	53.3	4	6.7	8	20	3	10	40	100
2	There is specialist unit that forecast regarding material demand	3	6.7	14	30	6	13.3	16	46.7	1	3.3	40	100
3	There is accessible data to make forecasting.	5	10	17	40	3	10	12	30	3	10	40	100
5	The accuracy of forecast that was made satisfactory	5	10	10	23.3	2	6.7	15	40	8	20	40	100

Source: questionnaire: 2020

The above table indicates that for the first question, from the total respondent's, 10% respondents were strongly agree, 53.3% were agree 6.7% were neutral 20 were disagree and the remaining 10% respondents were strongly disagree on effective of forecasting on estimating demand for materials. It indicates that majority of the respondents that means 53.3% were agree on the effective of forecasting on estimating demand for material. As literature determined, having a forecast of demand is essential for determining how much capacity or supply will be needed to meet demand (Stevenson, 2012)

For the second item, from the total respondents 6.7% of the respondents were strongly agree 30% were agree 13.3% were “neutral”46.7% were diss agree and the rest of respondents, 3.3% were strongly diss agree on the existence of specialist units that provide forecasting regarding materials demand. It indicates that majority of the respondent which means, 46.7 were disagree on the existence of specialists in the area of materials demand forecasting. This is because the specialists who provide forecasting regarding materials demand are those employees who work in purchasing. Working environment is constantly changing, which become increasingly complex, so the organizations have to the capacity to setup specialist unit to provide forecast for wide range of subject (morrell, 2001&joseph, 1987).

For the third item, the respondents of 10% were strongly agree 40% were agree 10% were neutral 30% were diss agree and the remaining respondents,10% respondents were strongly diss agree on the availability of data in order to make forecast. It indicates that majority of the respondents, 40% were agree on the availability of data to make forecasting on materials demand. In the literature qualitative forecasting is a technique that is used when there is no historical data available about past performance. This forecasting technique is subjective and judgmental in nature and most of the time they are based on opinion and expertise judgment.

For the last item, from the total respondents 23.3% of were agree 6.7% were neutral 40% were diss agree and the remaining 20% respondents were strongly diss agree and 10%respondent is strongly agree on the accuracy of forecast that was made satisfactory. It indicates that most of the respondents, 50% were disagree. This is due to inexistence of specialist unit and co-ordinate method of forecasting. It needs more effort than what exist before.

Table4.5. Questionnaires analysis related with disposal management:

N	Items	S	%	A	%	N	%	DA	%	SA	%	total	%
o		A											
1	materials are disposed in the right way	1	3.3	12	30	6	13.3	18	46.7	3	6.7	40	100

2	there is an activity of changing waste into useful product	3	10	10	26.7	5	13	16	36.7	6	13.3	40	100
3	There is enough personnel's in the position of disposal management	4	13.3	12	30	4	13	16	40	4	13.3	40	100
4	There is recycling method in disposal management activity	4	10	10	26.7	3	6.7	17	40	6	16.7	30	100

Source: questionnaire: 2020

As shown on the above table for the first item, from the total respondent, 3.3 were strongly agree 30% were agree 13.3% were neutral 46.7% were diss agree and the remaining 6.7% were strongly dis agree on the disposal of materials in the right way. It indicates that majority of the respondent that means, 446.7% were diss agree on the disposal of material in the right way. The primary objective of waste disposal management is to protect the public and the environment from potential harmful effect of waste.

For the second item, from the total respondent 10% of the respondents were strongly agree 26.7% were agree 13.3% were neutral 36.7% were diss agree and 13.3% were strongly diss agree It indicates that majority of respondents' were 36.7 diss agree on the vulnerable nature of the environment to risks related with the way of disposing. The primary objective of waste disposal management is to protect the public and the environment from potential harmful effect of waste. Some waste materials are normally safe, but can become hazardous if it is not managed properly.

For the third item, 13.3% of the respondents were strongly agree 30% were agree 13.3% were neutral 40%) were diss agree and 13.3% were strongly diss agree on the existence of skilled man power in the area of disposal management. It indicates that majority of respondents were diss agree on the existence of skilled man power on the area of material disposal management. This leads the organization to incur additional cost and affect the society that lives around. It is accepted as a principle that the obsolete

materials would be disposed of as their holding cost for two years is equal as more than the scrap value, the material department will have to support action.

For the fourth question, 10% of the respondents were strongly agree 26.7% were agree 6.7% were neutral 40% were diss agree and 16.7% were strongly dis agree on the existence of recycling method in the organization. It indicates that majority of respondents' were 40% diss agree on the existence of recycling method. This indicates that they dispose the material even if it has residual value.). Recycling is a process to change waste material in to new product to prevent waste of potentially use full material reduce the consumption of fresh raw (vedmark, 1992)

4.2 Analysis of Interview question of the manager.

The interview was made for management of wolkite university department of purchasing and property administration division in order to gather some information related previously specified models.

Data from Interview

Q1. When and where materials are disposing if the material is spoilage?

The manger replied that a material was disposed from the organization when materials become obsolescence and no longer live, when breakage and spoilage was happening before there expected life and when materials become expired. By understanding disadvantage of this broken spoilage and obsolesce material the material management department remove the materials far away from the organization by taking in to consider the safety of the society and cleanness of the environment.

Q2. What is the problem faced in the purchasing system?

There are many problem that is face during purchasing material among them lack of effective bargaining power with the seller during they buy the materials for the organization and lack of expert who evaluate the quality and durability of the purchased equipment (materials, and also) There is lack of market information and we are not able to use the discount that the company gives for their customer.

Q3. How you are going to forecast the material demand? As the manager response that the way they forecasting is by using qualitative and somewhat quantitative. Qualitative are as follows, expert opinion, sales opinion, and consumer survey whereas Quantitative such as time series and causal method are way of forecasting the material demand.

CHAPTER FIVE

FINDING CONCLUSION AND RECOMMENDATION

This chapter deals with the findings of the study summary, conclusion and recommendations helpful to come up to problem. Therefore, the result obtained through various sources has been presented as follows.

5.1. Summary finding

Material management is the coordination functions responsible for the planning, source sing and making purchasing of materials in an optimal manner. However during the material management some problems are encountered, this paper tried to assess the problem of material management and also identified some initials factor and alternative solution. The general objective of this study is to assess the existing practices of materials management in Wolkite University based on the analysis and interpretation.

According to the personal data majority of the respondents that means 62.5% were males.

Majority of the respondents 87% were grouped under the age between 26-50 years. Regarding on educational level of the respondents 52.5% were degree holders.

Regarding on work experiences of the respondents 45% respondents have 6-10 year experience.

Majority of the respondents that means 39.47% were disagree on the purchase of material on time.

42% of the respondents were disagreed on the proper location of inventories in the warehouse.

Majority of the respondents that means 42% were disagree on the usage of computerized system for controlling and recording purchased material.

From the total respondents 43.7% were disagreed on the existence of specialist units in the area of material demand forecasting.

44.7% of the respondents were disagree on the disposing of material in the right way

5.2 Conclusions

- ✓ The researcher has been concluded the major findings as follow. From the total of the employees 62.5% of workers are males. Almost males are more than of female employees in the organization. This indicates that males are dominantly employed in the organization. Most of them are degree holder and have 6-10 year work experience this implies that most of employees could easily understand questionnaires and also they have at least one year work experience, so they are familiar with material management practice. Also according to the survey most of the employees under the age of 26-50 years old from this we can conclude that worker of the organization not young.
- ✓ As the researcher understand from survey the practice of material management is not that much satisfactory under this conclusion some problems identified by the respondents which is mention below.
- ✓ The materials does not purchase timely as it is needed. This makes the service delivery unsatisfied and uninterrupted.
- ✓ Based on the major findings mostly materiel were stored in unquiet or unclean warehouse. The organization does not use computerized system for recording and controlling the purchased materials. This makes the recording and controlling of purchased material time consumer and less effective.
- ✓ Most of wolkite university materials disposed before their useful life year and with some amount of salvage value

5.3. Recommendations

After the above observation the following idea could be provided as recommendation for effective materiel management to be implemented in Wolkite university

Warehouse is the great aspect of materiel management that the manager of inventories should have given advice for employees to give considerable attention to store inventories. Appropriate store management play a vital role to the performance of business operation.

More over to improve materiel management performance and to reduce cost associated with inventories it is advisable to hiring a qualified personnel in the area of materiel management

Classification of materiel is important to eliminate duplication of items in warehouse and to achieve a physical control of inventories. The codification and classification are advisable to account the functions and technical nature of materials. So it is better to the organization if it apply all items at a center store method.

The availability of adequate inventory enables organization to deliver uninterrupted service to the society. Providing effective service requires the availability of excess amount of inventories. As result some inventories would be deteriorate, obsolete and expired. In order to remove these unwanted inventories, the organization sometimes uses fire and burns them. Drugs by its nature composed from so many chemicals, so burning drugs causes' air pollution. These directly affect health and safety of the society and environment. Therefore it is better to the organization to find other less risky disposal method such as putting under the ground.

The top management of the organization should change the way evaluate the material management need and supply process which done once at the end year collaborate two time in a year.

The knowledge skill and ability of purchasing is very vital so, the organization should develop skill and ability of purchasing by given different training.

The annual budget of purchasing of organization should rely on schedules.

The stock system is should use updated accounting information system and the inventory material should be disposed if and only of they lost their market value unless the materials should be sold or exchanged for economic benefit of the organization

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APPENDIX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

Questionnaire to be filled by employees of the organization

- ❖ Dear respondent; these questionnaire is prepared to conduct research on the assessment of material management practice in Wolkite University. You are kindly requested to give the right answer the best express your opinion.

Instructions

These questionnaires used only for academic purpose

No need of writing your name

Answer the question by putting (x) mark in the box

I, personal information

1 Age 20-25 26-35 36-45 46-50 above 50

2 Age 18-25 26-50 above 50

2. Sex male female

3. Educational status diploma first degree masters other

4. Years of experience <5 6-10 11-15 15-25 >25

ii. Question related to purchasing

No_	Item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Skilled man power exist in the position					
2	Enough budgets are set for purchasing material					
3	The materials purchased meet the requirements					
4	Materials are purchased on time					

iii. Question related to inventory management and storage

No _	Item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Skilled man power exist in the position					
2	The inventory properly located in the warehouse					
3	The management used computerized system for recording and controlling inventories					
4	There is adequate space for purchased material					
5	The store is clean enough					

iv. Question related to material demand forecasting

No_	Item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Is their effective material forecasting to estimate the demand for material					
2	There is specialists unit that forecast regarding material demand					
3	There is accessible data to make forecasting					
4	The accuracy of forecasting that was made is satisfactory					

V. question related to disposal management

No_	Item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Materials are disposed in the right way					
2	There is an activity of changing waste into useful product					
3	There is enough personnel's in the position of disposal management					
4	There is recycling method in disposal management activity					

vi) Interview questions

Q1. When and where materials are disposed if the material is spoilage?

Q2. What is the problem faced in the purchasing system?

Q3. How you are do you forecast the material demand?