

**THE EFFECTS OF INVENTORY MANAGEMENT ON BUSINESS PERFORMANCE.**

**A CASE STUDY OF JOINT MEDICAL STORE-NSAMBYA-KAMPALA UGANDA**

**BY**

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## **Abstract**

The overall objective of the study was to examine how Inventory management affects Business performance at Joint Medical Store, with the view of establishing its strengths and weaknesses.

The research was based on three objectives below;

- i. . To find out the techniques of inventory management used at Joint Medical Store.
- ii. To establish performance measurement indicators used at Joint Medical Store.
- iii. To find out the challenges faced by Joint medical stores in managing the inventories.

Data was collected using a questionnaire and interview guide, and during data collection purposive sampling method was used. Both qualitative and quantitative techniques were used to analyze data as a sample size of 36 respondents was used.

From the findings, it was evident that inventory management leads to efficient and effective business performance by avoiding over stocking and under stocking. The common techniques of inventory management used at JMS include; Information responsible for management information system which helps to make serious decisions on inventory, Stock taking, Continuous Inventory replenishment and Vender managed Inventories, Procurement function, as well as ABC analysis.

The findings also established the following challenges among others as loss in inventories, Failure to involve Store staff in inventory planning, Pilferage and damage, Inventory holding costs, theft, and labor turnover, among others. The results continue to indicate that proper use of inventory management techniques like application of JIT and Vendor managed Inventories reduce on ordering costs and warehousing costs when employed.

The study recommends that Management should emphasis on the proper inventory management techniques and measuring of efficiency deviations to identify weaknesses in the process of inventory management.

Further still, the study recommends Staff training and development to enable them get acquainted with IT system, Staff retention for retaining a positive and motivated staff is vital to an organization's success, and an effective way of making sure key workers remain employed while maintaining job performance and productivity. High employee turnover increases expenses and also has a negative effect on company morale.