St. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF INVENTORY MANAGEMENT AND CONTROL PRACTICE IN SOFT DRINK MANUFACTURING COMPANY: THE CASE STUDY ON EAST AFRICA BOTTELING S.C (EABSC)

BY

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June, 2023

ADDIS ABABA, ETHIOPIA

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DECLARATION

I, AlemtsehayAyalew, the undersigned, declare that this thesis entitled **INVENTORY MANAGEMENT AND CONTROL SYSTEM IN SOFT DRINK MANUFACTURING COMPANY: THE CASE STUDY ON EAST AFRICA BOTTELING S.C (EABSC)** is my original work. I have undertaken the research work independently with the guidance and support of the research advisor. This contemplate has not submitted for any MBA, BA or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

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Advisor's Approval Sheet

This is to certify that this thesis prepared by Alemtsehay Ayalew entitled: Inventory Management And Control system in Soft Drink Manufacturing Company in the Case of East Africa Bottling Company (EABC) and submitted in partial fulfillment of the requirements for the Master of Accounting and Finance as a thesis. I here certify that I have read and evaluated this thesis prepared under my supervision. Therefore I recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

ABEBAWE KASSIE (PHD) _____ 13/07/2023

Name of advisor **Signature** **Date**

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ACRONYMS

A.B.C	Always Better Control
EABSC	East Africa Bottling Share Company
EOQ	Economic Order Quantity
FIFO	First in First Out
GPS	Global positioning system
ICT	Information communication technology
IC	Inventory Control
IM	Inventory Management
IR	Inventory Record
J.I.T	Just-In-Time System
LIFO	Last In First Out
OCCD	Official coca cola distributor
SPSS	Statistical Package for Social Sciences

Abstract

The purpose of the study is to assess the inventory management and control system in soft drink manufacturing company the case study on East Africa Share Company S.C (EABSC).The research target on the gap in the inventory management and control system between the disparity of the physical inventory balance amount and the software inventory balance amount. To do this the researcher use descriptive research design such as percentage and frequency tables are used and both qualitative and quantitative research approach this sampling method helps to get respondents who have good insight of inventory. Therefore, the study takes 65 respondents as target respondents. Both primary and secondary were use. To analyses the data the SPSS version 20 for windows are used. The major finding of the study is in inventory management techniques and internal controls in the inventory management practices are goes in a good condition but there has to be an area which needs correction on inventory management practice and in current inventory records and documentation practice of the company. Those are on up to date inventory revaluation means fixed asset show the correct balance and also place order in inventory reaches a predetermined discrepancies between stock records and the result of physical count record method. The researcher recommends that there is need for EABSC Use inventory management software to help prevent overstocking and under stocking and FIFO inventory management technique help to manage inventory and the financial impact of carrying inventory on the point they use it but it has better on it. And also, engage with employees and Match training and development with employee and management goals then create a formal program, Schedule frequent stock auditing like daily cycle counting of different stock categories in small, manageable batches and Integrate inventory management software adopt proper and up to date fixed asset revaluation method by adjusting the gross book value of the asset. Correct location the stock also re arranges or do correct actions in return management on behave use inadequate technology or use the perpetual inventory system and the periodic inventory system. Always maintain an accurate count of a company's available stock, maintained under the perpetual inventory system lastly, use effective internal control because it reduces the risk of both erroneous and inappropriate actions.

Keywords: inventory, inventory management, inventory control and EABSC

CHAPTER ONE

1.1 Introduction

This chapter of the paper contains Back ground of the study, Back ground of the organization, Statement of the problem, Research question, Objective of the study, Significant of the study, Scope of the study, limitation of the study, and Organization of the paper is included.

1.2 Background of the study

A business can run smoothly its operating activities only when appropriate amount of inventory is maintained. Inventory affects all operating activities like manufacturing, warehousing, sales etc. The amount of opening inventory and closing inventory should be sufficient enough so that the other business activities are not adversely affected. Thus, inventory plays an important role in operations management (Chalotre, 2013).

Inventory is one of the real assets. Inventory is the lifeblood of any business by ensuring that Organizations keep customer by improving responsiveness to orders made by Customers and improved in-house services to other employees. Therefore, organizations need to be strong when managing inventories to ensure that its doesn't Suffer by tying up working capital or fail to retain customers due to shortage of Products or failure to provide a required service. Inventory management has enabled firms to have adequate quantities of high quality items available to serve customer needs, while also minimize the costs of carrying inventory (Pandey, 2021). However, managing these inventories in order to achieve their objectives has posed a great challenge to the firms. Many firms have not yet established how much to invest in inventories and the right inventory levels to hold so as satisfy customers. Too much inventory consumes physical space, creates a financial burden, and increases the possibility of damage, spoilage and loss. On the other hand, too little inventory often disrupts manufacturing.

Inventory management is a critical management issue for organization regardless of their size and types, as it involves cost and the need to balance between record methods. Therefore, efficient inventory management practices are vital in ensuring inventories are for the company. This study examining the inventory management and control system in East Africa Bottling Share Company.

Inventory management capability directly determines the inventory levels required to achieve desired service levels. More effective inventory management can also result in increased sales revenue. For many organizations, inventory represents their largest single asset, so improved inventory performance can result in efficient service render to customer satisfaction, significant cash flow and profitability improvements. To attain improved performance, inventory managers must make more accurate and timely decisions regarding when and how much to order. Inventory control is the function of materials management which attempts to maintain stocks at their predetermined levels; it is exercised by planning required stock levels at regular intervals. Management's role in any organization involves the acquisition, storage disposition and control of resources that are necessary for the attainment of organizational objectives. Those (factors of production) typically include labor, capital equipment and material of inventories. According to (Koumanakos, 2008) however historically; organizations have ignored the potential savings from proper inventory management, treating inventory as a necessary evil and not as an asset requiring management.

The goals of inventory management are to ensure that the inventories needed to sustain operations are available, but to hold the costs of ordering and carrying inventories to the lowest possible level. There is always pressure to reduce inventory as part of firms' overall cost containment strategies, and many firms are taking drastic steps to control inventory cost (Jenkins, 2020).

In general inventory management enables to defining policies to guide the inventory control programs, determining the most appropriate organization structure, determining economic order quantity, determination of stock out, determination of safety stock, determining lead time, determination of inventory stats, minimizing of handling & storing cost, effective running of stress (Ivanov, 2021).

Inventory control can be minimizing the idling of men and machines which may arise due to shortage of raw materials, supplies and spare parts by stocking them. It can still be avoiding heavy costs occurring due to capital lockup or investment, Expenses involved in storing and handling as well as ordering inventory. In general inventory management enables to defining policies to guide the inventory control programs, determining the most appropriate organization structure, determining economic order quantity, determination of stock out, determination of

safety stock, determining lead time, determination of inventory stats, minimizing of handling and storing cost, effective running of stress (Chalotre, 2013).

1.3 Back ground of the Organization

The Coca-Cola Company was born On May 8, 1886 in Atlanta, Georgia and at present the beverages consumed in more than 200 countries with over 1.6 billion servings each day. There is much history that exists in the formation of Coca-Cola until eventually Coca-Cola can become one of the biggest soft drinks in the world until now (Fatuma, 2018).

Coca-Cola was first bottled in Ethiopian ‘s capital Addis Ababa in 1959 by the Ethiopian Bottling Share Company and later opened a second branch in Dire Dawa in 1965.The two plants were nationalized in 1975 and ran as public companies until 1996 when they were bought by the Ethiopian Entrepreneurs. Just prior to this, in 1995, Coca-Cola Sabco bought shares in the business and in 1999 signed a joint venture agreement with the plants and in 2001 increased its share to 61% and the company changed its name to the East Africa Bottling Share Company. The company has the mission to continually increase profitability, sustainable unit case sales of its products by satisfying new and existing consumers through excellent market execution and utilizing a wide range of distribution method (TESHOME, 2018).

The company was opened its main Headquarter in Addis Ababa, Ethiopia (Abinet). The main distributor is responsible for managing, storing and handling of products and distributing the company’s product to the ultimate retailers and customers. The Coca-Cola companies produces different kinds of soft drink like Coca-Cola, Sprite, Fanta, Fanta Ananas, Fanta Tonic and Crystal Water. Concerning transportation this companies were using its own transport facilities to transport and distribute the final product to local customers (Fatuma, 2018).

1.4 Statement of the Problem

Inventory is one of a company's most important assets. Lack of inventory can be negative in a number of businesses, including manufacturing, retail, and food services. In addition to being a liability, inventory also carries a risk. It might be susceptible to theft, harm, and deterioration. Sales might be impacted by having a huge inventory as well. No of the size of your organization, having an effective inventory management system is crucial. It can assist you in keeping track of

all your goods and figuring out the precise costs. Additionally, it can assist you in managing rapid variations in demand without compromising customer satisfaction or product quality. This is especially crucial for businesses that want to focus more on their customers. For businesses with intricate supply chains, balancing the risks of shortages and overstocks is a particularly difficult procedure. Inventory is frequently a present asset that a business expects to sell within a year. To be regarded as a current asset, it must be frequently measured and tallied, (Bawa, 2018).

The ability to fulfill incoming or open orders and increased earnings are the two key advantages of inventory management. Along with inventory management, by understanding stock trends, you may better utilize the stock you already have by seeing how much and where you have it in stock. Because you can fill orders from anywhere, you may keep fewer inventories at each location (store, warehouse). This lowers the cost of holding inventory and reduces the amount of inventory that is unsold before it becomes obsolete. With effective inventory management, money is always flowing through the company because it is spent on inventory that customers buy (Pandey, 2021).

One cannot overstate the value of inventory management, particularly for ecommerce and online retail firms. Brands can timely and properly fulfill orders thanks to accurate inventory tracking. Businesses' inventory management has to develop as their operations grow. Companies can achieve inventory management by putting in place a strategic plan that streamlines the process of monitoring and managing inventory, including real-time data about inventory conditions and levels

Nowadays, there is a high level of competition within the manufacturing industries when it comes to offering soft drinks to the public, and good inventory management is required to be competent in the industry and perform the best activities from these activities. Good inventory management and control systems are critical to meeting goals and increasing profitability. As a researcher, the researcher was studied the East Africa Bottling Share Company's (EABSC) inventory management and control system. In addition, the due to there was an inconsistency between the data recorded in the stock control ledger and the actual physical stock balance at the central store Based on these issues that ineffective inventory management affects nearly the organizational objectives demand this type of research work assess the inventory management and control system in the EABSC. When there is a gap in the inventory management and control

system between the disparity of the physical inventory balance amount and the software inventory balance amount. In comparison to the globe Inventory management and Control practices in Ethiopia are still immature, if manufacturing sector in Ethiopia adopts comprehensive Inventory Management and Control, this would be directly affecting profit and value maximization of the organization (Bawa, 2018).

Different researchers conducted their research on this topic in Ethiopia in different inventory conduct way but even if there is a gap and unstudied idea and company are there. However, the researcher was believe that there is a research gap in establishing the relationship between Inventory Management and Control system goes on in disparity effect in Soft Drink Company, Ethiopia.

Consequently, the researcher was believed that, the problem is almost untouched and there is a knowledge gap on this area. Hence, keeping the above problem in mind, it is believed that this study was fill the existed gap on the Inventory Management and Control System practices on Soft Drink manufacturing companies in the case of EABSC in Addis Ababa, Ethiopia. The main reason topics selected the inventory management most manufacturing companies produce the products and sold to the market under this condition inventory management is essential to a business's health since it ensures that there is never an excessive amount of product on hand or a shortage, reducing the likelihood of stock outs and erroneous records. The main reason this topic is implemented in East Africa Bottling S.C. now a days a big inventory management work activities performed in our country from those industries soft drinks company one of them. From the soft drinks company EABSC takes the much market share, leadership and handling the huge amount of inventories that way the researcher assess the inventory management and control system practices in the case of EABSC.

1.5 Basic Research Questions

This Study focused on in search of answer to the following research questions to address the stated problem: -

1. What are the inventory management techniques that are practiced in EABSC?

2. How does internal control play a role in the inventory management practice at EABSC?

3. What are the major challenges in the inventory management practice at EABSC?

4. How do the inventory records and document practices of the company look like?

1.6 Objectives of the Study

1.5.1. General Objective

The general objective of the study is to determine the Inventory Management and Control system in Soft Drink Manufacturing Company the case study on East Africa Bottling S.C (EABSC).

1.5.2. Specific Objectives

- To determine the current inventory management techniques used by EABSC.
- To investigate the internal controls in the inventory management practices in EABSC.
- To describe the main challenges in the inventory management practice in EABSC.
- To identify current inventory records and documentation practice of the company.

1.7 Significance of the study

Any research plays a significant role to contribute for the intended target. Hence, this study is vital to the inventory management & control system in the case of EAST AFRICA BOTTLING S.C. Every research is expected to contribute in some ways to various parties. Therefore, the aim of this study is to provide relevant information and to find out problems regarding with the company's inventory management and control system, in a gap the inventory management system between the disparity of the physical inventory balance amount and the software inventory balance amount to inform various inventory managers in understanding how inventory management and controlling if properly done can immeasurably reduce organizational costs and improves the overall organizational operational performance and is help to achieve strategic objectives. Because, the inventory materials have an impact on company services render for its large number of customers in additions it provides additional findings on the issue and also useful for further research in related to similar topics in the future.

1.8 Scope of the Study

1.8.1 Geographical Scope

The study was conducted within the capital city of Addis Ababa, Ethiopia Headquarter (Abinet). Ethiopia provided an optimal focus for this study because it is where most of the service in the country.

1.8.2 Content Scope

This study investigated the relationship between inventory management and control System of in Soft Drink manufacturing companies in Ethiopia. It also examined the level of inventory management and control system in EABSC, Ethiopia, Addis Ababa, and study based on that there was an inconsistency between the data recorded in the stock control ledger and the actual physical stock balance at the central store.

1.8.3 Respondent (from whom to collect data)

There is concept stay in Coca Cola Company DEPO and OCCD in means DEPO is the warehouse before the political cruces there was in Nazerat, Mekele and Awasa. Now a day the companies that were in Nazeret and Mekele were close. The factory was in Baher dare, Deredawa and Addis Ababa (Abinet&Sebeta). OCCD is a licensee who have somebody that taken from the company if he has storage room, warehouse, capital start from >=2,000,000 Ethiopian birr, have Isuzu vehicles and 960-2000 soft drinks bottle Box, and there is no any distribution agent in his environment.

In this research the data was be collect the Headquarter (Addis Ababa, Abinet) in IC (inventory control) department. There were organizing the staff in logistics Department.

1.9 Limitation of the study

The main limitation the researcher faced while doing this thesis were that the researcher informed the office that the researcher would study on them, and the researcher was accepted, but when submitting the questions, the office suffered a huge loss of inventory item, which happened to the research paper the researcher was working on. As a result, they took half of the employees off work, stopped production, and were only selling what they had on hand. The people working there told me that, so the researcher dispersed the rest of the workers there, and

they filled it out and received it. The second limitation of the researcher is the lack of literature that shows the assessment of inventory management and control systems in the Soft Drinks Company. Lastly, the researcher was limited by the shortage of finance and time to prepare the thesis.

1.10 Definition of terms

Inventory: - in this paper use this word try to explain is a current asset that represents the goods and materials that a company has on hand for sale or use in production. It is an important part of the company's balance sheet and is used to calculate the cost of goods sold.

Inventory control: - in this paper use this word try to determine the process of ensuring that a business has the right amount of inventory on hand to meet customer demand while minimizing costs.

Inventory management: - in this paper use this word try to determine the process of ordering, storing, using, and selling a company's inventory. It is a critical component of supply chain management and can have a significant impact on a company's bottom line.

EABSC: - this research uses this word to describe the research working organization area East Africa Bottling Share Company.

1.11 Organization of the Research Study

This research paper combined from three main parts the first one is the front mater which contain title or cover page, declaration, advisor's approval sheet, examiner approval sheet, acknowledgment, table of content, list of table, acronym and the abstract. The second one is the body matter, this section covered by chapters from chapter one up to chapter five. The first chapter serves as introductory, background of the study in terms of its objectives, back ground of the organization, statement of the problem, basic research questions, objective of the study, significance of the study, and scope of the study, limitation of the study, and organization of the study. While chapter two focuses on the literature review covering the practical implementation of the inventory management & controlling systems. This chapter looks at the academic discourse drawing lessons from the raging debate. It is done with the aim of learning from other scholars, sharing their ideas & ultimately adopting new strategies in order to improve the work

environment & enhance effective improve the work environment & enhance effective implementation. Chapter three deals with research design &methodology, with particular focus on the sources of date, sampling, date collection instruments and employ the procedure of date collection & methods of date analysis is employ. The fourth chapter is present the major findings of the research, on the basis of data obtained. Finally, chapter five is the summary, conclusions & recommendation of the study. The third one is the back matter in this section contain reference and appendix I and appendix II.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

Past research works and suggestions of different scholars are of enormous importance in any study. Even though research relating to this study has become difficult to find by the student researcher, it is believed that the theoretical background is great help to support the whole material. 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 and control in different fields. The literature review is divided into two major parts: theoretical review and empirical review.

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 are evaluating and comment on the research gap of the given study (Ivanov, 2021).

2.2.1 Definition of Inventory

In dictionary meaning of inventory is a "detailed list of goods, furniture etc." Many understand the word inventory, as a stock of goods, but the generally accepted meaning of the word 'goods' in the accounting language, is the stock of finished goods only. In a manufacturing organization, however, in addition to the stock of finished goods, there will be stock of partly finished goods, raw materials and stores. The collective name of these entire items is 'inventory'. The term 'inventory' refers to the stockpile of production a firm is offering for sale and the components that make up the production. Inventory is an asset that is owned by a business that has the express purpose of being sold to a customer. Inventory refers to the stock pile of the product a firm is offering for sale and the components that make up the product. The inventory itself has many definitions according to different people and party, top management uses different terms as well to describe the same idea. An inventory is actually a list of the items held in stock, but many people use it to mean both the list of items and the stocks themselves (Koumanakos,

2008).inventory can be defined as the supply of raw materials, suppliers, work-in-progress, components, and finished goods that appear at numerous points throughout a firm's production and logistics process. Inventory is defined as a list of goods and materials which are available in stock for business and in accounting inventory is considered as an asset. An inventory manager's goal, for example, is modeled as minimizing cost or maximizing profit while satisfying customers' demands (Koumanakos, 2008). Inventory management is always about optimizing the inventory to achieve good firm performance, increase, and effectiveness and increase efficiency. Poor inventory management in production floor will cause excess or shortages of raw material which indirectly impact business performance of the company. Management of perishable inventories is an important issue due to the need of satisfying unpredictable consumers' demand with limited supplier capabilities and storage space .An effective inventory management must consist of six main criteria, make sure that there is an uninterrupted supply of raw materials to enable uninterrupted production process, keep enough finished manufactured goods for uninterrupted sales transactions and proficient service to customers, reduce the holding cost and period, manage assets and keep it at the best level, allow improved utilization of on hand stocks by simplifying interdepartmental handovers within a company and lastly keep enough stocks of raw materials in periods of shortage in supply and expected price increases.

2.2.2 Types of inventory

The inventory may be classified into three categories:

- **Raw material and supplies:** It refers to the unfinished items which go in the production process. Purchased items or extracted materials that are converted via the manufacturing process into components and/or products. Raw materials appear in the bottom level of BOM. They are stored in the warehouse and are non-phantom items (Dimitrios, 2008).
- **Work in Progress**: It refers to the semi-finished goods which are not 100% complete but some work has been done on them. Products in various stages of completion throughout the plant, including all material from raw material that has been released for initial processing up to completely processed material waiting for inspection and acceptance as finished goods. WIP inventory is temporarily stored on the shop floor and appears as a phantom in the BOM (Kumar& Suresh, 2008).

- **Finished goods**: It refers to the goods on which 100% work has been done and which are ready for sale. A finished good is a product sold as a completed item or repair part, i.e., any item subject to a customer order or sales forecast. Finished goods are non-phantoms and are stored in the warehouse before they are shipped.

2.2.3 Inventory management

Inventory management is the practice overseeing and controlling of the ordering, storage and use of components that a company uses in the production of the items it sells. A component of supply chain management, inventory management supervises the flow of goods from manufacturers to warehouses. The inventory management system encompasses a monitoring arrangement at a manufacturing site & control that interacts with the monitoring arrangement. The control also interacts with inventory price sources, shipping information sources, manufacturing schedules of vendor, & an inventory tracking device, such as, but not limited to, a global positioning system (GPS). The inventory management system also relies on appropriately developed inventory policy models to determine when the most appropriate time is to order inventory for the benefit of another inventory management system. According to (Sharma, 2006) inventory management can be described as the protection of over investment and under investment in inventories, by improving on the main necessary operational activities. Determination of the right level of investment in inventories, consistent with production operation schedules and prompt services, is the activities of inventory management. Inventory management refers as the total activities in each operation stage may be in raw material, semi-finished materials or finished goods, so make sure the availability of stock and the over or under stocks always must be low. Inventory materials represent an important asset .it is the largest single item and it has accosted in every organization. Material management is the important aspects of any organization to function handling and acquisition of stock, assigning line management, storage, and material transport. Material management and control components role are very similar in order to make organization effective efficient.

(Chalotre, V. 2013) indicated that a good inventory management system provides information to effectively manage the flow of materials, effectively utilize people & equipment, coordinate internal activity & communicate with customers. They further indicated that inventory management does not make decisions or manage operations, but provides information to

managers to enable them to make more accurate & timely decisions to manage their operations. Inventory management is an important function that helps to insure the success of manufacturing & distribution companies. The effectiveness of inventory management systems is directly measurable by how successful a company is in providing high levels of customer service, low inventory investment, maximum throughput & low costs. Inventory management entails holding an appropriate amount of inventory. Too much inventory consumes physical space, creates a financial burden, & increases the possibility of damage, spoilage & loss. On the other hand, too little inventory often disrupts business operations, & increases the likelihood of poor customer service (Dimitrios, 2008).

Inventory management is required at different locations within multiple locations to protect the regular and planned course of operation against the random disturbance of running out of materials. The scope of inventory management covers replenishment lead time, carrying costs of inventory, inventory forecasting, inventory valuation, inventory visibility, future inventory pricing, physical inventory, available physical space for inventory, quality management, replenishment, and returns. Balancing these competing requirements leads to good inventory management system, which is an on-going process as the business needs shift and react to the wider environment.

2.2.4 The Role of Inventory Management on the manufacturing organization

According (Pandey, 2021) to the role of inventory management is arranging and organizing over all operation of the organization maintaining the transactions of sales appropriately keeping the level of stock to satisfy customer's needs. The achievement of inventory management is satisfying customer and driving profit by keeping the required inventory items, balancing the right order as customer needs. The activities and controls of effective inventory management are very necessary for any businesses successes. Since all business has a limited working capital, inventory management responsible to make decisions what type of materials by, the quantity bought, by how much or within the capital limits. These are the important decisions. Bulky inventory keeping can tie up capital that may be used for other investment to generate income is locked up without nothing. On other way less keeping inventory items can be a weaker to satisfy customer need and the organization can't achieves its setting goal.

The role of inventory management is to determine the level of inventory items to produce the specific items, the system of planning & controlling of inventory items are based on the product, customer needs & the operation activities is based on the available inventory. In addition, inventory is importance for balance sheet that used as an increase the asset group on the company balance sheet, because many firms play a role to reduce their investment in fixed asset, plants, warehouses, office buildings equipment & machinery by increasing their inventory management system is essential to approve the quality of control in stock handling & the area of consumer goods. A good inventory system is leading the company easily to know the time to be order. Inventory management system is also an essential means of tracing large shipment with in short time. /an automated inventory system enables to minimize the risk of error & helps by providing up to date information of the stock items in the warehouse (Pandey, 2021).

2.2.5 Inventory control

Inventory control is concerned with the acquisition, storage, handling and use of inventories so as to ensure the availability of inventory whenever needed, providing adequate provision for contingencies, deriving maximum economy and minimizing wastage and losses. Hence Inventory control refers to a system, which ensures the supply of required quantity and quality of inventory at the required time and at the same time prevent unnecessary investment in inventories. It is one of the most vital phases of material management. Reducing inventories without impairing operating efficiency frees working capital that can be effectively employed elsewhere. Inventory control can make or break a company. This explains the usual saying that “inventories” are the graveyard of a business. Designing a sound inventory control system is in a large measure for balancing operations. It is the focal point of many seemingly conflicting interests and considerations both short range and long range. The aim of a sound inventory control system is to secure the best balance between “too much and too little.” Too much inventory carries financial rises and too little reacts adversely on continuity of productions and competitive dynamics (Dimitrios, 2008). The real problem is not the reduction of the size of the inventory as a whole but to secure a scientifically determined balance between several items that make up the inventory. Control for a given level of flexibility affects the level of investment required in inventory. The less efficient is the inventory control, the greater is the investment required. Excessive investment in inventories increase cost and reduce profits, thus, the effects of

inventory control of flexibility and on level of investment required in inventories represent two sides of the same coin. Control of inventory is exercised by introducing various measures of inventory control, such as ABC analysis fixation of norms of inventory holdings and reorder point and a close watch on the movements of inventories.

2.2.5.1 Inventory Records Management

Inventory recording refers to Accurate & up-to-date stores records are keys to effective stores/warehouse management. The basic procedures include counting & recording promptly after receipt or production & whenever there is a store transaction, issue of stores should be properly authorized & show details such as code number, quantity of the transaction & the voucher reference (Susan & Michael, 2000).indicated that inventory recording is undertaken by organizations to reduce the errors of stock management & to ensure accurate & reliable stock records. It involves spot checks/ surprise checks, stock taking, which is the physical counting & measuring of quantity of each item in stock & recording the results.

Inventory accuracy defines how well the inventory records, specifically the quantities on hand, match the actual quantities in the storeroom. Accurate records are a prerequisite to effective inventory management.(Susan & Michael,2000) accuracy if inventory records is necessary to provide satisfactory customer service, determine replenishment of individual items; ensure that material availability meets repair or project demand, analyze inventory levels & dispose of excess inventory.

2.2.5.2 Inventory Decision

Decision-making is central to supply chain management. Managers of every organization are faced with decisions regarding levels of stock & inventory requirements on a daily basis. Inventory management decisions, like most other decisions in business, are ultimately evaluated according to their financial bearing. Hence, it is significant to understand the different costs relating to inventory management. Accounting to Chase (2010), inventory costs can be split into the following categories: holding cost, set-up cost, ordering cost & shortage cost. It is useful to sub-divide the inventory control problem according to the lifecycles of materials in to four categories. The first is the decision to stock an item or not, the second is placing an initial order, the third is inventory control during the continuous operating period & the fourth is final orders

& obsolescence. Further stated that the first question of whether to stock an item or not is an important initial consideration for managing inventory. It is seldom the case of not keeping any stock but it is essential to critically evaluate whether it is worth bearing the cost of stocking even one item versus ordering upon demand

2.2.6 Store Management

It seems that storage systems are very important to maintain assets until it's requested by other storages or warehouses, therefore the development of these systems is very important too. This approach tries to design and implement storage system and management, using the modern technologies, (Alilah &kadhum, 2012).

Warehousing is one of the main spheres of logistics. The very broad meaning of it is storage of finished goods or materials (raw and components) for manufacturing, agricultural or commercial purposes. In fact, warehousing contains numerous functions, like acceptance of products (loading, unloading), inspection, and "proper storage". It is the whole system (warehouse management system) that includes warehouse infrastructure, tracking systems and communication "between product stations". One of the most sustainable trends in storage solutions is the "Just in Time technique". It means product delivery directly from supplier to producer without warehousing. But this system has quite limited application as the distances between intermediaries are growing with the globalization process of the world economy. Modern logistics cannot survive without warehousing service, but various sustainable modifications of warehousing infrastructure can be introduced, (Alilah & kadhum, 2012).

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 improve clarity, visibility and can responding quickly in any change. Typical planning issues in warehouses are inventory management and storage location assignment. Intelligent inventory management may result in a reduction of the warehousing costs. For example, by applying sophisticated production planning and ordering policies we may reduce the total inventory, while guaranteeing a satisfactory service level. The service level specifies the percentage of the orders to be supplied directly from stock. Reduced

inventory levels not only reduce inventory costs, but also improve the efficiency of the order picking operation within the warehouse.

2.2.7 Handling of Inventory

According to (Prempen, K. B.2015) on processes of warehouse management to control the excess & obsolete inventory, it needs sum controlling management mechanism to indicate the inventory material condition & the level. To manage properly the excess & obsolete inventory management it needs some first indicator to separate non-moving stock, identify the level of slow moving stock in warehouse, which may be treated as excess or obsolete inventory, including excess & obsolete then made analysis allowing to show the reason of the occurrence of utilization of the inventory. The indicator can be showing the difference between the current & the previous inventory & the amount of resource coming from last deliveries until zero value obtained after that multiplying it by the number of day's that passed since the delivery.

2.2.8 Inventory Management Techniques

(Dimitrios, 2008) is indicated that inventory policy is an operating framework or a standard operating procedure (SOP) in implementing an inventory model & a company should introduce policies to reduce lead time, regulate usage & thus minimize safety status. It is very important for the policy to highlight areas of need & concern with regards to the safety status. Inventory control policies are commonly used to assist in inventory management. They are used to answer two main questions: "when to place an order & how much to order. Different philosophies & models can be used to manage inventory.

2.2.8.1 ABC Analysis

ABC analysis may be defined as a technique where inventories are analyzed with respect to their value so that costly items are given greater attention and care by the management. Three
Categories are created namely A, B and C. Following table represents the approximate classification of items along with their value and quantity. (Jenkins, 2020) the ABC inventory control technique is based on the principle that a small portion of the items may typically represent the bulk of money value of the total inventory used in the production process, while a relatively large number of items may from a small part of the money value of stores. The money

value is ascertained by multiplying the quantity of material of each item by its unit price. According to this approach to inventory control high value items are more closely controlled than low value items. Each item of inventory is given A, B or C denomination depending upon the amount spent for that particular item. “A” or the highest value items should be under the tight control and under responsibility of the most experienced personnel, while “C” or the lowest value may be under simple physical control.

2.2.8.2 Economic Order Quantity (EOQ)

The optimal size of an order for replenishment of inventory is called economic order quantity. Economic order quantity (EOQ) or optimum order quantity is that size of the order where total inventory costs (ordering costs + carrying costs) are minimized. Economic order quantity can be calculated from any of the following

Two methods:

- Formula Method
- Graphic Method

The order quantity, or EOQ, is the amount that will result in the lowest overall order and carrying costs for a given inventory item. A company will spend superfluous order expenses if it places unnecessary orders. A company will retain big inventories of items and incur high carrying costs if it places too few orders. The company determines how many units to purchase in order to achieve the lowest combined cost of these two charges for Inventory by determining an economic order quantity. (Jenkins, 2020) a company will spend superfluous order expenses if it places unnecessary orders. A company will retain big inventories of items and incur high carrying costs if it places too few orders. The company determines the optimal number of units to order by computing an economic order quantity, which yields the lowest sum of these two costs.

2.2.8.3 Just-In-Time System (JIT)

Just-in-time (JIT) was originally introduced by the Japanese back in the 1930s as one of the newest approaches in that era but was quickly adapted and practiced by organizations all over the world. JIT has been developed, because, beyond the act of an inventory control method, and it is

a philosophy, the philosophy used in the production of, and seeks to remove all the waste of resources. The achievement of JIT main goals brings key point benefits, which are an elimination of inventories will enable the organization to control the ordering and delivering a process for meeting the production orders and organization's flexibility, and eliminating of inventories results to very low inventory carrying costs for the organization Companies applying JIT production system aim at minimizing all inventory levels and delivering the goods and services to customers on time (Pandey, 2021)

2.2.9 Inventory control practice

Inventory control refers to the maintaining and managing of stock. It's the specific process used to maximize a company's use of inventory. Inventory management may refer to a company's entire process of purchasing supplies, creating items, selling those items, and tracking shipments. (Claris book)

Anil Kumar and N. Suresh (2009) inventory control as a planned approach of determining what to order, when to order and how much to order and how much to stock so that costs associated with buying and storing are optimal without interrupting production and sales. The scientific inventory control system strikes the balance between the loss due to no availability of an item and cost of carrying the stock of an item. Scientific inventory control aims at maintaining optimum level of stock of goods required by the company at minimum cost to the company.

According to (Dimitrios, 2008) the factors to be considered in inventory control include; procurement costs, inventory carrying costs, cost of spoilage and obsolescence, cost of running-out of stock and set-up cost. A good inventory control system minimizes the possibility of delays in production that are used by lack of materials, permits a company to exercise economics in purchasing, essential for an efficient accounting system is deterrent to people who might steal materials from factory, expedite the production of financial statement, allows for possible increase in output, creates buffer between input and output, insures against scarcity of materials in the market and avoid inventory build-up.

The purpose of the inventory control function is supporting the business activities are to optimize the three targets which is customer service, inventory costs and operating costs.(Kumar& Suresh, 2008) also argue that effective control on inventory is a must for smooth and efficient running of

the production cycle with last interruption. They proceed with their argument that this is warranted by varying intervals between receiving the purchased parts and transforming them in to final products. They further argue that inventory control would ensure adequate supply of products to customers and avoid shortages and ensure timely action for replenishment. Inventory control systems may ensure smooth production and hence no stock-out.

Poor inventory control has the following symptoms: high rate of order cancellation, excessive machine downtime due to material storage, large scale inventories written down because of price decline, distress sales, widely varying rate of inventory losses, large writing down at the time of physical inventory taking, continuous growing inventory qualities, liabilities to meet delivery schedules and even production rate.

2.2.10 Stock level

Meaning of stock level everything which is used to make products, provide services and to run business is part of stock. Stock level is the different levels of stock required for effective control of materials at a retail store, to avoid over- and under-stocking of materials.

Types of stock levels there are mainly four types of stock levels.

2.2.10.1 Minimum stock level

It is the minimum level of goods that should be maintained by retail to avoid customer dissatisfaction. If the stock in retail store is less than the minimum level, then the retailer should immediately order the goods.

2.2.10.2 Maximum stock level

It is the maximum level of goods that is maintained by a retail store. Beyond the maximum level of stock, the retailer should not order more goods, as it may increase the carrying cost.

2.2.10.3 Re-order level

When the quantity of goods reaches a certain level then a fresh order is sent to procure new products. The retailer places an order before the goods reach a minimum level.

2.2.10.4 Danger level

If the stock touches danger levels, then immediate action should be taken to maintain the stocks even if additional cost is incurred in arranging the required goods.

2.2.11 Store knowledge and skill

According to Susan and (Michael, 2000), people in warehouse are responsible for the distribution of inventory materials to all storage or using locations. They are also responsible for the physical security and safekeeping of materials at all stores locations and for all storekeeping activities, including material receiving, put-away, and material picking and shipping. Other responsibilities include: maintaining accurate inventory records, managing the physical layout of storehouses, including bin location assignments, determining the physical movement and distribution of material throughout the organization, receiving and storing materials, issuing stock material in response to a material request from customers, conducting cycle counts, annual physical, or both, reconciling discrepancies between cycle count and annual physical inventory, developing and operating truck and route schedules for distribution of material, and working with purchasing departments to resolve vendor-related problems with timing, quality, quantity, and delivery.

(Jenkins, 2020), define training as a planned process to modify attitudes, knowledge, and skill through learning experience to achieve effective performance in an activity or range of activities. Its purpose in the work situation is to develop the abilities of the individual and to satisfy the current and future human resource needs of the organization. The author further says that employees may be trained internally on the job or externally in a college offering supply chain management courses. That for the supplies function to achieve a superior supply performance, it is necessary to recruit train and develop personnel with the capacity and motivation to do better work. Qualified staff that is competent and skilled will help the organization to achieve its goals and objectives by being efficient and effective when carrying out various functions. For an organization to succeed, qualification of the staff is a pre-requisite and must be matched with job requirement.

2.2.11.1 Computerization of Inventory Activities

Handling of bulky files manually and analyzing it for different purposes is very difficult, inconvenient, time-consuming, and involves lots of man-hours. Retrieval of information is even more difficult from manual files. Sometimes, the data and information is lost in the manual files, and decisions are taken without considering all aspects of the issue on hand. This affects quality of decision taken. Today, Computer Based Information System (CBIS) plays a very important role in handling, processing and retrieval of large data, and converting the same with ease into useful information decision making. Most of the Computer Based Information Systems are integrated information systems for material procurement, warehouse management, and inventory control (Koumanakos, 2008)

2.2.11.1.1 Advantages of Computerization

a) Speed and Efficiency

A computerized inventory management system makes everything from inputting information to taking inventory easier. Doing a hand count of inventory can take days, but with a computerized inventory management system, the same process can be done in a matter of hours.

b) Document Generation

Once the computerized inventory management system is in place, managers and workers can use it to automatically generate all kinds of documents, from purchase orders and checks to invoices and account statements. Managers can also use the system to automatically order products when they run low.

c) Timely Data

With a manual system, the data is only as accurate and up to date as the last hand count. With a computerized inventory management system, the management team can pull a report and instantly see how many units are on the floor, how many have sold and which products are selling the fastest Conrad (n.d.)

2.3 Empirical Literature

Many researchers have analyzed different inventory management practices and performance and these studies have amassed an enormous knowledge related to inventory management and control system (Dimitrios, 2008). Argue that purchasing function has a direct link with inventory level control and cost management since implementation of proper inventory management practice involves providing high-quality products at relatively less cost. They further point out that it is essential to establish a daily ordering and frequent calculation of inventory turns.

According to Mwangi & Nyambura (2017) indicated that inventory management is a "crucial part of a firm because mismanagement of inventory threatens a firm's viability such as too much inventory consumes physical space, creates financial burden, & increases the possibility of damage, spoilage & loss. Their results revealed that there is a significant positive relationship between the two variables. empirically examined the relationship between inventory management, firm performance & capital intensity on a sample of 82 construction firms in Malaysia & they their study revealed that there is a positive correlation between inventory management & financial performance, & that also these is a positive relationship between inventory management & capital intensity.

(Ballou, 2004) Argue that excess and obsolete inventory is an operational liability, because it uses valuable storage space and increases inventory costs. Raw material ordering frequency is identified as an important factor contributing to inventory cost. Frequent ordering in small quantity is considered as an important strategy. Their purchase requirement quantity of material is normally less to enable them to get these benefits. Hence for SMEs, frequent purchasing is appreciated. It knows that cash is the blood of any organization which consists of different elements. Therefore, as we can see from the above expressions, to know about inventory control system of an organization is the very essential issue for the operation of organization. To summarize different researchers conducted their studies on inventory management from different perspective such as the effect of inventory management on firm's performance, the effect of inventory management on financial performance, the effect of inventory management on organizational performance and assessment of inventory management practice, the impact of inventory management and control system in enterprise, the impact of efficient inventory management on profitability, a study on inventory management in company. This show that how

inventory managing is the key part of the management functions to perform in effective and efficient manner for any organization. There are a lot of researches done on inventory management in different problem areas. The objective of inventory management is effective, efficient, and economical supply of the combat soldier. Most researchers suggested that inventory management has a significant effect on organizational performance and financial performance. However, there is no study that has been comprehensively done on Inventory management and control system in EABSC (East Africa Bottling S.C) on Ethiopia, Addis Ababa since the last three years based on problem in see a gap in the inventory management system between the disparity of the physical inventory balance amount and the software inventory balance amount and hence the study intended to fill the gap.

2.4 Research Gap

One might expect the seemingly infinite stream of inventory theory related research to be a key resource for managers seeking to gain a competitive advantage through inventory control. However, some have suggested that managers who turn to inventory theory research may find it to be of little significance (Ackah&ghansh, 2016) or that it has little to offer in terms of enhancing inventory practices.

Therefore, an empirically derived agenda founded on practitioner-identified issues, is needed (Chase,2010) There is no study that has comprehensively been done on the inventory management and control system in EAST AFRICA BOTTELING S.C (EABSC) Based on disparity and hence the study intends to fill gap the inventory management system and practices of EABSC the last three years.

2.5 Conceptual Framework

The following figure presents conceptual framework of the relationship between inventory controls the way how to do.

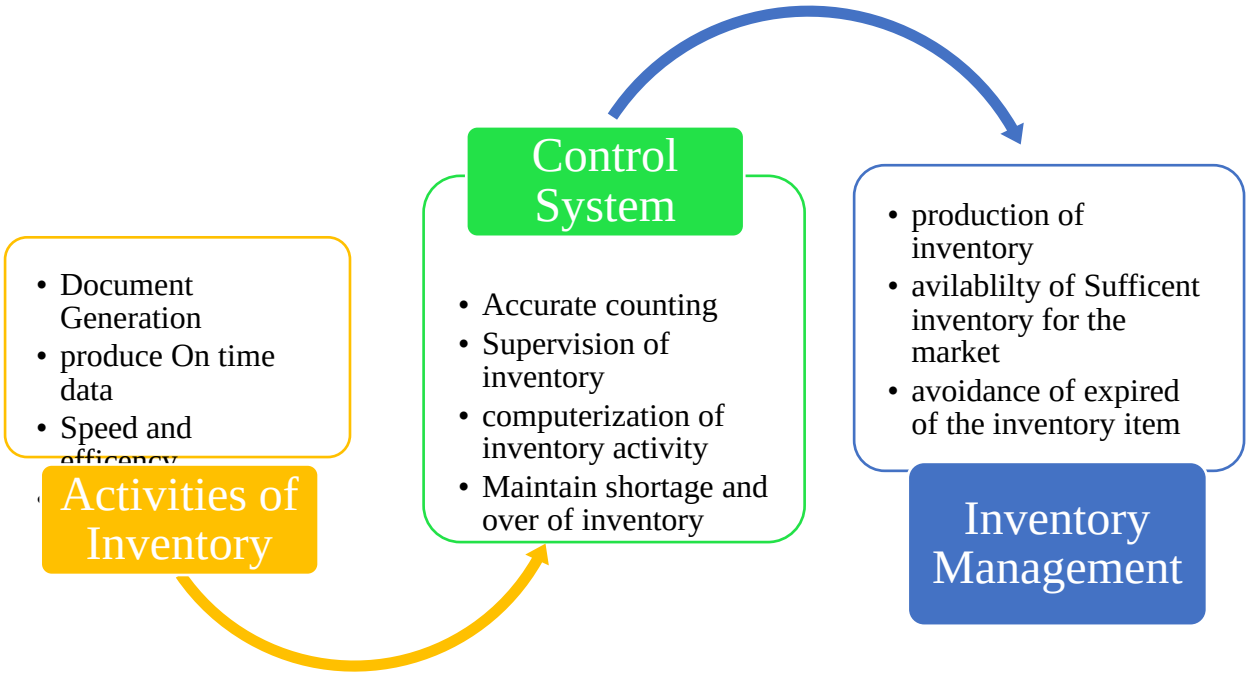

Figure 2.1: Conceptual Framework

Source: - Own personal design (2015 E.C/2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research method is the significant part of a research because it helps researchers to decide how to achieve the specified objective, what data to collect, how to collect and analyze the data in order to solve the problem area. Therefore, it needs much attention on choosing the appropriate methods which can provide the desired outputs. The study is titled as “The Inventory management and control system”. The key organization to collect data for this study was EABSC. The organization’s main department was located in Addis Ababa (Abinet).

3.2 Research Design

According to (Susan & Michael, 2000) research design is essentially a statement of the object of the inquiry and the strategies for collecting the evidence, analyzing the evidence, and reporting the findings. Research for academic purpose is usually undertaken to further enhance knowledge on a topic of interest to the researcher. Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of staff time and money. Poor preparation of research design upset the entire project. According to (Brutus, 2015) descriptive studies are concerned with describing the characteristics of a particular individual, or of group and it includes surveys and fact-findings enquire of different kinds. The descriptive research design is meant to explain and discuss the practice of inventory management and control system & they are non-experimental researches that describe the characteristics of a particular individual, or of a group. For this research, a descriptive research design used to analyze the demographic characteristics of the respondents and their perceptions regarding the assessment of inventory management practices in the company.

3.3 Research Approach

There are two basic approaches in social sciences research; qualitative and quantitative orientation. The research is based on both the qualitative and quantitative research approach. A

case study choose as the most appropriate research strategy. The quantitative research design was descriptive in nature and this enabled the researcher to meet the objectives of the study. A statement used to assign variables that are not adequately measured using numbers and statistics. The quantitative research design was used in form of mathematical numbers and statistics assigned to variables that may not be easily measured using statements or theme. When use the qualitative and quantitative research approach in a combine way known as a mixed research approach, there for the researcher used mixed research approach.

3.4 Sample Design

3.4.1 Population or Universe

A population is a group of potential participants to whom one is seeking to generalize the results of a study. It represents the collection of all units of analysis (Brutus,2015) .The target population of this study an employee of the study company have different roles and responsibilities in the inventory management of the company and has at least part of the company for one year. The target population to be used for this study included Logistic department, warehouse employees, store keeper, crow employee, employees in operator, information communication technology(ICT) and all internal control auditors of EAST AFRICAL BOTTELING S.C. The research targets the staffs that have direct dealings with inventory management and controlling systems.

3.4.2 Sampling Frame

The sampling frame is a list of the entire item in the population so; this study Population to be used for this study included Logistic department in this department there is warehouse and inventory controller. In the warehouse there is store keeper, supervisor and crow. Information communication technology (ICT) and internal control auditor are included as a population.

3.4.3 Sampling Unit

A sampling unit is a selection of a population that is used as an extrapolation of the population, such as households or individuals. So, the sample unit for this research is the list of all inventory control and management department employees.

3.4.4 Sampling Technique

The study participants chosen was used the simple random sampling technique with a sample size of the target population of 123 because they were selected randomly and purely by chance. Hence, the quality of the sample is not affected, as every member has an equal chance of being selected in the sample and the population is highly homogenous.

3.4.5 Sample Size

The research applies Yemane (1976) sample size determination formula to find the sample size of respondents.

n = N/ 1+N (e) ²

n= sample size need to choose

N= total population size of the study

e = error level which is 95% of confidence level

Table 3.1 by using this sample size formula from the target population of 123 employees

Department	**Job position**	**Number of Employee**
Ware house Department	**Store keeper employee**	**10**
	Supervisor	**10**
	Crow employee	**44**
Inventory Department	**Inventory controller**	**19**
Audit Department	**Internal controller auditor**	**10**
ICT Department	**Information communication technology(ICT)**	**30**

Source: East Africa Bottling Share Company HRM Department

3.4.6 Sample

The whole population in this research is holed on in logistic head and it has its own department those are distribution, warehouse and inventory control department but in this research we saw the inventory control department. The target population of this study is employees of the study

company have different roles and responsibilities in the inventory management and control of the company and has at least part of the company for one year. The research targets the staffs that have direct dealings with inventory management and controlling systems.

$$n = \frac{N}{1 + N(e)2}.$$

$$n = \frac{123.00}{1 + 123(0.05)^2}.$$

$$n = 94$$

3.5 Sources of data

Primary data are used

3.5.1 Primary Data Sources

Primary data was gathered from respondents from EAST AFRICA BOTTELING S.C who were assumed to give firsthand information on the subject under study.

3.6 Data Analysis and Interpretation

The data that collected from closed ended questionnaires is analyzed quantitatively. A descriptive statistic is conducted, analyzed and Calculated with frequencies and percentages. This is conducted by using Descriptive analysis method percentages and the analyzed data interpreting in tables.

3.7 Data Collection Technique

The form of questionnaires that is used in the study is a closed and, open questions that uses as major methods of data collection in the study of inventory management and controlling system is the case of EAST AFRICA BOTTELING S.C. The questionnaires are distributed to 94 respondents from that successfully fill out by 65 respondents. The responsive rate from the sample is 70%. The questionnaires gather from the other researcher points and what was reviewed also from the point of view the researcher wrote.

In closed ended from of questionnaires, the respondents are choosing one of the given alternatives as possible answers. The study incorporates the questions in which all of them are

measured on a 5point Likert-Scale, with "1" stands for "**Strongly Agree**" and "5" stands for "**Strongly Disagree**". Therefore, mean is used as a measure of central tendency. Furthermore, the data encode, processed and analyzed using SPSS version 20. Also there is interview highlight for the employees answer based on their view in the company there is 10 questions regarding with inventory management and control system in EABSC.

3.8 Validity and Reliability

3.8.1 Validity

Validity of the Research Instrument Validity indicates the degree to which the instrument measures what is supposed to measure and the ability to be used for the collection of data and obtain the required data from the field (Alilah & Kadhum, 2012) the validity of the instrument was censured by the supervisor's expert opinion.

3.8.2 Reliability

Reliability of the Research Instrument Reliability is the degree to which research instrument yield consistent results or data after repeated trials (Mugenda&Mugenda, 1999). The reliability of the instrument was tested using test re-test method by using SPSS software and it have good with if the result is above 70%.

Reliability test

Case Processing Summary

		N	%
Cases	Valid	65	100.0
	Excluded[a]	0	.0
	Total	65	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.835	33

(Source: own Survey, 2023)

This implies that it has a good condition because the average on reliability 70% the result is 83.5%.

3.9 Ethical Considerations

In determining the participants of a study, it is ethical to ensure that the research is beneficial for the participants in alleviating a given problem (cress well, 2003). Accordingly, this study aimed at identifying the challenges in targeting and acquiring the right applicant pool and majority of the participants are employees who are directly attached to Inventory management & control activity of the company. Therefore, they are the ones to be benefited from the findings and recommendations of the study. The researcher briefly explains the purpose of the study to the employees and then participants was included in the research after they gave full consent of their willingness to participate in the study.

The researcher assured that confidentiality of the recordings of the interview and no record to be kept about the identity of the participants. The correct reporting of the final study is another ethical issue. The researcher was analyzed the data based on the explicit response of the participants, the notes from observation and finding from the secondary data. Therefore, it is minimal to report a finding that is not supported by the analysis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter, the researcher presents an analysis of the study; this was done with an aim of providing answers to the research questions and interpretation of each of these findings in light of the research objectives. Tables, percentages frequencies and other statistical tools were used to help the analysis and interpretation of the findings. The purpose of analysis was to search for the broader meaning of answers to the research study, which helped to draw conclusions and make recommendations useful EAST AFRICA BOTTELING S.C regarding inventory management and control system.

4.2 Demographic Data

Respondents were asked to provide information regarding their gender, age, education states, and years of service at the Company. Their responses were summarized using frequencies and percentage distributions as indicated in table 4.1;

Table 4.1: Demographic characteristics of Respondents

Gender of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	48	73.8	73.8	73.8
	Female	17	26.2	26.2	100
	Total	65	100	100	
Age of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below the 26	1	1.5	1.5	1.5
	26 - 35	35	53.8	53.8	55.4
	36 - 40	21	32.3	32.3	87.7
	41 and above	8	12.3	12.3	100
	Total	65	100	100	

(Source: own Survey, 2023)

From the total respondents, the male respondents constituted the highest percentage (73.8%) while their female counterparts only constituted (26.2%) of the total respondents. This implies that the majority of the employees are male. As per table 4.1 above, 53.8%% of the respondents were from the age group of 26-35 constituting the largest percentage. This group was followed by 36-40 age group 32.3%. The age group of 41 years and above had 12.3% representation from the total number of respondents. The other age groups below 26 accounted for 1.5%. This demonstrates that the greater parts of the respondents are younger which classified 26-35 years.

Table 4.2 Education and experience of respondents

Educational Background of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	blow Diploma	2	3.1	3.1	3.1
	Diploma	3	4.6	4.6	7.7
	BA/BSC	45	69.2	69.2	76.9
	Masters & above	15	23.1	23.1	100
	Total	65	100	100	
Work Experience of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 5	2	3.1	3.1	3.1
	10-Jun	45	69.2	69.2	72.3
	15-Nov	13	20	20	92.3
	16 & Above	5	7.7	7.7	100
	Total	65	100	100	

(Source: own Survey, 2023)

From the determination we can see that considering their educational status the proportion of BA/BSC are higher than the rest. The result in the above table 4.2 from the data set of the survey is found that respondents who are below diploma educational level were 2 (3.1%), those who have a diploma are 3(4.6%), those respondents have BA/BSC had a proportion of 45(69.2%) and those who had a master's degree and above are 15(23.08%). This implies majority of the respondent are degree holders and followed by master's holders which emphasize they have a good knowledge and understanding about the inventory management and control system activities. This also shows that most of the respondents had adequate knowledge regarding the inventory management practices practiced in the organization; it is arguable that this level of knowledge enabled them to respond to the research questions in a more sufficient way. The above table 4.2 shows, 11(16.92%) respondents were who works for less than 5 years, 39(60%) participant were who works 6-10 years in the organization, 10(15.38%) are work for 11-15 years

in the organization, and 5(7.69%) respondents were who works for 16 and above years. From the result we can observe that majority of the employees has worked from 6 to 10 years. The employees who work less than 5 years followed next. This indicates that, the work experience of the respondents had adequate exposure to the work area and had a potential of responding reliable responses. It is believed that respondents with high service years assumed that they know the organization process of inventory management and control system practices, policies and procedures, and internal control system of EABSC (east Africa Bottling Share Company).

Table 4.3 Working department and inventory type

Working Department of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Logistics Manager	6	9.2	9.2	9.2
	warehouse employee	23	35.4	35.4	44.6
	Storekeeper Employee	4	6.2	6.2	50.8
	crow employee	6	9.2	9.2	60
	Supervisor employee	12	18.5	18.5	78.5
	Inventory controller	11	16.9	16.9	95.4
	ICT Manager	2	3.1	3.1	98.5
	Non-managerial employee	1	1.5	1.5	100
	Total	65	100	100	
Inventory type of the Company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FIFO	62	95.4	95.4	95.4
	LIFO	3	4.6	4.6	100
	Total	65	100	100	

(Source: own Survey, 2023)

From the determination shows the higher the respondent is warehouse employee which is (32.31%) this not to be counted whether it's good or not is the result to be which class have a good answer for may research question and also have feet for may research base but all are the member or the staff of inventory control and management class. And also the method of evaluate inventor which is used in EABSC all the staff said that First in First Out (FIFO) method is used

to evaluate/price inventory in the organization which means the product stored first are to be retrieved first.

4.3 DESCRPTIVE ANALYSIS

4.3.1 Method Used to Evaluate Inventory

In the analyzing of the collections, frequency is good to use. The variables were measured using a five-point (Likert scale) where 1, stands for strongly disagree and 5 stands for strongly Agree. Therefore, the interpretation made using the percentage of each variable.

4.3.2 To identify the current inventory management techniques used by EABSC

Table 4.4 Types of inventory management and techniques

1.1 The company is effective in practicing inventory management techniques such as ABC.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	12.3	12.3	12.3
	Neutral	13	20	20	32.3
	Agree	22	33.8	33.8	66.2
	Strongly Agree	22	33.8	33.8	100
	Total	65	100	100	
1.2 The company has computerized all inventory management systems that provide information regarding each type of stock movement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	7.7	7.7	7.7
	Neutral	7	10.8	10.8	18.5
	Agree	36	55.4	55.4	73.8
	Strongly Agree	17	26.2	26.2	100
	Total	65	100	100	
1.3 Inventory managers have established optimized stock level techniques that need to be kept in the warehouse (i.e. Maximum, Minimum, and safety stock levels)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	18	27.7	27.7	27.7
	Neutral	9	13.8	13.8	41.5
	Agree	19	29.2	29.2	70.8
	Strongly Agree	19	29.2	29.2	100
	Total	65	100	100	

(Source: own Survey, 2023)

1.4 Depending on the type of materials, the company follows proper inventory valuation practices such as 1, 2 or weighted average methods

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	18.5	18.5	18.5
	Neutral	4	6.2	6.2	24.6
	Agree	30	46.2	46.2	70.8
	Strongly Agree	19	29.2	29.2	100
	Total	65	100	100	

1.5 There is an up to date inventory revaluation methods for inventory amount that show correct balance sheet and income statement report

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	9.2	9.2	9.2
	Disagree	23	35.4	35.4	44.6
	Neutral	11	16.9	16.9	61.5
	Agree	17	26.2	26.2	87.7
	Strongly Agree	8	12.3	12.3	100
	Total	65	100	100	

1.6 There is insurance coverage to all items of the utility.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	16.9	16.9	16.9
	Agree	3	4.6	4.6	21.5
	Strongly Agree	51	78.5	78.5	100
	Total	65	100	100	

1.7 There is a proper quality control check whether the materials received are according to the specification ordered, required quantity and quality standards

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.6	4.6	4.6
	Disagree	5	7.7	7.7	12.3
	Neutral	10	15.4	15.4	27.7
	Agree	20	30.8	30.8	58.5
	Strongly Agree	27	41.5	41.5	100
	Total	65	100	100	

(Source: own Survey, 2023)

According to table 4.4 above the respondents agree also strong agree on the company techniques on the effective inventory management practice such as ABC, EOQ, and JIT by a percentage 33.8% strongly agree and the value are cumulative standard percentage because the vale is above 50%. The company has computerized all inventory management systems that provide information regarding each type of stock movement this result shows EABSC has lacks using latest software's for recoding and managing their inventory. Computerized Inventory Management System has significant positive influence on Inventory Records Accuracy. Depending on the type of materials the company follows proper inventory valuation practices (frequency=36 and percentage=55.4%) and the value are cumulative standard percentage because the vale is above 50%. The employees agree on the proper inventory valuation practice of the company. The respondents agree and also same value strongly agree on the Inventory managers have established optimized stock level techniques that need to be kept in the warehouse (i.e. Maximum, Minimum, and safety stock levels) use by a frequency 19 and percentage of 29.2%and the value are cumulative standard percentage because the vale is above 50%. This indicates the inventory mangers use effective stock level optimization techniques. Depending on the type of materials, the company follows proper inventory valuation practices such as 1, 2 or weighted average methods follows proper inventory valuation practices (frequency=30 and percentage=46.2%and the value are cumulative standard percentage because the vale is above 50 %.) the employees agree on the proper inventory valuation practice of the company. There is an up to date inventory revaluation methods for fixed assets that show correct balance sheet and income statement report has a frequency score is 17 with a 26.2% and the value are cumulative standard percentage because the vale is above 50. **EABSC** has insurance coverage to all items of the utility and the respondents strongly agree on this by a frequency 51 and percentage78.5%and the value are cumulative standard percentage because the vale is above 50%. There is a proper quality control check whether the materials received are according to the specification ordered, required quantity and quality standards respondents strongly agree on this a frequency 27 and percentage 41.5%and the value are cumulative standard percentage because the vale is above 50%. This implies in **EABSC** quality check control is properly goes on. Also from the interview analyses Inventory management practice every 24 hours and sheet handover counted daily the physical count and system record settle on EABSC. 12a.m up to 4a.m or 10a.mup to 2p.m the deliver car carried the soft drinks and those cars daily drop to one or two

customer, if it is fasting or its rain the car doesn't go to for the customer.60, 000-100,000 per day the castle delivered. In EABSC there is a bad practice as a technique the return glass from trade return glass was not balanced sometimes that means or implicit cash is on the air.

4.3.3 To determine the internal controls in the inventory management practice in EABSC

Table 4.5 Internal controls in the inventory management practices

2.1 Inventory is automatically updated after an invoice is raised or a transaction is made.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	16.9	16.9	16.9
	Neutral	6	9.2	9.2	26.2
	Agree	23	35.4	35.4	61.5
	Strongly Agree	25	38.5	38.5	100
	Total	65	100	100	
2.2 Software is used to monitor inventory levels.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	12	18.5	18.5	18.5
	Agree	28	43.1	43.1	61.5
	Strongly Agree	25	38.5	38.5	100
	Total	65	100	100	
2.3 There is frequent senior management involvement in your inventory practices					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	10.8	10.8	10.8
	Disagree	16	24.6	24.6	35.4
	Neutral	8	12.3	12.3	47.7
	Agree	20	30.8	30.8	78.5
	Strongly Agree	14	21.5	21.5	100
	Total	65	100	100	
2.4 The company checks inventory at fixed time intervals (e.g. monthly).					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	9.2	9.2	9.2
	Disagree	8	12.3	12.3	21.5
	Neutral	19	29.2	29.2	50.8
	Agree	12	18.5	18.5	69.2
	Strongly Agree	20	30.8	30.8	100
	Total	65	100	100	

2.5 Higher inventory level or larger safety stock is required in periodic review system					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.1	3.1	3.1
	Disagree	9	13.8	13.8	16.9
	Neutral	12	18.5	18.5	35.4
	Agree	23	35.4	35.4	70.8
	Strongly Agree	19	29.2	29.2	100
	Total	65	100	100	
2.6 An order is placed only when inventory reaches a predetermined level.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	9.2	9.2	9.2
	Disagree	19	29.2	29.2	38.5
	Neutral	7	10.8	10.8	49.2
	Agree	17	26.2	26.2	75.4
	Strongly Agree	16	24.6	24.6	100
	Total	65	100	100	
2.7 There is perpetual inventory system at the company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	23.1	23.1	23.1
	Disagree	20	30.8	30.8	53.8
	Neutral	2	3.1	3.1	56.9
	Agree	22	33.8	33.8	90.8
	Strongly Agree	6	9.2	9.2	100
	Total	65	100	100	

(Source: own Survey, 2023)

According to table 4.5 above Inventory is automatically updated after an invoice is raised or a transaction is made respondents strongly agreed with frequency 25 and percentage 38.5% and the value are cumulative standard percentage because the vale is above 50%. This shows in **EABSC** missed transaction is no possible make error because of updated. Software is used to monitor inventory levels respondents agreed with frequency 28 and percentage 43.1% and the value are cumulative standard percentage because the vale is above 50%. Which deals with is good to control the inventory. There is frequent senior management involvement in your inventory practices respondents agreed with frequency 20and percentage 30.8%and the value are cumulative standard percentage because the vale is above 50%. The company checks inventory

at fixed time intervals (e.g. monthly) respondents strongly agreed with frequency 20 and percentage 30.8% and the value are cumulative standard percentage because the vale is above 50%. Which implies the condition on inventory management in **EABSC** walking one stapes for the disparity controlling. Higher inventory level or larger safety stock is required in periodic review system respondents agreed with frequency 23 and percentage 35.4% and the value are cumulative standard percentage because the vale is above 50%. The respondent to know that inventory should have periodical review. An order is placed only when inventory reaches a predetermined level respondent disagreed with frequency 19 and percentage 29.2%and the value are cumulative standard percentage because the vale is above 50%. This means that an item may not be recorded before it reaches a sufficient level, or when it should be on standby, it will be released or pass. There is perpetual inventory system at the company respondents agreed with frequency 22 and percentage 33.8%and the value are cumulative standard percentage because the vale is above 50%. From the interview analysis the rule is before the bottle's return from trade returner return cash should be settle but now a day there is some improvement. Inventory control play role in EABSC because when there is on the process physical stock out it controls this kind of straggles when there is good control system there is a benefit.

4.3.4 To examine the main challenges in the inventory management practice in EABCS

Table 4.6main challenges in the inventory management practice

3.1 There are use of outdated storage facilities, aged storage\shades					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.1	3.1	3.1
	Disagree	16	24.6	24.6	27.7
	Neutral	8	12.3	12.3	40
	Agree	24	36.9	36.9	76.9
	Strongly Agree	15	23.1	23.1	100
	Total	65	100	100	
3.2There are inventories which are overstocked or under stocked at Central store					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	7.7	7.7	7.7
	Neutral	14	21.5	21.5	29.2
	Agree	33	50.8	50.8	80
	Strongly Agree	13	20	20	100
	Total	65	100	100	

3.3 There is lack of pre/post-employment training.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	16.9	16.9	16.9
	Disagree	5	7.7	7.7	24.6
	Neutral	14	21.5	21.5	46.2
	Agree	25	38.5	38.5	84.6
	Strongly Agree	10	15.4	15.4	100
	Total	65	100	100	
3.4 There is poor warehouse management and weak inventory control					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	12.3	12.3	12.3
	Disagree	7	10.8	10.8	23.1
	Neutral	10	15.4	15.4	38.5
	Agree	34	52.3	52.3	90.8
	Strongly Agree	6	9.2	9.2	100
	Total	65	100	100	
3.5 There is poor coordination among departments of the company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	7.7	7.7	7.7
	Disagree	12	18.5	18.5	26.2
	Neutral	14	21.5	21.5	47.7
	Agree	24	36.9	36.9	84.6
	Strongly Agree	10	15.4	15.4	100
	Total	65	100	100	
3.6 There is a proper and up-to-date fixed asset revaluation method.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	9.2	9.2	9.2
	Disagree	19	29.2	29.2	38.5
	Neutral	15	23.1	23.1	61.5
	Agree	11	16.9	16.9	78.5
	Strongly Agree	14	21.5	21.5	100
	Total	65	100	100	
3.7 There is a problem in availability of the required materials with the right quantity, quality and at the right time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	10.8	10.8	10.8
	Disagree	19	29.2	29.2	40
	Neutral	16	24.6	24.6	64.6
	Agree	18	27.7	27.7	92.3
	Strongly Agree	5	7.7	7.7	100
	Total	65	100	100	

(Source: own Survey, 2023)

There are uses of outdated storage facilities, aged storage\shades respondents agreed with frequency 24 and percentage 36.9%and the value are cumulative standard percentage because the vale is above 50%. This shows that overall the company that expired drinks will be recounted and marked but they should be if they are recalculated and reduced or reduced without reduction will be happened. There are inventories which are overstocked or under stocked at Central store respondents agree with frequency 33 and percentage 50.8%and the value are cumulative standard percentage because the vale is above 50%. This means overstocking refers to a company over ordering inventory and having too much stock. In contrast under stocking is when a company does not have enough inventories to keep up with the demand. There is lack of pre/post-employment training respondents agreed with frequency 25 and percentage 38.5%and the value are cumulative standard percentage because the vale is above 50%.This implies employees who have not been trained properly will produce less work and at a lower quality. Less knowledge and training lead to lower level of performance resulting in less profit this type of work often leads errors inventory management and also controls system.

There is poor warehouse management and weak inventory control respondents agreed with frequency 34 and percentage 52.3%and the value are cumulative standard percentage because the vale is above 50%. This result show having too little or too much inventory, poor inventory management causes inefficiencies because it doesn't have accurate real time information on how much inventory have in **EABSC** this increase the risk of the mistake in recording inventory. There is poor coordination among departments of the company respondents agreed with frequency 24 and percentage 36.9%and the value are cumulative standard percentage because the vale is above 50%. This happen when there is poor communication between different employees and department, and this problem arise when a group of people doesn't think or act similarly in a management or a circle to reach on a general outcome. The main reason for coordination problem is a communication gap ineffective leadership, different mindset and perspective involvement. There is a proper and up-to-date fixed asset revaluation method respondent disagree with frequency 19 and percentage 29.2%and the value are cumulative standard percentage because the vale is above 50%.the respondents conclude with disagreed answer it means with the revaluation model, a fixed asset is originally recorded at cost but the carrying value of the fixed asset can then be increased or decreased depending on the fair market value of the fixed asset normally once a year .if asset reduce in value it is said to be written down's

EABSC have no do and lost is method. There is a problem in availability of the required materials with the right quantity, quality and at the right time respondents disagreed with frequency 19 and percentage 29.2%and the value are cumulative standard percentage because the vale is above 50%. from the interview analysis in the inventory management and control system there is a challenge those are first it is a huge company so there is a crowded and when they are change the shift reconciliation will not do each other, is not only in the finished goods it also on the sales pulse on the process system. The second one is the human resource is not equal one from the others so there is a Varity, disturbance happen. On the responsibility of the division when from the system is deducted bottle's delivered on that time. But the information system is not that much but they use SAPP application to control and FIFO system. SAPP system control stock out and sock in, control orders, prepare payment it have its code. Sometimes when SAPP doesn't work they use manual system when their works they copy from manual to the system when on that time make a error because of double entry. There is stock audit system in EABSC internal auditors count monthly the month ended on Friday and the external auditor count annually but sometime there is surprise check.

4.3.5 To collect current inventory records and documentation practice of the company

Table 4.7current inventory records and documentation practice of the company

4.1 There are discrepancies between the stock record and the result of physical verification/count of inventories at central warehouse					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	9.2	9.2	9.2
	Neutral	21	32.3	32.3	41.5
	Agree	28	43.1	43.1	84.6
	Strongly Agree	10	15.4	15.4	100
	Total	65	100	100	
4.2 The current inventory recording system of the company is satisfactory					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	6.2	6.2	6.2
	Disagree	19	29.2	29.2	35.4
	Neutral	16	24.6	24.6	60
	Agree	16	24.6	24.6	84.6
	Strongly Agree	10	15.4	15.4	100
	Total	65	100	100	

4.3 Bin card, stock controlling card and inventory audit report documents reflect correct inventory level and materials

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.1	3.1	3.1
	Disagree	14	21.5	21.5	24.6
	Neutral	17	26.2	26.2	50.8
	Agree	26	40	40	90.8
	Strongly Agree	6	9.2	9.2	100
	Total	65	100	100	

4.4 Receiving, issuing, accounting and storing responsibilities are properly segregated in the company central warehouse

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	15.4	15.4	15.4
	Disagree	11	16.9	16.9	32.3
	Neutral	21	32.3	32.3	64.6
	Agree	15	23.1	23.1	87.7
	Strongly Agree	8	12.3	12.3	100
	Total	65	100	100	

4.5 The company inventory management periodically checks inventory reports / records and make immediate decisions based on the reports

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	7.7	7.7	7.7
	Disagree	2	3.1	3.1	10.8
	Neutral	16	24.6	24.6	35.4
	Agree	33	50.8	50.8	86.2
	Strongly Agree	9	13.8	13.8	100
	Total	65	100	100	

4.6 There are inventory items which do not counted annually at the company central store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	26.2	26.2	26.2
	Disagree	27	41.5	41.5	67.7
	Neutral	4	6.2	6.2	73.8
	Agree	15	23.1	23.1	96.9
	Strongly Agree	2	3.1	3.1	100
	Total	65	100	100	

4.7 In the company Central Store Proper documentation and up-to-date records of stock are effectively practiced from the stage of, receipt, storage and issue of materials.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	10.8	10.8	10.8
	Neutral	15	23.1	23.1	33.8
	Agree	24	36.9	36.9	70.8
	Strongly Agree	19	29.2	29.2	100
	Total	65	100	100	

(Source: own Survey, 2023)

There are discrepancies between the stock record and the result of physical verification/count of inventories at central warehouse respondents agreed with frequency 28 and percentage 43.1% and the value are cumulative standard percentage because the vale is above 50%. This shows that inventory discrepancies can be caused by multitude of factors, such as warehouse receiving errors, misplaced or lost inventory, inaccurate record of returns, using outdate warehouse technology and poorly trained employees. The current inventory recording system of the company is satisfactory respondents disagreed with frequency 19 and percentage 29.2%and the value are cumulative standard percentage because the vale is above 50%. This deals with employees who work in EABSC are not satisfactory because of inventory recording system. Bin card, stock controlling card and inventory audit report documents reflect correct inventory level and materials agreed with frequency 26 and percentage 40.0% and the value are cumulative standard percentage because the vale is above 50%.

Receiving, issuing, accounting and storing responsibilities are properly segregated in the company central warehouse respondent's neutral with frequency 21 and percentage 32.3% and the value are cumulative standard percentage because the vale is above 50% the result shows based on the above questions employees are not good happy by inventory controls and, management system because why this answer gets result on neutral responsibilities of the receiving department are deciding whether to accept delivery verifying the quantity and quality of delivered goods. The company inventory management periodically checks inventory reports records and make immediate decisions based on the reports respondents agreed with frequency 33 and percentage 50.8%and the value are cumulative standard percentage because the vale is above 50%.There are inventory items which do not counted annually at the company central store respondents disagreed with frequency 27 and percentage 41.5%and the value are cumulative standard percentage because the vale is above 50%.In the company Central Store Proper documentation and up-to-date records of stock are effectively practiced from the stage of, receipt, storage and issue of materials respondents agreed with frequency 24 and percentage 36.9%and the value are cumulative standard percentage because the vale is above 50%.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summery of the study finding, conclusion and recommendation draw from the finding based research objectives on inventory management and control system in EABSC.

5.2 Summary of major findings

The following summaries of major findings of the study are presented based on the analysis and interpretation of collected data

- Male respondents constituted the highest percentage (73.8%) while their female counterparts only constituted (26.2%) of the total respondents. This implies that the majority of the employees are male
- The age of the respondents the highest value contribute is 26 up to 35(53.8) and followed by 36 up to 40 (32.8)
- Those respondents have BA/BSC had a (69.2%) and those who had a master's degree and above are (23.1%). This implies majority of the respondent are degree holders and followed by master's holders
- From the result we can observe that majority of the employees has worked from 6 to 10 years. The employees who work 11 to 15 years followed next. This indicates that, the work experience of the respondents had adequate exposure to the work area and had a potential of responding reliable responses.
- Those respondents result in the working department the majority which answered this question is warehouse department rather than the others and indicate that it feet for the research on inventory system.
- The result on inventory management techniques the company is effective in practice inventory management 33.8% and it is effective strong agree the computerized all inventory management 55.4% agreed. Inventory management optimized stock level 29.20% which indicate agree use effective stock level and in inventory valuation practice

46.2% employee agreed. up to date inventory revaluation method for fixed are 26.2% respondents are disagreed and insurance coverage strongly agree with 78.5% with quality control cheek strongly agree 41.5% properly goes on.

- From the result inventory control in the inventory management practice inventory updated after transaction is made strongly agreed 38.5% this shows no possible error make also software monitor inventory level agreed 43.1% deals with good control the inventory. And senior management involvement agreed 30.8 also check inventory at fixed time intervals strongly agreed 30.8 walking one steps for the disparity controlling. High inventory or large stock in periodic system respondents agreed 35.4& also inventory reaches a pre-determined level respondent disagreed 29.2% is means not recorded before reaches sufficient level. Perpetual inventory system respondent agreed 33.8.
- Main challenges in the inventory management practice is the one expired inventory item respondents agreed 36.9% that expired drinks will be recounted and marked but reduced without reduction will be happened in inventory which are overstocks or under stocked 50.8% agreed implies over ordering inventory and having too much stock. And lack of post-employment training agreed 38.5% have not been trained properly produce less work and at a lower quality, poor warehouse management agreed 52.3% cause inefficiencies, poor coordination among departments agreed 36.9% with poor communication between different employees and department. And proper and up to date fixed asset revaluation disagree 29.2% the carrying value of the fixed asset depend on market value, respondents disagreed 29.2% in problem in availability of the required materials with the right quality and quantity.
- Current inventory record and documentation practice of the company the one is discrepancies between the stock record and result of process verification agreed 43.1% because of warehouse receiving errors, current inventory recording system of the company satisfactory disagreed 29.2% implies not satisfactory because inventory recording system. Bin-card and the other recording system reflect correct inventory level and materials agree 40.0%, receiving and issuing responsibility proper segregated in the company central warehouse neutral 32.3%.and inventory management periodically

checks inventory record agreed 50.8% the other inventory items which do not counted annually disagreed 41.5%, proper documentation in control store agreed with 36.9%.

- On the interview result in physical count settlement should be done there is a time for customer deliver service with 24 hours. When there is fasting and rain time cars not allowed to delivery in EABSC the software application they use SAPP and it control the inventory management system. And it has coding system for stock. In this company there is internal and external auditor to chick the stock monthly and annually. The over all in some there is problem, challenges and disturbance in EABSC.

5.3 Conclusion

Effective in practicing inventory management techniques in EABSC goes perfectly. Computerized all inventory management systems that accommodate information regarding each classification of stock movement, lacks using latest software's for recoding and managing their influence on Inventory Records Accuracy. Inventory mangers use effective stock level optimization techniques, so has full knowledge of every product type in the warehouse this consists of inventory control, order management, supply chain links and stock vale. The business adheres to appropriate inventory valuation procedures depending on the type of material. The researcher get on the answer is Insurance coverage to all items of the utility. Proper quality control checks whether the materials received are according to the specification ordered, required quantity and quality standards. But there are no up to date inventory revaluation methods for fixed assets that show correct balance sheet and income statement report in EABSC, it deals that previous starting the problem on the disparity error not showing.

Inventory is automatically updated after an invoice is raised or a transaction is made, a document that list1s things provided or work done and the process of scheduling invoices, in advance to be issued automatically at a specified date and time. Software is used to monitor inventory levels. Frequent senior management involvement in inventory practices, so the process of identifying, recording, monitoring, maintaining and planning all of the software and application are used in this company. EABSC checks inventory at fixed time intervals. Higher inventory level or larger safety stock is required in periodic review system. Perpetual inventory system at the company, so they used to track and record stock levels, in which every purchase and sales of stock is logged

automatically and immediately. But there is no place order in inventory reaches a predetermined level in East Africa bottling Share Company the respondents say.

There is use of outdated storage facilities; aged storage, shades Storing items properly prevents spoilage, bacterial growth, and mould. It also means do not have to throw things out unnecessarily. All too often items are stored at incorrect temperatures which means they spoil well before the expiry date, and in some cases are inedible. Inventories which are overstocked or under stocked at Central store Overstocking ties up cash in unnecessary inventory and increases carrying, operating, and holding costs. Due to under stocking, businesses may miss out on sales, lose money, and damage their brand reputation. There is lack of pre/post-employment training it further concludes that training enhances employee performance by positively influencing employee motivation level through employee recognition; alignment to organizational goals; positive leadership traits; and motivation for work performance. Poor warehouse management and weak inventory control system done in EABSC & poor coordination among departments of the company**.** And there is no problem in availability of the required materials with the right quantity, quality and at the right time in EABSC.

It is common for the physical count to show lower amount than in the stick record for reason such as theft and inventory shrinkage. Depending on this result in EABSC three is discrepancies between the stock record and the result of physical verification/count of inventories at central warehouse. The company current inventory recording still now is not satisfactory is implicit still know with is charged problem the employee are not satisfactory they accept the disparity of the physical inventory balance and the software inventory balance is problem. But three is Bin card; stock controlling card and inventory audit report documents reflect correct inventory level and materials. Separation of duties is critical to effective internal control because it reduce the risk of both erroneous and inappropriate actions. All units should attempt to separate functional responsibilities ensure that error respondents have on and off average on central warehouse. With a periodical inventory system EABSC physical count inventory at the end of each period to determine what's on hand and cost f good sold also inventory item counted annually at the company central store. And in central store documentation up to date record effectively.

The interview result in physical count settlement should be done there is a time for customer deliver service with 24 hours. When there is fasting and rain time cars not allowed to delivery in

EABSC the software application they use SAPP and it control the inventory management system. And it has coding system for stock. In this company there is internal and external auditor to chick the stock monthly and annually. The over all in some there is problem, challenges and disturbance in EABSC.

5.4 Recommendation

The finding from this study led to the following suggestions, which EABSC must go by in order to get the most out of inventory management techniques.

- There is a problem in inventory management practice on overstock and under stock at central store in EABSC. Overstocking ties up cash in unnecessary inventory and increases carrying, operating, and holding costs. Production may stop due to the lack of available materials. It will never be possible to meet unexpected large orders. The company will be viewed as unreliable and its reputation will be damaged. One of the best things a company can do for it is to use inventory management software to help prevent overstocking and under stocking. Or use ABC analysis or Audit inventory regularly. Inventory audits should be conducted on a regular basis to correct inaccurate counts that can lead to overstock and under stock scenarios. This is also the best way to keep they inventory forecast accurate. And FIFO accounting help to manage inventory and the financial impact of carrying inventory on the point they use it but it has better on it.
- The company should Set a goal to on employment training first, engage with employees and Match training and development with employee and management goals then Create a formal program but use various training types and Set aside time for regular constructive feedback on time based on inventory control.
- On also there is poor warehouse management and weak inventory control it's recommended that Schedule frequent stock auditing like daily cycle counting of different stock categories in small, manageable batches and Integrate inventory management software and demand forecasting features with accounting and sales data to identify essential inventory based perpetual inventory management and recording system.
- It is recommended that on coordination in department EABSC duplication a usual sign of lack of coordination within an organization is redundancy. This happens when there is poor communication between different employees and departments. Because of

redundancy, an organization spends unnecessary amount of time and effort to produce the same output twice. To improve coordination skills, consider using work-tracking programs to properly manage daily tasks and avoid confusion.

- EABSC should adopt proper and up to date fixed asset revaluation method by adjusting the gross book value of the asset and accumulated depreciation or and by eliminating accumulated depreciation and adjusting the gross book value of the asset to equal revalued amount. Some advantages of using the revaluation method of depreciation include it provides a more accurate measure of an asset's value. It allows for a better matching of expenses to revenues.
- On the point of current inventory records and documentation practice on the idea of discrepancies between the stock record and the result of physical verification/count of inventories at central warehouse So should put on correct location the stock also re arrange or do correct action in return management on behave use inadequate technology.
- The recommended that respondents are improve current inventory recording system inventory management tool that allows them to track and monitor goods efficiently and use the perpetual inventory system.
- Based on the interview analysis in EABSC there is inventory recording document but is not reflect correctly in inventory level and material so the company should firstly always maintain an accurate count of a company's available stock, maintained under the perpetual inventory system by the stores department and shows the quantities of materials received, issued and balance in hand after each receipt and issue. Secondly Quick and easy physical identification of each item.
- It’s recommended that on Receiving, issuing, accounting and storing responsibilities one person should sole responsibility for more than one of the four main functions of accounts receivable management Sort and segregate services to avoided warehouse as an audit to address any missing packages and use effective internal control because it reduces the risk of both erroneous and inappropriate actions.

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APPENDIX I

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES FACULTY OF BUSINESS

Department of MBA in Accounting and Finance

March, 2023 G.C

Questionnaire

Dear respondent,

This research will be conducted as a partial fulfillment of Master of Arts (MA) graduate student of ST. MARY'S University, College of Business and Economics department, Accounting & Finance. This paper will be designed to gather primary data on Inventory management and control system in soft drink Company, in A Case of East Africa Bottling Share Company, Addis Ababa

No reference will be made to any individual and the information will be reported in an aggregated form. I will like to forward my heartfelt thanks in advance for your cooperation being sacrificing your time. It takes approximately 20 to 30 minutes on average to complete it.

Finally, the researcher will like to ask you to be realistic and objective in assessing your organization. The researcher will be assured complete anonymity of the gathered data. These will be represented on aggregate level alone. Please provide answers on all questions even though you feel that they repeat themselves occasionally. This is the only way that the researcher can assure statistical validity of the questionnaire.

Email:alemtsehayayalew019@gmail.com or

Mobile phone 09-47-41-47-23/09-48-48-70-56

ALEMTSEHAY AYALEW MEKONNEN

Thank you in advance for your cooperation

N.B. Tick √ or X mark for close ended questions and use the space for open ended questions

Part One: <u>Demographic (personal) Characteristics of Respondents</u>

1. Gender Male ☐ **female** ☐

2. Age Group: **≤ 25** ☐ **26 – 35** ☐ **36 – 40** ☐ **41 and above** ☐

3. Educational Status: Below Diploma ☐ **Diploma** ☐ **BA/BSC** ☐

Masters & Above ☐

4. Experience: **≤ 5** ☐ **6 – 10** ☐ **11 – 15** ☐ **16 and Above** ☐

5. Working position

Logistics manager ☐ **warehouse Employee** ☐ **store keeper employee** ☐

Crow employee ☐ **Supervisor employee** ☐ **inventory controller** ☐

ICT manager ☐ **Inventory control auditor** ☐ **non managerial employee** ☐

6. What method does the organization use to evaluate inventory?

A. First in first out (FIFO) ☐ **D. Standard cost (S C)** ☐

B. Last in first out (LIFO) ☐ **E. Others please specify** ☐

C. Average cost (A C) ☐

Part Two: <u>Questionnaires regarding inventory management practice</u>

Please read each statements in the first column carefully and show the extent of your agreement on the statements by putting (√) the in the next column using the following rating scale (Likert Scale). The rate is - 1 = Strongly Disagree (SD), 2 = Disagree (D); 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA).

1. **How do you rate the Inventory Management Techniques?**

Statement	1	2	3	4	5
The company is effective in practicing inventory management techniques such as ABC, EOQ,JIT					
The company has computerized all inventory management systems that provide information regarding each type of stock movement					
Inventory managers have established optimized stock level techniques that need to be kept in the warehouse (i.e. Maximum, Minimum, and safety stock levels)					
Depending on the type of materials, the company follows proper inventory valuation practices such as FIFO, LIFO or weighted average methods					
There is an up to date inventory revaluation methods for fixed assets that show correct balance sheet and income statement report					
There is insurance coverage to all items of the utility.					
There is a proper quality control check whether the materials received are according to the specification ordered, required quantity and quality standards					

Do you have any additional point to mention regarding inventory management techniques of East Africa Bottling S.C inventory management?

……

2. Internal control play role in inventory

Please read each statements in the first column carefully and show the extent of your agreement on the statements by putting (√) the in the next column using the following rating scale (Likert Scale). The rate is - 1 = strongly Disagree (SD), 2 = Disagree (D); 3 = Neutral (N), 4 = Agree (A), 5 = strongly Agree (SA).

Statement	1	2	3	4	5
Inventory is automatically updated after an invoice is raised or a transaction is made.					
Software is used to monitor inventory levels.					
There is frequent senior management involvement in your inventory practices					
The company checks inventory at fixed time intervals (e.g. monthly).					
Higher inventory level or larger safety stock is required in periodic review system					
An order is placed only when inventory reaches a predetermined level.					
There is perpetual inventory system at the company					

Do you have any additional point to mention regarding the warehouse inventory records accuracy & documentation practice.....

…….

3. Challenges in inventory management practice

Please read each statements in the first column carefully and show the extent of your agreement on the statements by putting (√) the in the next column using the following rating scale (Likert Scale). The rate is - 1 = strongly Disagree (SD), 2 = Disagree (D); 3 = Neutral (N), 4 = Agree (A), 5 = strongly Agree (SA)

Statement	1	2	3	4	5
There are use of outdated storage facilities, aged storage\shades					
There are inventories which are overstocked or under stocked at Central store					
There is lack of pre/post-employment training.					
There is poor warehouse management and weak inventory control					
There is poor coordination among departments of the company					
There is a proper and up-to-date fixed asset revaluation method.					
There is a problem in availability of the required materials with the right quantity, quality and at the right time					

Do you have any additional point to mention regarding the challenges in the company?.....

…….

4. Inventory records & documentation practice

Please read each statements in the first column carefully and show the extent of your agreement on the statements by putting (√) the in the next column using the following rating scale (Likert Scale). The rate is - 1 = Strongly Disagree (SD), 2 = Disagree (D); 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA).

Statement	1	2	3	4	5
There are discrepancies between the stock record and the result of physical verification/count of inventories at central warehouse					
The current inventory recording system of the company is satisfactory					
Bin card, stock controlling card and inventory audit report documents reflect correct inventory level and materials					

Receiving, issuing, accounting and storing responsibilities are properly segregated in the company central warehouse					
The company inventory management periodically checks inventory reports / records and make immediate decisions based on the reports					
There are inventory items which do not counted annually at the company central store					
In the company Central Store Proper documentation and up-to-date records of stock are effectively practiced from the stage of, receipt, storage and issue of materials.					

Do you have any additional point to mention regarding the warehouse inventory records accuracy & documentation practice.....

…….

THANK YOU FOR SPARING YOUR PRECIOUS TIME

APPENDIX II

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES FACULTY OF BUSINESS

Department of MBA in Accounting and Finance

March, 2023 G.C

Interview question

1. How do you describe the inventory management practice of the Soft drink Company?
2. How often is stock out frequency in the soft drink company?
3. What do you think inventory management techniques are practice in EABS?
4. How inventory control play role in Soft Drink Company?
5. Do you think inventory management and control system major challenges?
6. Do the depot stores, central store and other responsible divisions are supported by Information Technology to share information equally? If not, why?
7. What type of inventory management techniques does the company use?
8. Does the soft drink company used in scientific way to control its inventory to stay at appropriate level?
9. Do you have stock audit systems in your organization?
10. Have you experienced discrepancies between recorded and physical stock balances? If yes, how do you adjust it?

THANK YOU FOR SPARING YOUR PRECIOUS TIME