# Factors Affecting the Effectiveness of Inventory Control System in Selected Tanzanian Local Government Authorities

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*Abstract: The purpose of this study was to assess the Effectiveness of Inventory Control System in three selected LGAs using Exploratory Sequential Design. The sample size of the study constituted one hundred and fifty-two (152) respondents from the selected councils.  Purposive sampling procedure was adopted for getting the full picture of inventory control practice in LGAs. The study was conducted in Singida Region where three councils were involved. These were; Iramba DC, Singida MC and Manyoni DC. The study revealed that there was ineffective inventory control system in LGAs since most of the decisions are made without adhering the PPA and PPR directives and procedures. Further, many respondents disagreed with the way councils handle Customer's demand forecasting, the keeping of inventory records, pricing inventory, and timely delivery of the requirements. .It was also found that   the councils used manual system instead of electronic system which is more effective and efficient in handling inventory control systems. Additionally, the study found that councils failed to attain effective inventory control due to lack of qualified personnel. It was further noted that insufficient store facilities were one of the factors that impaired the effectiveness of inventory control system in LGAs. Generally, they way councils handle inventory control system is largely ineffective as evidenced by the inadequate preparation and implementation of annual procurement plans and inadequate knowledge and skills on stores functions. To get rid of these challenges, the study recommends that, there should be sufficient allocations of funds, employment of qualified staff, placement of appropriate stores equipments, presence of procurement registry and regular tailor- made trainings to council personnel. In addition to the government should endorse regulations that will limit political interference which has been one of the obstacles for implementing   annual procurement plans in LGAs.  Furthermore, the councils are advised to use reliable internet providers to attain effective inventory control system rather than upholding traditional manual inventory control systems which has been found to be both inefficient and ineffective.*

**Keywords:** Inventory Control Systems, Effectiveness, Public Procurement Act, LGAs, Councils

## 1.1 Background to the study

Inventory Control System is the management of stock that ensures the right quantity of goods is available at the right time and in the right quality. It generally refers to the management of levels of stock at the warehouse. Worldwide, 90% of business expenses are associated with inventory control system. It is a very important aspect that   ensures the presence of right goods on hand. It can free out stock-outs, stock shrinkage and stands as the sources of accounting information. Globally, 5% of GDP is lost due to mismanagement of the resources mainly associated with improper internal controls. Furthermore, a large part of the frauds in the world is attributed to lack of effective internal control systems.

Generally, effective inventory control system ensures proper handling of old stocks, management of worn out products, shopworn, obsolete, wrong size, and colors of stocked products. The performance and profitability of any firm is directly influenced by inventory control system since more than 90% of the business expenses are steamed by inventory. The effective Inventory control system minimizes holding costs as well as carrying associated with under/over stock in the company. This is due to the facts that mismanagement of inventory control system may lead to the stock out, shrinkages, theft, overstocking and understocking which may endanger firm's performance (Wambura, 2009).

Mismanagement of inventory control may result into unnecessary expenses including storage costs and taxes. The firms may be over taxed due to poor inventory control system attributed to lack of proper stock valuation since some methods of stock valuation tends to overvalue taxes.   Misstatement of inventory control may influence firm's performance since there are a lot of consequences associated with overstocking and understocking of goods.  Understocking on the other hand may limit sales and weaken the business's goodwill since stock-out always provide alternative ways to the customers to go somewhere else to pick what they want at their convenient time. When understocking causes the mentioned challenges, overstocking may high jump business expenses including obsolesces, storage costs, and unnecessary interest steamed by capital tied up.

 Conclusively, the main purpose of inventory management control is to keep inventories at the lowest possible costs without jeopardizing supplies for ongoing operations. Basically, the main purpose of inventory control system worldwide is to make goods available to the customer at lowest cost possible. Thus, inventory control system is all about decisions regarding the compromises of different costs components of under and overstocking (Mpwanya 2005).

Inventory control guarantees all activities that make the availability of goods to the customers at the right time, right quantity and in the right quality. It includes the purchasing, manufacturing, and distribution function to meet the marketing needs. Effective

inventory control system should be taken care at the planning stages and consider when, where, what and how much should be ordered to make things work smoothly (Arnorld and Chapman, 2008; Bag by, 2004).

Despite the role played by inventory control system for years, many organizations still do not know how to handle inventory control system properly. This situation has resulted into bankruptcy and the collapse of many public companies like Friendship Textile Mills Co Ltd in 1990 (URAFIKI). Many of the organizations worldwide have put more emphasis on cash control rather than inventory control as if inventories have no significant contributions to the welfare of the organizations. Subsequently, this phenomenon has led to the failure of many organizations to accomplish their targeted profit because of the unnecessary costs associated with the under/ overstocking (Wild, 2002).

## 1.2 Statement of the problem

Historically, many organizations worldwide have been facing mismanagement of inventory control. The same situation has been recorded by many organisations in Tanzania. The existence of poor inventory control system has been held responsible for the overall ineffective performance of various firms in Tanzania.

Although the government of URT have been taking a lot of measures to ensure the proper inventory control including the establishment of Procurement Management Units, the enactment of public procurement Act No.21 of 2004 and No7 of 2011 with their respective regulations. Despite the commendable efforts made by the government of Tanzania to improve the situation, hitherto CAG reports exhibit mismanagement of inventory control in every fiscal year. The reasons for the ineffectiveness of inventory control system in LGAs have not been comprehensively established. It should be noted that billions of funds are lost due to poor inventory management system. This therefore, calls for a comprehensive study on the effectiveness of inventory control system on Tanzanian LGAs.

## 1.3 Research Objective
### 1.3.1 General Objective
The general objective of this study was to assess factors affecting the effectiveness of inventory control system in selected LGAs in Tanzania.

### Specific Objectives
The following were highlighted as the specific objectives:
  i.   To find out the operations of the inventory control systems on Local Governments.
  ii.  To identify factors affecting inventory control systems in selected councils.

## 1.4 Research Questions
The following are the research questions
  i.   What is the inventory control systems used at the council level?
  ii.  What are factors affecting the inventory control system in the selected councils?

## 1.5 Significance of the Study
This study was conducted at Council levels where high percent of funds are directed. The study is important to policy makers for designing strategies for improving efficiency and effectiveness of inventory control system at council levels. The study may provide useful contributions to the literature on the effectiveness of the inventory control system at council level and the world at large. The study was conducted in Singida Region from three councils namely; Manyoni DC, Singida MC, Iramba DC. The study focused on the effectiveness of inventory control in improving the inventory management system of the Tanzanian Local Government Authorities.

## 2.1 Theoretical aspect of inventory control system
### 2.1. 1 Inventory
Inventory is something waiting for processing or selling, it is resources stored for future uses Arnorld *et al.,* (2008). It is a tied-up capital sited aside to meet customer's satisfactions. It is called tie- up capital since it does not yield any return, otherwise it involves borrowing costs and other costs like storage and obsolescence. Inventory tends to make customer's demands available henceforth it guarantees sales and as a result it influences good firm's performance Arnorld *et al.,* (2008). Inventory can be in one of the following; raw material, semi finished or finished goods not only that can be either for selling of processing Narasimhan, *et al., (*1995). An organization is forced to hold inventory so as clear of uncertainties and meet customer's satisfactions (Lysons and Farrington, 2006).

### 2.1.2 Inventory Control Techniques
Inventory control system is associated with the number of techniques ABCs, the maximum stock level , the minimum stock level, re -order level and the economy ordered quantity.ABC inventory control system consider the holding up of small items represent high bulk of money and large volume of items that represent small value of money to avoid capital tied- up (Mumbai, 2006). Those having high value "A" should be closely controlled than those having small value. The maximum stock level (upper limit) is the level where inventories are not required to go above that level and normally at this level no extra order is required while

minimum stock level (lower limit) is the level where inventories are not required to go below that level otherwise organization is required to replenish the inventories as fast as possible Tesha (1998). Literature reviews have identified Re- Order Level also as the inventory control technique where it expresses the convenient time to order a new order by considering delivery period and the maximum rate of consumption. Apart from these three techniques, literature reviews have mentioned the Economy Order Quantity as another important technique of inventory control system. This technique considers the size of order that yield low costs after summing up the total of order and carrying costs Saleemi 2007). Ordering cost is the cost of placing a new order such as transport, procurement costs and so on while carrying cost is the cost of storing inventories includes warehouse costs and borrowing cost (Yusuf, 2003).

### 2.1.3 Effectiveness

Effectiveness refers to the extent in how things are done in the right manner as prespecified in the prevailing laws or regulations governing the particular field. In the field of procurement, the effectiveness can be measured by the way how stores and procurements pioneers are making their decision according the public procurement acts and respective regulations (Myowela and Alemanta 2011). In procurement, adhering to the PPA, rules, procedures and regulations governing public procurement suggest the effectiveness of public procurement practices. In addition to that effectiveness can be also measured by the way organization is forecasting customers' demand, assured lead time, keeping inventory records, personal qualifications of procurement staff, inventory control techniques, information sharing (PMIS) and techniques of pricing inventory as well as the qualification of stores personnel.

## 2.2 Empirical Literature Review

Bag by (2004) on his case study of the investigation on how inventory control meets profit goal in USA revealed that the uses of JIT are more profitable than traditional methods. He revealed positive relationship between JIT and firm's profitability since JIT keep a way firms from holding costs.

Yusuf (2003) on his study of inventory control and economic order quantity in case study of National Electric Power Authority (NEPA) in Nigeria found that lack and existence of unskilled stores personnel is among of the factors hindering procurement practices in Nigeria. Because of the existence of unskilled stores at NEPA the organization has suffered the following consequences which include; understocking, obsolesces, deterioration and pilferages. Theses consequences led to the underperformance of the company.

Rogers, N. (2011). On their study of classical theory established that organization facing uncertain demand high gross margin and long lead time tends to hold more inventories while large companies tend to hold fewer inventories than small companies. They discussed that larger companies always are enjoying economic of scale than small companies as larger companies can buy goods in bulk than small companies.

Pallangyo (2003) on his study of the proper control and maintenance of inventory to a company in a case of Tanzania revealed that the following is the factor influencing the effectiveness of inventory control includes training, uses of computerized system, and motivation.

John Bedard (2013) on his study of the assessment of inventory management in Tanzania reported that qualified personnel are among of the factors affecting the effectiveness of inventory control system. Apart from that the study showed that public enterprises in the country they use different techniques of inventory control system as well as different methods of evaluating inventories.

Kazare, (2009) on his research of the effectiveness of inventory control system in a case study of SAUTI discovered that competent of procurement personnel is among of the factors influencing the effectiveness of internal control of particular enterprises. The study suggested that organizations having competent staffs are likely to achieve effective internal control system than those lack competent staffs. Apart of that he added that proper uses of inventory control techniques such as EOQ and MRP are among of the factors influencing the effectiveness of internal control system. Also, study results suggested that procurement training such as tailor-made training are among of the factors influencing effectiveness inventory control system as many of the organization whose staff attended training are most effective than those missed training.

## 2.3 Conceptual Framework

A Conceptual framework is a description of a comprehensive conceptual model. It describes the relationship between variables i.e. dependent variables and independent variable of the relevant research problems. Based on the theoretical perspective and empirical analysis, the following are the independent variables of this study Customer's demand forecasting, inventory records keeping, inventory control techniques, personnel's qualifications, pricing techniques, and adherence to the PPA.

Conceptual Framework of Inventory Control System
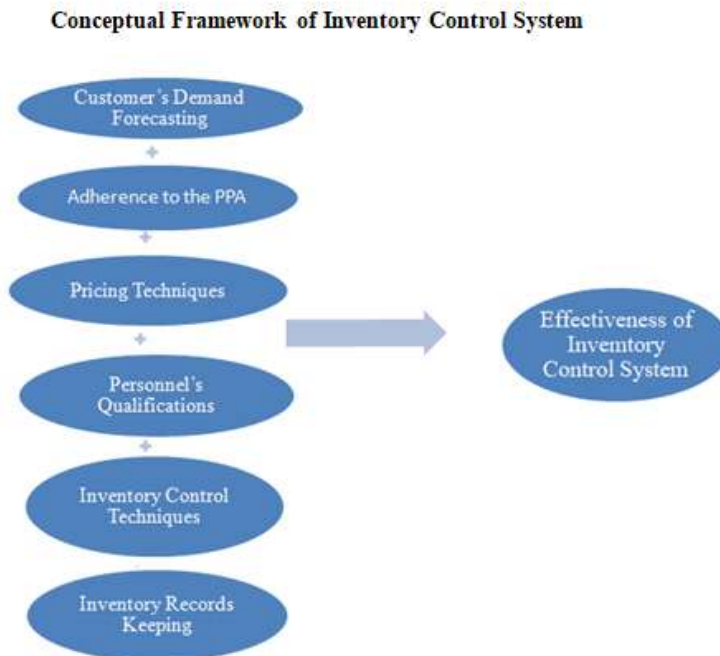
**2.4 Significance of the study**

The findings of the research will provide information to LGAs about the factors affecting effectiveness of inventory control system at council level, thus the findings of this study will provide clear guidance on the way council can confront against the factors affecting their effectiveness of inventory control. In the body of knowledge, this study is significant due to the fact that it adds the literature over the factors affecting effectiveness of inventory control system at LGAs levels

**3.0 Materials and Methods**

**3.1 Study Area**

The study was conducted in Singida Region from three councils namely Manyoni District Council, Singida Municipal Council and Iramba District Council. These three councils were selected because of the poor availability of data since researcher was working with the mentioned council as consultant during the formulation of their strategic plans.

**3.2 Research Design**

The research adopted a case study design whereby descriptive and exploratory data were captured. Henceforth, both qualitative and quantitative data were collected. The research was designed to allow triangulation by using multi-methods of data collection.

**3.3 Sampling techniques and Sample size**

The non probability sampling procedures were employed of which the purposive sampling procedure was adopted to select one hundred and fifty two (152) staff from the three councils who participated in in-depth interviews were selected, including the three (3) District Executive Directors (DED's), three (3) Head of Procurement Management Unit (HPMU) twenty nine (29) Procurement personnel, fifty seven (57) Heads of departments and sixty (60) Ward Executive Officers.

**Table 1: Staff interviewed**

| s/n | Respondents | Frequency |
|-----|-------------|-----------|
| 1 | DED''s | 3 |
| 2 | HPMU''s | 3 |
| 3 | Procurement officer | 29 |
| 4 | HODs | 57 |
| 5 | WEO | 60 |
| | Total | |

Sources: Study Findings (2020)

### 3.4. Data Types and Sources

The research collected both qualitative and quantitative information as well both primary and secondary data. In primary data, the researchers intended to know the current situation and perceptions of the people who were interviewed by using questionnaires and in-depth interviews in the formal of group discussions. For secondary data, the researchers intended to get both the findings of other researchers and councils procurement audit reports database.

### 3.4.1 Questionnaire

Questionnaire is among widely techniques used in collecting structured information for different purposes. Basically, each respondent is required to respond to the directed questions in a pre determined order.  In this study a total of 152 questionnaires were administered to people working at the selected councils. Questionnaires are very useful in drawing accurate information from the respondents in a logical sequence. Questionnaires were developed to capture information about the ages and the factors influencing the effectiveness of inventory control system.

### 3.4.2 In-depth interviews

The in-depth interviews were conducted with LGA officials including (3) District Executive Directors (DED's), three (3) Head of Procurement Management Unit (HPMU) twenty-nine (29) Procurement personnel, fifty-seven (57) Heads of departments and sixty (60) Ward Executive Officers. It through in-depth interview where the researcher can understand the impressions and technical know of the intended respondent. This always tends to help the researcher to get a full picture of the contextual issues. Not only has that but also helped the researcher to get some clarification with reference to the findings obtained.

### 3.4.3 Documentary review

The secondary data were collected from three Councils procurement reports database.

### 3.5. Data Analysis Plan

Data collected were categorized and coded according to a predetermined coding scheme. An effort was made to code the data at the point of collection to simplify work during the analysis stage. Descriptive data were coded after data collection since it is difficult to do so before due to the diversity of possible responses (Saunders et al 2003). The data were then entered into the Microsoft excel statistical data analysis software. Processed data and results were summarized and presented using appropriate statistical tables.

### 4.0 Results and Discussions

### 4.1 Respondents involved

One hundred and fifty-two respondents were involved and all questioners were collected as distributed to the respondents this ask us that 100% of the respondents responded the distributed questioners.

### 4.2 Age of Respondents

Table 3 regarding respondent's age revealed that 57% of the respondents there are between 25-40 years while 29% their ages is between 41-50- years and 14% rages between 51-60. The table tell us that majority of LGAs staff their age is ranging between the age 25 and 40 years. This suggests that many of the councils are governed by youths. During in depth interview researcher observed that in some councils even those who hold top positions are in the age of between 25- 40, this shed light on the involvement of youths in decisions making.

**Table 2: Age Group Distribution Respondents**

| Category (Age) | Frequency | Percentage (%) |
|---|---|---|
| 25-40 | 87 | 57 |
| 41-50 | 44 | 29 |
| 51-60 | 21 | 14 |
| Total | 152 | 100 |

Source: Case study data, (2020)

### 4.3 Education background

The distribution of responses based on the educational background is shown in Table 3.4. The study showed that 8 of respondents equivalent to 5% completed bachelor degree with professional boards, 65 respondents equivalent 43% hold bachelor degree, 45 respondents equivalent to 30% diploma while 34 respondents equivalent 22% hold certificates.

**Table 3: Education Background**

| s/n | Education background | Frequency | Percentage (%) |
|---|---|---|---|
| 1 | Bachelor degree with professional boards | 8 | 5 |
| 2 | Bachelor degree | 65 | 43 |
| 3 | Diploma | 45 | 30 |
| 4 | Certificates | 34 | 22 |
|  | Total | 152 | 100 |

Sources: Case Study Data (2020)

## 4.4 Factors Influencing the Effectiveness of Inventory Control System at Council Level

### 4.4.1 Adherence to the PPA and PPR

Table 5 shows that 61 equivalents to (39.5%) of respondents disagreed with the use and application of PPA and PPR in LGAs while 41 equivalents (27%) of respondents strongly disagreed with the use and application of the PPA and PPR. When about 66.5% of the respondents disagreed with the use of PPA and PPR 11.1% and 22.4% of respondents strongly agreed and agreed with the use of PPA and PPR respectively. The study results suggest the non compliance of the PPA and PPR. During depth interview the researcher has noticed that the poor adherence of PPA and PPR is because of lack of the awareness of uses and application of PPA and PPR lead by outdated knowledge. One of the respondents argued that since the enacted of new PPA of 2016 they did not attend any tailor made offered by PPRA henceforth they are missing some important updates. The researcher noticed that the use of PPRA standard documents and reporting formats are the main problem facing councils. The study concurs with CAG reports suggested that non compliance of the uses and the application of PPA and PPR remain to the weakness at LGAs.

**Table 4: Adherence to PPA and PPRA**

| Status of the adherence of PPA and PPR | Frequency | Percentage (%) |
|---|---|---|
| Strongly agreed | 17 | 11.1 |
| Agreed | 34 | 22.4 |
| Neutral | 0 | 0 |
| Disagreed | 60 | 39.5 |
| Strongly disagreed | 41 | 27 |
| Total | 152 | 100 |

Sources: Case Study Data (2020)

### 4.4.2 Proper demand forecasting

Table 7 regarding the preparation and the implementation of procurement plans revealed that 61 equivalents to 40.2% of the respondents strongly disagreed with the way the council prepares and implemented annual procurement plan. When 40.2% strong disagreed 39.5% just disagreed the way, councils prepare and implement annual procurement. As 79.7% of the respondents totally disagreed with the preparation and implementation of annual procurement the remained 21.3% of the respondents are dissatisfied with the way their council prepare and implement annual procurement plan. Inadequate preparation and implementation of annual procurement is contrary to the section 38 (0) of the PPA, 2011 and PPR 69 (3) of 2013, henceforth the study results confirm the unattained of the effectiveness of inventory control system because of the poor of the uses and application of PPA and PPR, since failure to prepare and implement of annual procurement is the failure to assure the lead time of the certain items. During discussion one respondent informed the researcher the existences of various implemented tenders though were not budgeted. He added that many of the projects are the eyes of politics as politician can order council to implement some project even is not in the council annual procurement plans.

**Table 5: Proper Demand Forecasting**

| Status of the adherence of PPA and PPR | Frequency | Percentage (%) |
|---|---|---|
| Strongly agreed | 7 | 4.6 |
| Agreed | 24 | 15.7 |
| Neutral | 0 | 0 |
| Disagreed | 60 | 39.5 |
| Strongly disagreed | 61 | 40.2 |
| Total | 152 | 100 |

Sources: Case Study Data (2020)

### 4.4.3 Inventory control method

Table 8 concerning methods of inventory control revealed that 138 equivalents to 90.8% of the respondents apply MRP, 3.3% use EOQ, 2.6% apply JIT, 1.3% use ABC and 2% use FSN analysis methods. The study results observed the dominant of MRP as the method of inventory control system though respondents in reality claimed that they are not using adequate method for proper inventory control since politicians are the one who determine what should be ordered and inventory and not otherwise. Some of the respondents added that the method they mentioned is just for recording purpose not in practices, these have leads to the understocking and overstocking to some council respectively. Based on the above arguments the study results concluded an absence effective methods of inventory control at LGAs levels.

**Table 6: Inventory Control Method**

| Methods of inventory control | Frequency | Percentage (%) |
|---|---|---|
| Material Requirement Planning | 138 | 90.8 |
| Economic Ordered Quantity | 5 | 3.3 |

| Just In Time | 4 | 2.6 |
|---|---|---|
| ABC | 2 | 1.3 |
| FSN analysis method | 3 | 2 |
| Total | 152 | 100 |

Sources: Case Study Data (2020)

### 4.4.4 Inventory Record Keeping

Considering table 9 related to the issue of inventory records keeping the study results evidenced that 120 equivalents to the 79% of the respondents strongly disagreed with the way their council keeps inventory records. When 79% of respondents strongly disagreed with the way council keeps records 11.2% just disagreed with the way council keep inventory records. Most of councils lack proper records as some inventories are held in the stores but not documented in stores books and for those who documented there are incomplete store filling contrary to the laws and regulations governing procurement matter in the country. Not only that but also councils lack adequate office space for records management as councils do not separate general registry and procurement registry room as required by laws. The lack of store records and incomplete store filling has forced Controller and Auditor General (CAG) to issues qualified opinion into the respective procuring entity.

### Table 7: Inventory Records Keeping

| Status of Inventory Records Keeping | Frequency | Percentage (%) |
|---|---|---|
| Strongly disagreed | 120 | 79.0 |
| Disagreed | 17 | 11.2 |
| Neutral | 5 | 3.2 |
| Agreed | 7 | 4.6 |
| Strongly agreed | 3 | 2.0 |
| Total | 152 | 100 |

Sources: Case Study Data (2020)

### 4.4.5 Assured Lead Time

Table 10 regarding lead time of customer's demand the study results revealed 130 equivalents to 85.6% of respondents are strongly disagreed with the availability of goods in right time while 12 respondents equivalents to 7.9% just disagreed with the way council assured the lead time of their requirement. When high percentage of respondents equivalents to 93.5% of respondents do no agreed with services offered by council stores only 6.5% of respondents agreed that they received requested materials timely without any delay. During discussion researcher noticed that many of council failed deliver customers' demand on timely because of the inadequate preparation and implementation of annual procurement plan since many of the requirement at council level are procured at emergency basis contrary to the requirement of laws. Not only that but also council failed to meet customer's demands in right time because of the lack of proper stores filing that can show the under/overstocking.

### Table 8: Inventory Availability

| Status of inventory availability | Frequency | Percentage (%) |
|---|---|---|
| Strongly disagreed | 130 | 85.6 |
| Disagreed | 12 | 7.9 |
| Neutral | 0 | 0 |
| Agreed | 6 | 3.9 |
| Strongly agreed | 4 | 2.6 |
| Total | 152 | 100 |

Sources: Case Study Data (2020)

### 4.4.6 Stores Facilities

Table: 10 indicated that 64.5% equivalents to 98 respondents disagree with the store equipments available at the council while 54 equivalents to 35.5% of the respondents agreed with the facilities available in the stores. The study results revealed the lacks of the important working tools required at the stores such as computers, motor vehicles, tables, photocopy machines, fax machines and office chairs. The lacks of the important tools undermined store services to attained planned goals. The absence of computer leads to the failure of submitting important reports in the PMIS, and these had caused the stores to adopt paper work instead of electronic inventory control system where it sounds to be more effective than manual system.

### Table 9: Store Facilities

| Status of Store Facilities | Frequency | Percentage (%) |
|---|---|---|
| Strongly disagree | 0 | 0 |
| Disagreed | 98 | 64.5 |
| Neutral | 0 | 0 |
| Agreed | 54 | 35.5 |

| Strong agreed | 0 | 0 |
|---|---|---|
| Total | 152 | 100 |

Sources: Case Study Data 2020-10-21

### 4.4.7 Inventory Pricing Techniques

Referring to table 11 regarding methods of pricing inventory the study results suggest that 92.1% of the council use FIFO while 4.6% use weighted average in pricing inventory and only 3.3% use LIFO in pricing inventory. The uses of FIFO system in pricing inventory is the best system that providing effectiveness of stores operations. FIFO considers old, low –cost stock is sold and new, high cost items are held in the stores. The method is more effective since it accounting the prevailing market price existing at the market particularly in period of inflations. The method tends to report high balance sheet inventory value, as a result it lower cost of goods sold and finally it reports high profit compared to the LIFO.

**Table 10: Inventory Pricing Techniques**

| Methods of Pricing Inventory | Frequency | Percentage (%) |
|---|---|---|
| First-in first out  (FIFO) | 140 | 92.1 |
| Last-in first out (LIFO) | 5 | 3.3 |
| Weighted average (AC) | 7 | 4.6 |
| Total | 152 | 100 |

Sources: Case Study Data (2020)

### 4.4.8 Inventory Control System

Looking table 12 concerning modes of inventory control system the study results revealed that 66.7% of the councils are using manually using stores ledger while only 33.3% use electronically modes of inventory control system using available inventory system. This suggest ineffective inventory control system at council level since electronically inventory control system is the one which makes more effective inventory control system than manually. Councils use manual system of inventory control because of the lack of computerized system at council level and unqualified personal that are capable to use computerized system of inventory control system. For those using electronically they use Microsoft Navision. Electronically system is more effective than manual since electronic can provide signal to the stores staff about the existence of under/overstocking.

**Table 11: Modes of inventory control system**

| Modes of inventory control system | Frequency | Percentage (%) |
|---|---|---|
| Manually | 2 | 66.7 |
| Electronically | 1 | 33.3 |
| Total | 3 | 100 |

Sources: Case Study Data (2020)

## 5.0 Conclusion and recommendation

### 5.1 Conclusion

The purpose of the study was to evaluate the effectiveness of inventory control system in LGAs. The study results revealed ineffective inventory control system in the following aspects; many respondents disagreed with the way councils think about Customer's demand forecasting, keeping of inventory records, pricing inventory, timely delivery of requirements, adhering to PPA and PRR. Not only that but also respondents pointed out  the weakness of using manual system in inventory which was laborious and time consuming since councils had no a well-established electronic inventory control systems. In additional to that the study result noticed that council failed to attain effective inventory control because of the lack of qualified personnel where most of them make decisions without adhering to PPA and PRR set standards.  It was further noted that insufficient of stores facilities impaired the effectiveness of inventory control system in LGAs. Generally, they way council implement inventory control system at council level is largely ineffective since high percentage of the customers do not receive their requirements timely because of the inadequate preparation and implementation of annual procurement plans and neglecting stores functions.

### 5.2 Recommendation

For the purpose of the effectiveness of the inventory control systems in LGAs; the councils are advised to allocate sufficient funds for recruiting qualified staff, procuring stores equipments, establishing procurement registry and financing regular tailor- made trainings to LGAs staff.   In addition to that the government should provide regulations that will limit politicians interference in the implementation of annual procurement plans. Poor implementation of annual procurement plans is one of the factors that hinder the effectiveness of inventory control in LGAs. Information sharing was also one of the impediments for attaining effective inventory control system due to poor internet connections. Furthermore, LGAs should embrace modern inventory control system which will enhance their day to day activities and attain good performance.  From these highlighted factors, this study recommends further researches to be conducted on factors affecting inventory control in LGAs by scaling study scope.

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