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## THE FEASIBILITY OF INVENTORY MANAGEMENT SYSTEM IN CONSTRUCTION AND HOUSING DEVELOPMENT UNIT OF DESSIE, ETHIOPIA

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### Abstract

This research attempted to assess the inventory management practice of Dessie Housing and Development Agency branch office. The type of research design was descriptive survey. The study employed both quantitative and qualitative methods (mixed method). The total number of the target population was 54 among which 18 participants were selected using purposive sampling. Two employees of the office were also purposively selected for an interview (Branch manager and logistic manager). The data were collected by questionnaire, interview and document analysis. The quantitative data were collected through a self-rated questionnaire where the items are rated using the Likert Scale. The items are 49 in number, which are categorized into seven groups. Seven generalized questions were designed for the interview. Necessary documents that are essential to carry out inventory management were examined to perform the document analysis. The major findings of the research are concerning inventory controlling mechanisms materials are issued from storerooms only based on requisitions which are verified by a technical staff of the units, strategies being followed by the branch office in overcoming the problems of inventory are Standard price method, weighted average cost method and First in first out method. Among the Constrains the main ones are a storage problem in its stock and significant losses of construction materials. To generate inventory record reports the organization conducts regular auditing inventory records and perpetual inventory records are updated promptly. Finally, further research is recommended to investigate more the practice of inventory management controlling system in the research area.

**Keywords:** Inventory, Inventory Management, Inventory Records.

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### INTRODUCTION

A major problem, which encounters most business today, is the determination of optimum stock level, that is, a tradeoff between the minimum and maximum level. Being out of stock forces customer to run to competitors or resolute in losses of sales but, this problem is not seen in the company. Excessive level of inventories results in large inventory carrying costs including the cost of capital tied up in inventory, warehouse fee insurance etc. In addition to a large inventory, carrying cost in excessive investment in inventories there is also a high degree of obsolescence.

A study conducted in India on Performance Analysis of IM System in Construction industries (Sindhu, Nirmal Kumar and Krishnamoorthy, 2014), few main inventory management risks identified, which summarized below:

- Storage space problem
- De-centralized processing problem
- Lack of appropriate training practices
- In accurate financial support in the materials ordering
- Delivery problem of long-lead materials

### The Objective of the Research

#### General Objective

The overall objective of the research is to assess the practice of inventory management system of Amahara National Regional State Construction and Housing Development Agency Dessie City Branch Office.

### Specific objectives

To achieve the above general objective, the following specific objectives were set.

To identify inventory controlling mechanisms the agency uses.

To explore the strategies being followed by the agency in overcoming the problems of inventory.

To find out the constraints of the organization faces in inventory management of its day to day organizational activities.

To identify the systems used by the organization to record, store, retrieve and generate reports of inventory.

### Significance of the Research

The finding of this study was useful in improving the inventory management system of Dessie Construction and Housing Development Agency Office. The employees of the company who are working in stores, transportation, administration, and project sites are beneficiaries of this study. Furthermore, the study may serve as a starting point to research a different setting and environment.

### Scope of the Research

This research was geographically delimited in Dessie city area and investigated the inventory management system of Dessie Construction and Housing Development Agency Office. In the data collection process, the study only targeted employees of the

company. Besides, the study particularly investigated only the material management aspect of the construction company.

#### **Limitation of the Research**

The researcher tries to accomplish the basic objective of the research. But time limitation and lack of funds will be the main limitation that may challenge the successful accomplishment of this research paper. In addition to the above two variables, limitation of data and limitation of sample are the other sides to the limitation part of the research. Furthermore, during filling the questionnaire, there might be hesitations from the respondents.

#### **REVIEW OF LITERATURE**

Inventory management is described as an art of making sure that an company keeps just enough inventory stock to meet demand (Coleman, 2000; Jay & Barry, 2006). Inventory is the availability, in an company, of any stock or services used. An inventory system is a set of policies that regulate and track the level of inventories and decide what level should be maintained and how large

Inventory management is the tracking of products' stock, availability and distribution to maintain sufficient supply without unnecessary supply (Miller, 2010). Inventory management is described as an art of making sure that an company keeps just enough inventory stock to meet demand (Coleman, 2000; Jay & Barry, 2006). Stock is the supply, in an enterprise, of any product or services used. The distribution structure is the collection of regulations that regulate and track the volume of the distribution and decide what amount should be retained, how big orders can be made, and when stock should be filled up.

Inventory management is the tracking of products' stock, availability and distribution to maintain sufficient supply without unnecessary supply (Miller, 2010).

Inventory management ensures inventory supply anytime and wherever necessary by holding sufficient stock numbers and styles of product. The sum of all relevant operations necessary for the purchase, transportation, selling, disposal or usage of inventory can be referred to as the management of inventories. Inventory management must stock up as necessary and resourcefully utilize limited storage capacity so that the warehouse room allocated is not surpassed. This is their duty to retain transparency for the product properties. They will follow the target set to determine when to buy, how to buy and when to order so that product is accessible on schedule and at the optimum cost (Benedict and Margeridis, 1999). Inventory management also requires preparing to coordinate and monitor the supply of goods from their original manufacturing unit to internal processes to delivery to the point of sale (Smaros, et al., 2003).

Inventories represent one of every manufacturer or industrial organisation's biggest and most measurable assets. Intelligent inventory management techniques can not only help raise income but can also mean the difference between a profitable or barely surviving company. The goal of inventory management is to keep inventories at the lowest possible cost and to establish goals to maintain continuous supply for ongoing operations. When making purchasing decisions, management must find a balance between the specific cost factor, such as cost of product delivery, cost of purchasing keeping and cost of adequate inventories (Peterson & Silver, 1998; Zipkin, 2000). According to Miller (2010), Inventory management is the process that organizes the consumer connection to the products.

To fulfill the consumer requirements, it combines the roles of buying, processing, and delivery. This function involves providing current pieces of construction material, new buildings, consumables, obsolescent products, and all other supplies. Stock helps a business to help the infrastructure, distribution, or

construction operations of the consumer in a case when the procurement or produce of the products cannot meet the requirement. Inventory plays a marginal row in an organization's development and sustainability in the context that it struggles to control inventories successfully and efficiently. That would mean the company lacks market service and efficiency would decrease. To better accomplish its operational aims, a company is to fulfill the expectations of the client. Within a business, the customer's wish has always been a crucial issue to increase it (Tersine, 1994; Potilen & Goldsby, 2003). Kotler (2002), Posits that warehouse control applies to all tasks engaged in the production and maintenance of inventory quantities of raw materials, semi-finished products (work-progress) and finished items such that sufficient stocks are accessible and the expense of over or under inventories is minimal.

Inventory management is primarily about specifying the size and placement of stocked goods. Stock control is necessary at different locations within a plant or within several locations within a supply network in order to maintain the normal and scheduled output schedule against the unexpected disruption within supplies or products running out.

The spectrum of inventory management also includes the fine lines of replenishment lead time, bearing inventory prices, stock control, inventory forecasting, inventory assessment, inventory visibility, potential product price forecasts, physical inventory, usable warehouse capacity, quality management, replenishment, refunds and damaged items, and demand forecasting. Balancing these overlapping demands results in optimum inventory rates, a cycle that is continuing as market expectations change and respond to the broader environment (Ghosh & Kumar, 2003).

Ogbo (2011 ) claims that the key purpose of warehouse management and control is to tell managers how much of a good to reorder, when to reorder the good, how much to position orders and what the correct storage stock is to reduce stock-outs. The overall objective of the inventory is, therefore, to have what is needed and to minimize the number of times that one is out of stock.

Dobler & Burt (1996) note that IM is built to improve material flow based activities. We add that warehouse management will handle sourcing, quality monitoring, collection, warehousing, storage, preparation and shipment of goods. As mentioned above, numerous scholars have specific meanings for the management of inventories. In the form of the product control of the building industry is associated with the preparation, recognition, acquisition, transportation, processing, obtaining, transport and delivery of products.

#### **RESEARCH METHODOLOGY**

##### **Research Design**

The descriptive approach was the methodology employed in this study. Descriptive research is important for analyzing circumstances, pointing out the issues and proposing practical approaches to the found issues (Singh, 2006). The research used systematic approaches to identify and interpret the knowledge collected utilizing different data collection techniques.

##### **Source of Data**

The research primarily used primary and secondary sources. The primary data sources include the employees that have a direct relationship in the inventory management system of the Agency. The secondary data sources were key documents archived in different departments of the Agency that reflect previous inventory management history of the Agency.

##### **Population, Sample technique and Size**

The target populations for this study were 54 employees of Dessie Construction and Housing Development Agency branch Office. 18 company employees who were participating in the

inventory management system were selected using a purposive sampling technique. This sampling technique is a non-probability sampling method, which enabled the researcher to include relevant respondents who have a direct relation to the issue under study by his judgment. This sampling technique helped the researcher to include all members of the target population under investigation.

**DATA COLLECTION**

The researcher employed three forms of data collection methods to gather data. Those is the company's procurement and management processes questionnaires, interviews, and secondary records. These methods helped triangulate the responses the respondents received. Triangulation believed several methods of calculating the survey anomalies to ensure the validity of the results centered on the data obtained.

**Document Analysis**

Documents are important sources of data in many areas of investigation. When document analysis used in descriptive research it took records, reports and minutes as a source of data. In this regard, this study took such documents as a source of data related to the inventory management system of the company.

**Analysis of Data**

In this study, the data obtained through questionnaires were quantitatively analyzed using percentages, mean scores and standard deviations. To facilitate the interpretation of the quantitative data based on the mean scores using the following intervals were used based on the suggestions of Agresti (2002)

From 4.5 - 5.0 strongly agreement

From 3.45 - 4.45 agreement

From 2.45 - 3.45 undecided (unable to give an opinion)

From 1.45 - 2.45a disagreement, and Less than 1.45 strong disagreements on the items in each category.

Qualitative data research included gathering, recording and describing the results; in brief, making sense of the data as regards the meanings of the case by the participants, observing trends, concepts, divisions and regularities. The data collected through interview and documents are analyzed qualitatively and summarized in words.

**ANALYSIS OF DATA**

This chapter describes the demographic profile of respondents and the analysis and discussion of the data collected through questionnaires, interviews and document analysis.

**Demographic Profile of Respondents**

As depicted in the 93.75% of the respondents are males and 6.25% are female. This indicates most of the human resource working in the branch office is dominated by males. As shown in the the occupations of the respondents 27.78% are store-man, 22.22% are engineers, 16.67% are accountants and 11.11% are managers, auditors and purchasers each respectively. This indicates most of the respondents are store-man.

As depicted in the same tables 83.33% of the respondents are first degree holders, 11.11% are in diploma level and the remaining 5.56% are 2<sup>nd</sup>-degree holders. This indicates most of the human resources in the branch office are educated. On the same table, the respondents were also asked to indicate whether they have experience in their job. The study shows that 77.78%are above five years, 16.67% are four years' experience and 5.56% are one year of work experience. This shows the majority of the employees have at least five-year experience in their respective occupations.

**Analysis of Data and Discussion**

**Table 1: Inventory Policies and Procedures**

No.	Items	Mean	S.D
1	The organization has Inventory policies, procedures and manuals.	4.00	0.52
2	The policies and procedures are current, in writing, and properly approved.	3.53	0.96
3	These policies and procedures are clearly stated and systematically communicated to the respective departments.	3.6	0.94
4	These policies and procedures support internal control.	3.71	0.87
5	Receiving, issuing, accounting and storing responsibilities are properly segregated for the responsible departments.	3.88	0.74

Source: Researcher's Survey

As one can be understood from the above table, the mean score  $\bar{X} = 4.00$  shows the respondents expressed their agreement that the organization has inventory policies, procedures and manuals with the least response variation as

compared to the other items. The mean score  $\bar{X} = 3.88$  shows the agreement of the respondents concerning receiving, storing issuing and accounting responsibilities are properly segregated for the responsible departments.

Moreover, the respondents have shown their agreement on these policies and procedures in supporting the internal control system of the office with mean score 3.71 and slight response variation among themselves. The respondents of this study have shown their agreement that these policies are clearly stated and are systematically communicated to the respective departments

with mean  $\bar{X} = 3.6$  and relatively higher response variation. Finally, the respondents have shown their accord on the policies and procedures confirming they are current in writing and properly approved with the least mean score  $\bar{X} = 3.53$  and the highest response variation as compared to the other items.

**Table 2: Inventory Control Mechanisms**

	Items	Mean	S.D
1	The management takes the appropriate steps to safeguard goods against risk of loss by theft (e.g., goods kept in locked buildings, rooms, or cages, access to which is granted only to authorize personnel).	2.76	1.41
2	Inventory records are reconciled (and differences explained) to advantage reports regularly. (Current inventory is adjusted at year-end by fiscal year-end physical counts.)	3.90	1.28
3	Departments compare quantities received against receiving reports	2.82	1.05
4	Materials are released from storerooms only based on requisitions which are approved by a responsible official of the department.	3.88	0.92
5	Adequate provisions are made for obsolete and inactive items in inventories.	3.06	1.12

Source: Researcher's Survey

As the above table shows the participants of the study agreed that inventory records are reconciled (and differences explained) to advantage reports regularly and adjusted at year-end by fiscal

year-end physical counts with mean score  $\bar{X} = 3.90$  and materials are released from storerooms based on a formal request for official services and approved by a responsible person in each department of the agency with the highest mean score  $\bar{X} = 3.88$  and least response variation (S.D= 0.92).

This indicated us the agency implemented efficient material management and effective control of inventories that help to achieve better operational results and reduce the risk of construction material loss or working capital on an annual basis. It has a significant influence on the profitability of the agency. Meanwhile, the respondents were not willing to give their opinion (since the mean scores fall in the interval from 2.45 – 3.45 undecided) concerning the risk taken to prevent loss or theft (Item 1 with  $\bar{X} = 2.76$ ), comparison of quantities received against receiving reports (Item 3 with  $\bar{X} = 2.82$ ) and the provisions made for obsolete and inactive items in inventories (Item 5 with  $\bar{X} = 3.06$ ).

**Table 3: Inventory Handling Systems**

	Items	Mean	S.D
1	Procedures for physical counts provide the use of adequate written instructions.	2.41	0.95
2	Procedures for physical counts provide a room for adequate supervision.	3.94	0.94
3	The procedures for physical counts provide for clearly marking damaged and obsolete inventory.	3.76	0.91
4	The procedures for physical counts provide for the use of pre-numbered tags which are accounted for.	2.29	1.03
5	The procedures for physical counts provide for the counting of the items and access to the tags only by employees who are not responsible for the custody of the particular items.	2.17	0.76
6	The procedures for physical counts provide for the rechecking of counts and descriptions (dual counts) where perpetual records are not maintained and where variations from the perpetual records are significant.	3.58	1.29
7	The procedures for physical counts provide for careful investigation of significant overages and shortages.	3.52	1.30
8	The procedures for physical counts provide for prompt adjustment of records for inventory discrepancies after approval by a responsible official other than stores personnel.	2.11	0.99
9	The procedures for physical counts provide for recording counts on permanent inventory count sheets.	3.82	0.93
10	The procedures for physical counts provide for the signing and dating of inventory count sheets by the person supervising the count.	3.70	1.33
11	The procedures for physical counts provide for properly accounting for goods that are consigned in and out.	4.00	0.88
12	The management reviews the reconciliation of physical inventory counts to the inventory records.	3.88	0.93

13	Adequate provisions are made for the cut-off of receipts and issues.	3.41	1.01
14	If applicable, issuing and billing procedures are designed and correlated to ensure the billing of all items	3.64	1.06
15	There are physical segregation and proper accounting control of merchandise on hand that is not the property of the entity.	2.35	0.86

Source: Researcher's Survey

As it depicted in the above table the respondents have reflected their agreement on the inventory handling systems of the organization for most of the items related to procedures for physical counts. According to their responses the procedures for physical counts have provided the opportunity for properly accounting the goods that are consigned in and out (with mean  $\bar{X} = 4.00$ ), provided a room for adequate supervision (with mean  $\bar{X} = 3.94$ ), helped the management to make reviews and reconciliation to the inventory records (with mean  $\bar{X} = 3.88$ ), helped the organization in recording counts on permanent inventory count sheets (with mean  $\bar{X} = 3.82$ ), were used for clearly marking damaged and obsolete inventory (with mean  $\bar{X} = 3.76$ ), helped to clearly see the signing and dating of inventory count sheets by the person supervising the count (with mean  $\bar{X} = 3.70$ ), were applicable in issuing and billing procedures are designed and correlated so as to ensure the billing of all items (with mean  $\bar{X} = 3.64$ ), the physical counts were useful in the process of rechecking of counts and descriptions (with mean  $\bar{X} = 3.58$ ) and helped to make careful investigation of significant overages and shortages (with mean  $\bar{X} = 3.52$ ) with slight response variations respectively. On the other hand, the respondents have reflected their disagreement on the use of the procedures of physical counts inadequate written instructions (with mean  $\bar{X} = 2.41$ ) and the use of pre-numbered tags which are accounted for the counting of the items and access to the tags only by employees who are not responsible for the custody of the particular items (with mean  $\bar{X} = 2.29$  and  $\bar{X} = 2.17$  respectively). They have also insisted their disagreement on the procedures of physical counts concerning the adjustment of records for inventory discrepancies after approval by a responsible official other than stores personnel and physical segregation and proper accounting control of merchandise on hand that is not the property of the entity (with means  $\bar{X} = 2.11$  and  $\bar{X} = 2.35$ ). Finally, the respondents hesitated to show their position regarding the role of the procedures for physical counts inadequate provisions for the cut-off of receipts and issues (with mean  $\bar{X} = 3.41$ ). Generally, the employees' response reflected the use of physical counts of inventories for different purposes. As far as Bhalla (2000) is concerned five types of control devices are used inventory handling system.



**Table 4: Perpetual Inventory Systems**

	Items	Mean	S.D
1	Detailed perpetual inventory records are periodically reviewed for slow-moving items.	2.29	0.91
2	A perpetual inventory system is (including quantities and value) in use as to all major classes of inventory.	3.41	1.16
3	Perpetual inventory records are updated promptly.	3.52	1.16
4	The postings to the perpetual inventory records made promptly are from Pre-numbered, signed receiving reports.	2.41	1.05
5	The postings to the perpetual inventory records are made promptly from issue requisitions.	3.56	1.14
6	In additions to perpetual inventory, records are referenced to supporting invoices to ensure easy verification of the records.	3.88	0.84
7	Inventories are taken without prior reference to quantities on perpetual records.	2.35	0.93
8	There are discrepancies between physical counts and perpetual records investigated and resolved.	3.58	0.95

Source: Researcher's Survey

As shown in the above table the mean scores  $\bar{X} = 3.88$ ,  $\bar{X} = 3.58$ ,  $\bar{X} = 3.56$  and  $\bar{X} = 3.52$  with their minor differences among the respective standard deviations have shown their agreement on the use of perpetual inventory systems are referenced to supporting invoices to ensure easy verification of the records, helped the organization to identify discrepancies between physical counts and perpetual records investigated and resolved, gave chance to review posts using requisitions and update helped to update the records promptly. On the other hand, the respondents reflected their disagreement concerning regular inventory records of slow-moving items (with  $\bar{X} = 2.29$ ). That means regular inventory records are not made for slow-moving items in this organization. Similarly, the perpetual inventory records made promptly are not from Pre-numbered, signed receiving reports (with  $\bar{X} = 2.41$ ) and inventories are not taken without prior reference to quantities on perpetual records (with mean  $\bar{X} = 2.35$ ). Concerning the usage of perpetual inventory to all major classes of inventory, the respondent's position is neither agreement nor disagreement (with mean  $\bar{X} = 2.41$ ).

**Table 5: Inventories Control Techniques**

	Items	Mean	S.D
1	The organization uses the ABC analysis of Inventories (in this approach of inventory control high-value items are more closely controlled than low-value items).	3.37	1.16
2	The highest value items are under the tight control and responsibility of the most experienced personnel.	3.58	0.95
3	In the organization Materials received first are issued first (First in first out).	3.52	1.06
4	In the organization materials received last are issued first (Last in first out).	2.35	0.88
5	In the organization materials issued are priced at the weighted average cost of material in stock (Weighted average cost method).	3.64	0.82

6	In purchasing materials, the organization takes anticipated market trends, transportation charges, and normal quantity of purchase into consideration (Standard price method).	3.76	0.83
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Source: Researcher's Survey

As shown Table 4 the mean scores  $\bar{X} = 3.76$ ,  $\bar{X} = 3.64$ ,  $\bar{X} = 3.58$  and  $\bar{X} = 3.52$  with their minor differences among the respective standard deviations the respondents have shown their agreement on the different usage of inventory control techniques by the branch office.

**Table 6: Stock Evaluation & Performance Measurement**

	Items	Mean	S.D
1	Targets are often arbitrarily set by management without full understanding and due consideration of whether they are realistic	2.35	0.93
2	The organization gives priority for accurate recording of inventories to assure material availability when orders are released.	2.23	1.03
3	The organization conducts regular auditing inventory records.	3.52	1.06
4	The organization uses a strong cycle counting program, which leads to complete or partial elimination of the annual physical inventory with its high costs and questionable accuracies.	2.41	1.10
5	The internal control systems appear to be adequate for the overall inventory system of the organization.	3.58	1.00

Source: Researcher's Survey

As depicted in the above table the respondents are in agreement concerning adequacy of the overall inventory system (with mean  $\bar{X} = 3.58$ ) and regular auditing inventory practice of the organization (with mean  $\bar{X} = 3.52$ ) having slight response differences. Meanwhile, the respondents have shown their disagreement on the arbitrary target setting (with mean  $\bar{X} = 2.35$ ) and in giving priority for Inventory Record Accuracy (with mean  $\bar{X} = 2.23$ ). Finally, the respondents were unable to share views regarding strong cycle counting program, which leads to complete or partial elimination of the annual physical inventory with its high costs and questionable accuracies (with mean  $\bar{X} = 3.41$ ).

**Table 7: Inventory Management Constraints**

	Items	Mean	S.D
1	The organization has a storage problem in its stock management system.	4.18	0.85
2	There are significant losses of construction materials in the company due to a lack of quality production by industries/producers.	3.65	0.80
3	The organization respective departments have qualified personnel who can properly manage their duties in inventory handling.	3.18	1.09
4	Due to work overload, the organization has a problem of delivering inventory reports to the regional housing and construction Agency.	3.82	0.99
5	The organization has a day to day recording system of stock and bin card.	2.70	1.15

Source: Researcher's Survey

As the above table shows, the mean score  $\bar{X} = 4.18$  signifies the respondents' agreement that the agency has a storage problem in its stock management system with a slight response variation.

The mean score  $\bar{X} = 3.82$  for the item(4) shows the respondents agreement on the reporting problem to the regional housing and construction Agency due to work overload with the least response variation as compared to the other items. Besides,

the mean score  $\bar{X} = 3.65$  revealed agreement among the respondents regarding significant losses of construction materials in the company due to a lack of quality production by industries/producers. On the other hand, the mean score  $\bar{X} = 3.18$  for the item (3) describes the respondents were unable to decide concerning the organization respective departments have qualified personnel who can properly manage their duties in inventory handling. In addition to these, the mean

score  $\bar{X} = 2.70$  for the item(5) shows the respondents were unable to give their opinion (undecided) concerning the organization day to day recording system of stock and bin card with the highest response variation as compared to the other items.

### CONCLUSION

This paper has presented a brief overview of inventory management practices on Amahara National Regional State Construction and Housing Development Agency Dessie City Branch Office. It intended to provide a short and precise conclusion and implications of findings. A conclusion is done to indicate the outcome of the study and forward implications.

However, the agency has its own currently written, well approved, inventory policies, procedures and manuals, which are systematically communicated to the respective departments. This means each department has implemented its own inventory Policies and Procedures in a better and organized way based on their level of activities. Therefore, the agency used these policies, procedures and manuals in each departments to support its internal controlling system by making the inventory management documents (Receiving, issuing, accounting and storing responsibilities) familiar to its employees. According to the respondents, sufficient information is not given on these items it is very difficult to explain the inventory control system of the branch office at this stage. Even though the respondents confirmed the existence of inventory policies and manuals to conduct inventory in the organization and are communicated for each department, the writer of this study is suspicious on the practical use of these documents. In addition to these, the employees' response reflected the use of physical counts of inventories for different purposes. Even though most business was small and uncomplicated; this control system was used in all types of operation manufacturing, service, whole sale, and retail. Time-based service includes routine annual stock level analysis of all product products, stock rates may be tracked by physical examination, perpetual product card visual analysis, or automated device monitoring. For certain systems permanent record is maintained.

According to the respondents, the agency focused first on the items that require the most frequent attention, thus ensuring that there are enough of these items on hand when needed. Items that require less attention are focused on next, and items that require the least amount of attention are focused on last.

The major of the respondents agree with the agency used such stock evaluation & performance measurement to complete or partial elimination of the annual physical inventory problems that are preventing the store man from risks, to know the kind and numbers of items in the store, to identify usable and despoiled materials. This shows that having stock evaluation &

performance measurement in the agency prevented the overall inventory managing systems of the agency.

These create problems of knowing the amount and specific numbers of materials in the storerooms and create problems of inventory management. In addition, the agency may not use systems of records, so the storekeeper and the respective departments have faced problems of quantitative record of stores materials and their cost, receipt, issue and balance of each item in the store

Even though the agency used the regional inventory management policy, procedures and manuals, it faced to some gaps. That is due to its context is differ from the other organizations' in the region and need its own conditions for implementing activities more specifically based on its rules and regulations, so the researcher recommended the agency to have its own inventory policies, procedures and manuals rather than using the others.

Providing unique activities for auditors to count and check through inspection. It also controls its stock by taking physical counts annually for the advantage of reports at the end of the fiscal year. As a result, problems with the inventory do not correct until the count could do, typically at the end of the fiscal year, so the agency should improve its inventory control systems.

Even though the agency had so many strong sides in having written instructions and procedures to provide physical counts, it had some weakness to make them familiar and applicable all of them by its employees. Therefore, the agency had faced to some problems of inventory handling systems in its day-to-day activities because of those employees who did not implement the agency's written instructions and procedures that enable them to provide physical counts. As a result, the agency should make more familiar its policy, procedures and manuals to its employers and improve their inventory handling system.

As some of the respondents stated that, perpetual inventory records did not periodically review to detect slow moving. This means the work of recording an inventory did not implement properly by the concerned bodies. Thus, appropriate choices on the removal, relocation, or discontinuance of various parts of the product base may be challenging for the manager to make. The department will take its own steps to address the challenges of Perpetual Resource Systems.

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