

The Effect of Inventory Management and Control on the Performance of Non Governmental Organizations (NGOs) in South Sudan. A Case Study of Save the Children International

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Abstract: *The study examined the effect of inventory management and control on the performance of NGOs in South Sudan, a case study of Save the Children International. The specific objectives of the study were to establish the effects of stock valuations on the performance of NGOs in South Sudan, to establish the effect of stock taking and the effect of stock records on the performance of NGOs in South Sudan. The study employed a case study research design which involved an intensive analysis of the research variables. A sample size of 80 respondents was used and these included respondents from human resource department, procurement, operations and production, marketing, finance, plus respondents from the support staffs of and children-who are main beneficiaries of services offered by the organization. Purposive and simple random sampling techniques were used to select the respondents. The respondents were issued with self-administered questionnaires which had both opened and closed ended questions. The study found out that one of the effects of inventory management that led to the performance of Save the Children International was that inventory management was given adequate attention as a prerequisite of improved performance and profitability. The study then concludes that inventory management determined organization performance in assessing its effectiveness and efficiency, ensuring that each and every item of stock is identified with its principal function, keeping track of price changes of all items of stock by keeping records of purchase prices. The researcher concluded that there is a positive significant relationship between inventory management and control through stock valuation with a significant positive correlation value of 0.682, stock taking with a significant correlation value of 0.842 and stock recording with a significant correlation value of 0.361 on performance of Save the Children International. The researcher recommended that; from the study findings, it is pertinent that inventory managers should be given adequate attention as a prerequisite of improved performance since it enables the organization to have records of stock at hand and the forecasted issues expected from the stock at hand.*

Keywords : Inventory Management ; Control ; Performance ; Non-Governmental Organizations (NGOs) ; South Sudan ; Save the Children International

1.0 Introduction

This research intended to study the effect of inventory management and Control on the Performance of Non-Governmental Organizations in South Sudan using a case study of Save the Children International.

1.1 Background to the study

The background of the study is sub-divided into historical, theoretical, conceptual and contextual perspectives as indicated below;

1.1.1 Historical background

The history of inventory relates to mid-1980s, the strategic benefits of inventory management and production planning and scheduling have become obvious. The business press has highlighted the success of Japanese, European and North American firms in achieving unparalleled effectiveness and efficiency in manufacturing and distribution. In recent years, many of the firms have raised the bar, yet again by coordinating with other firms in their supply chains for instance, instead of responding to unknown and variable demand, they share information so that the variability of the demand they observe is significantly lower according to Silver et al (1998) as cited in International Journal of Economics, Commerce and Management Vol. III, Issue 5 (Anon., 2015).

In the earlier years, Inventory Management was treated as a cost Center, since Purchasing department was spending money on inventory while Stores was holding huge stock of inventory, blocking money and space, Ramakrishna (2005) as cited by Ochiri, (2014). However, with the process of liberalization and opening up of global economy, there has been a drastic change in the business environment, resulting in manufacturing organizations exposed to intense competition in the market place. Service companies worldwide has been working out various strategies to face the challenges and to cut down manufacturing costs to remain competitive (Kimaiyo, 2014)

Globally as cited by Ogbo (2014) argued that in the United States of America and other Western countries, improvement in productivity was achieved through reducing the direct manufacturing labour expenses cost per unit of output. This strategy was justifiable because of the high labour content in many manufactured products. However, the ratio of unit cost due to labour has constantly decreased in recent years. Even large manufacturing firms, such as the United States (US) auto assemblers, purchase up to 60 percent of the value of the product. This implies that management of raw materials inventories is an area that shows great promise for productivity improvement.

Regionally, in Africa, most states have continued to maintain such tight and poor management of businesses as adopted right from the Colonial Era where economies and entrepreneurs export cheap agricultural raw materials and unprocessed goods to Europe instead of controlling their stock to improve on the operational efficiencies of their firms (John, 2009). This is simply because the state of affairs was a result of a number of factors. Firstly, the absence of infrastructures, inventory control, and a base of establishment of business firms which hindered development and operations of business sectors since post-Colonial Era. Secondly African states such as Nigeria, Congo were committed to a policy of industrialization under the restate control of government as a key player in the process of stock control, improvement of business firms and economic development and because of the problems intervened from colonial Administrators and the absence of management skills most of African industries has burst into economic peak (John, 2009).

In South Sudan today, the firms and other business organizations are unable to continuously and consistently follow the progress of their businesses through its inventory management. Uganda internet and E-commerce investment and business guide (Anon., 2013) business organizations doesn't have up to date information on its inventory management in South Sudan therefore its hoped that this study yields and provide data/information regarding inventory management that is useful for proper management of inventories and measures at firms, and for the performances of a framework for the management actions for the change and improvement of efficient business organizations, non-governmental organizations, private organizations, governmental organizations and for the entire business sectors in South Sudan.

1.1.2 Theoretical perspective

This study was guided by the Transaction Cost Theory (TCT) advanced by Coase (1997). The theory states that a company has number of contracts within the company itself or within market through which it creates value for the company. Coase says to define a firm in a manner which is both realistic and compatible with the idea of substitution at the margin, so instruments of conventional economic analysis apply. He notes that a firm's interactions with the market may not be under its control (for instance because of sales taxes), If a firm operated internally under the market system, many contracts would-be required (for instance, even for procuring a pen or delivering a presentation). In contrast, a real firm has very few (though much more complex) contracts, such as defining a manager's power of direction over employees, in exchange for which the employee is paid. These kinds of contracts are drawn 'Up in situations of uncertainty, in particular for relationships which last long periods of time. Such a situation runs counter to neo-classical economic theory. The neo-classical market is instantaneous, forbidding the development of extended agent-principal (employee-manager) relationships, of planning, and of trust. Coase concludes that "a firm is likely therefore to emerge in those cases where a very short-term contract would be unsatisfactory," and that "it seems improbable that a firm would emerge without the existence of uncertainty.

1.1.3 Conceptual background

In a world of intense competition fueled by globalization, increasing consumer awareness, and technological improvement, organizations should be keen towards large scale success at all times. According to Kotler and Keller (2006), inventory is defined as a stock of raw materials, work in progress, finished goods and supplies held by an organisation to facilitate operations, and they add on that inventory should be managed effectively and efficiently by application of vendor managed inventory systems so as to attain higher customer service levels. Inventory control involves the coordinating of materials availability, controlling, utilization and procuring of materials.

Wisner and long (2011), defined inventory management as the process of efficiently overseeing the constant flow of units into and out of an existing inventory. This process usually involves controlling the transfer of units in order to prevent inventory from becoming too high, or dwindling to levels that could put the operations of a company into jeopardy. Akintoye (2014) found that inventory management led to improved performance of German service firms. Mehra (2014) and Lapide (2010) also concluded that use of technology in inventory management improved efficiency of manufacturing firms and service firms. An unhealthy inventory management system is associated with inaccurate stock records, decisions on order frequency and order quantity, and a lack of systematic performance monitoring.

Inventory management is recognized as a vital tool in improving asset productivity and inventory turns, targeting customers and positioning products in diverse markets, enhancing intra and inter-organizational networks, enriching technological capabilities to produce quality products thereby imparting effectiveness in inter-firm relationships. Proper inventory management even results in

enhancing competitive ability and market share of small manufacturing units (Chalotra, 2013). Well-managed inventories can give companies a competitive advantage and result in superior financial performance (Isaksson and Seifert, 2013). Management of inventory is also fundamental to the success and growth of organization as the entire profitability of an organization is tied to the volume of products sold which has a direct relationship with the quality of the product (Anichebe and Agu, 2013).

Inventory control is the direction of activities with the purpose of getting the right inventory value in the right place at the right time and in the right quantity and it's directly linked to production function of any organization which implies that the inventory management system operated will affect the profitability of an organization directly and indirectly, (Alm, 2000) as cited in (Namutebi, 2011).

1.1.4 Contextual perspective

Save the Children International, formerly known as the International Save the Children Alliance, is a worldwide non-profit organisation, which aims to improve the living of children. There are 30 Save the Children member organisations around the world.

In South Sudan formerly under the then Sudan until when it separated from the later in 2011 through a referendum, Save the Children has worked for over 29 years, since 1991. The organization works throughout the country, supporting the most vulnerable and marginalized communities. From refugees fleeing brutal wars to children in remote rural villages and pastoralist societies, we aim to ensure that no child is left behind. Its vision is a world in which every child attains the right to survival, protection, development and participation. While its mission is to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives. The organization covers four priority areas: Education; Health and Nutrition; Child Protection and Child Rights Governance; and Livelihoods.

The Save the children International supply chain mission stipulates that "the supply chain function is accountable for getting the right goods and services to the place of need at the required time in a cost effective way, enabling the delivery of our programs in humanitarian and development contexts. And specifically in the Warehouse and Distribution

Save the children International work in some of the most complex environments around the world with the most vulnerable populations. To do this work effectively inevitably requires the storage and distribution of goods that are vital for the success of the programs.

Save the children International work to design, deploy and manage a fit for purpose, system enabled distribution network to cost effectively distribute the ordered goods to the defined place within agreed performance parameters.

Save the children International, have more than 400 warehouses around the world where they stock emergency supplies. The quicker they can distribute their supplies to children and families affected by disaster, the more likely the children are to stay healthy and safe.

The key principles that serve as the procurement policy objectives of save the children that guide procurement at Save the Children International are:

- Achieving best value for money
- Transparency and accountability
- Fair competition and equal treatment of suppliers

Therefore, the study aims at analysing whether the above objectives have been achieved through inventory management and control;

2.0 Literature Review

2.1 Overview of inventory management

According to Drury (1996), defined inventory as a stock of goods that is maintained by a business in anticipation of some future demand. Adeyemi and Salami (2010) referred inventory management as all the activities involved in developing and managing the inventory levels of raw materials, semi-finished materials and finished goods so that adequate supplies are available and the costs of over or under stocks are low.

2.1.1 Types of inventory

Raw materials; According to Winston (2007), raw materials inventories are those inputs from suppliers that have not yet entered the manufacturing or transformation process. Those inventories are essential in helping a firm/ organization to overcome problems faced by purchasing departments. Suppliers often fail to deliver expected inputs to their internal inefficiencies. The business itself may fail to acquire inputs in time because its procurement function is sluggish and inefficient. Sometimes, the problems may be due to environmental factors well beyond the suppliers and the business itself. If there were no inventories of raw materials, any

disruption in supply would be automatically passed on to operations functions. Operations would stall, as there would be no inputs to transform.

Work in progress; According to Pandey (2002), work in progress (WIP) is products that have been partially finished. These are semi-finished products at various stages of production and these inventories provide a link between input and output stages. They represent products that need more work before they become finished products.

Finished goods; Finished goods are completed products, which are ready for sale. They link production to marketing or consumption for unanticipated failure in production and meet unpredictable variables in customer demand (Pandey, 2002). Finished goods inventory allows the firm flexibility in its production scheduling and in its marketing. (Van Horne 2002).

Production Inventories These are raw materials, parts and components that enter the firm's product during the production process. They may be of two general types; special items manufactured to the company's specifications and standard industrial items purchased off the shelf. Saleem (2004) explains that in production inventories timely and right supply of materials spares is important cutting down the investment on inventories and their carrying cost, achievement of economy in purchasing and avoidances loss during the storage process are subsequent.

Maintenance, Repair and Operation Inventories: Maintenance, repairs and operating supplies which are consumed in the production process but do not become parts of the final product, for example lubricating oil, soap materials and machine spare parts Lonergan (2001) argues that the urgency of modern requirement and time cost of machines requires inventory control Time is money is the Golden rule today. Requirements cannot wait nor can the machines and staff be kept in waiting since the cost of keeping them in waiting is more, compared to cost of materials in stores.

Dead stock; dead stock is inventory that no one wants, at least immediately. The question is why any organization would incur the costs associated with holding these items rather than simply disposing of them. One reason might be that management expects demand to resume at some point in the future. Alternatively, it may cost more to get rid of an item that it does to keep it. However, the most compelling reason for maintaining these goods is customer service for good service delivery toward an organization. Perhaps an important buyer has an occasional need for some of these items, so management keeps them on hand as a goodwill gesture, (David Jessop, 2003).

2.1.2 Performance

Performance refers to the ability of a business, an organization or an enterprise to meet the required standards, increased market share sales turnover, improved facilities, ensuring profitability, and total cost reduction; once this is achieved, an organization is believed to be performing effectively and efficiently (Fitzgerald et al 2006). Typically, these criteria are represented as component parts of an internal system and cover the institution's ability to; control financial expenses, satisfy staff, deliver timely interventions and respond to target group reactions to interventions. Fitzgerald et al, (2006) in a similar way note that business enterprises must improve production if they are to effectively compete in this era of rapid economic and technical change. Improved productivity requires both capital investment as well as a work force that has the flexibility to acquire new skills for newly created jobs resulting from structural changes in the economy.

2.2 Empirical review

2.2.1 Effect of stock valuation on the performance of NGOs

Stock valuation is an inventory management technique that refers to the establishment of the value of stock and therefore its implication on the profits. The inventory valuation methods are undergoing constant change and development, during which there are several methods which includes methods on condition of non-actual cost, planned cost, fixed costs and selling price method, Methods on the condition of actual cost based on time sequence include FIFO (first-in, first-out) method, LIFO (last-in, first-out) method, moving weighted average method, and next-in first-out method. Second, methods based on unit price include specific identification method, high-price, first-out method, low-price, first-out method, and last invoice price method, Shushing (2013).

Gill et al., (2011) cite in Siyanbola and Trimisiu (2012) argue that, it would only be achieved through purchasing and quality control techniques and to this; management needs to know what goods are in hand, what their values are, what their states and conditions are and the details of their involvement. The control should be such that the inventory is maintained at the appropriate levels, adequately safeguarded against loses or misuse, properly applied in the operations of the business and dully accounted for, to ensure this, there's every need for effective procedures for checking out goods dispatched, arranging for the keeping and control of records of goods transferred internally and externally for processing or sales.

Terry (2009) identified two main objectives of material pricing to be a charge to production on a consistent and realistic basis, the cost of material used and to provide satisfactory basis for valuations of the inventories at hand. Robert(2009) as cited in Siyanbola and Trimisiu (2012), put it succinctly that pricing and valuation of stocks deserve special attentions for the cost of production which

is directly affected by the prices at which stock of supplies are not adequately controlled and to ensure adequate control of material, we have to focus such issues as to what to store, where to obtain it and how to buy it, hence the management primary concern with inventory should be summed up by the phrase “the right goods, in the right condition, at the right place, at the right price and at the right time”.

According to Lucy (1994) as cited by Weere (2011), identified the following methods of stock valuation that First in First out (FIFO), last in last out (LIFO) and the average price method, under this method, the earliest batch or units of materials purchased or received is issued first. Where materials or items are homogenous, the issue prices are the prices at which the earliest units were purchased. This means that the unissued raw materials (closing inventory) is constituted by the goods which were most recently purchased or stocked is valued at the most recent prices. .

2.2.2 Stock taking and performance of NGOs

Rossalind, (2013) argues that, Stock taking means to check physically the stock items in order to ensure stock quantities shown on stock records and actual quantities are the same where perpetual inventory which involves the use of stock record card for each item of stocks that shows the balance in hand after each transaction and it therefore it's with the recording of all receipts, issues and running balances on each card. This method is mostly used together with continuous stock taking system and under this method, recorded balances are compared with physical balances and here the number of items checked each day must be such that the whole of the stock is taken over a selected period and the discrepancies in the stock is investigated to ensure that efficient operations of the business.

Periodic stock taking is where all stocks are counted at one time at regular intervals such as six months or one year and in annual stock taking, the physical quantities of stocks on hand are sustained at the end of each year and stock taking may take a few hours or several days and mostly businesses are closed for annual stock taking for a few days to avoid continuous stock taking which makes it more difficult to investigate discrepancies in the business. Continuous stock taking concerns “the process of counting and valuing selected items at different times on a rotating basis”. This involves a specialist team counting and checking at least once a year to follow the system in detail for its efficient performance (Nisar 1997).

Stevenson, (2002), argues that in periodic or perpetual stock taking, physical counting of items in inventory is made at the intervals in that orders for many items occur at the same time, which can result in economies of processing and shipping orders however the disadvantages are lack of reviews and there is need to protect against shortage between review period by carrying extra stock. This system keeps track of removals from the inventory continuously, hence monitoring current levels of each item for instance when amount on hand reaches a predetermined minimum, the item is re-ordered therefore encouraging continuous monitoring of inventory withdrawals and management which determine the optimal order quantity but to a lesser instance, its disadvantageous in that there is added cost of record keeping which must still be performed periodically to verify records.

2.2.3 Stock records and performance of NGOs

Stock records refer to the information on the amount of on-hand inventory and scheduled receipts which are needed for both inventory control and accounting purposes. Inventory recording is undertaken to reduce the error and omission relating to inventory accountability and accuracy in a firm's investment in inventories. Wood Frank (1996) as cited by Mugarura (2003) indicates that stock accounting is important in any firm as it registers the changes in the level of stock held to realize maximum value and avoid typing up funds. Inventory recording may take forms stock taking and spot checks which are process of physically counting, weighing or otherwise measuring the quality of each item in stock and recording system should reduce the discrepancies between stock in record and the physical stock.

According to Kang and Gershwin (2005), stock records should be carried out for the purposes for financial reporting purposes and stock status reports. The accuracy of the inventory can be calculated for comparison between the inventory records and the physical count; if there is a match between inventory records of the stock and the actual stock, it is defined as the perfect inventory accuracy of a store. When a facility relies on inventory records in decision-making, the impact of inaccurate inventory records on out-of-stock sheets, sometimes called want sheets, notify the buyer that it is time to reorder an item. Experience with the rate of turnover of an item will help indicate the level of inventory at which the unit should be reordered to make sure that the new merchandise arrives before the stock is totally exhausted.

From the reviewed literature, it can be deduced that inventory management contributes to organisational effectiveness. The literature emphasises the central role of inventory planning, inventory control and inventory storage as key to ensuring effective organisational performance. However, the literature also reveals that although there is a general perception and belief that inventory management improves organization performance, if wrongly pursued the anticipated value may not be achieved. Strategic drift occurs when the organization's strategy gradually moves away from relevance to the forces at work in its environment (Johnson, Scholes & Whittington, 2005). This affects the effectiveness of organizations. This study therefore investigated the effect of inventory

management on organisational effectiveness in non-governmental organizations, an area that has been given little attention as far as empirical studies are concerned.

3.0 Methodology

3.1 Research design

A case study design was used to conduct the study. This is because the design deals with samples of the population which is a cross section of the population of the Non-Governmental organizations (NGOs) that can easily be done for a short period in terms of collecting, analyzing and presenting. The study also applied qualitative and quantitative techniques to assist in the data collection process. The qualitative methods' focus was to collect descriptive information especially from those working in the organisation with experience while the quantitative methods' focus was on infernal statistics with the view of developing tables and graphs.

3.2 Study population

The population of the study includes, the recipients of Save the Children (children) employees and in some cases where the employees may not be reached, the managers were considered and selected for the study. According to the Save the Children International Human Resource Manual (2018), there over 87 employees at Juba Country Office with over 600 employees in the whole South Sudan Programs including national and international staff however, the population of the study also includes 1,313 children from different states in South Sudan who are the beneficiaries from the organization totaling to 2,000 respondents. However, the target population of the study was 100, respondents.

The sample size was calculated using Neumann's Formula (2000) as below.

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

Where: **n** = sample size, **N** = target population

e = level of significance = $e = 0.05 = e^2 = (0.05)^2 = 0.0025$

$$n = \frac{100}{1 + 100(0.05)^2}$$

$$n = \frac{100}{1 + 100(0.0025)}$$

$$n = \frac{100}{1 + 0.25}$$

$$n = \frac{100}{1.25}$$

$$n = 80$$

3.3 Sample size and selection

Thus a sample size of 80 respondents was convenient and could be easily obtained as suggested by Amin (2005) whereby a sample size not below 50 is appropriate and results are reliable.

From the study population, the sample size of 80 basically targeted the key informants; employees from different departments and recipients (children) thus it included (04) finance Staff, (05) human resource, (15) procurement, (24) stores and operations (10) support staff and (40) children as shown in table 3.1.

Table 3.1: Sampling frame

Department	Population	Sample size	Sampling technique
Finance	04	04	Purposive
Human resource	05	05	Purposive
Procurement	15	14	Convenient
Stores and operations	24	19	Purposive sampling
Support staff	10	10	Purposive
Children	40	28	Simple random
Total	100	80	

Source: *Primary data*

3.4 Sampling techniques

The study used purposive sampling and single random sampling techniques because they allowed the researcher to select a sample with experience and knowledge about the study variables.

3.5 Data collection instruments

A questionnaire was developed in a manner to attain the research objectives of this research. In order to add the number of questionnaire feedback, personal interviews were conducted with managers of different warehouses of Save the Children.

3.6 Validity and Reliability

3.6.1 Validity

According to (Mugenda and Mugenda, 1999), a data collection tool is valid when the content selected is relevant to the need it is intended for. Prior to the actual study, the research tools will share with the supervisor and research specialists. The opinion and recommendations from the supervisor and research specialists helped in revising the tool. The research tool was validated in terms of content and face validity that is to say the degree of truthfulness was made based on the use of face validity whereby the researcher makes conclusions that what is intended was gotten successfully.

The validity of the questionnaires was based on the peoples' advice and then the validity index was measured using CVI formula and the rate must be above 0.5.

$$CVI = \frac{\text{No. of items regarded relevant by judges}}{\text{Total No. of items}}$$

$$CVI = n/N$$

Where:

CVI= content validity of instruments

n= Number of items indicated relevant

N=Total number of items in the questionnaire

Table 3.2: Determination of validity of instruments

	Relevant items	Not relevant items	Total
Rater 1	43	11	54
Rater 2	23	07	30
Total	68	28	80

Primary data

Table 3.2, showed that the computed CVI is 0.85 and this was the standard coefficient of 0.85 thus the research instruments were considered valid.

3.6.2 Reliability

Mugenda and Mugenda, (1999), affirm that an instrument is reliable when it can assess a variable precisely and attain dependable outcomes over a period of time. Conversely, reliability in research may be exaggerated by random errors, pre-test of the research tools helped the researcher in identifying the most likely source of errors and hence respond to prior to the actual study. Test re-test technique was used to construct the questionnaires, which does not form sample of the study.

Case Processing Summary			
		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	.0
	Total	80	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha ^a	N of Items
.0773	75

The value is positive implying that the results were highly reliable and can be used in similar study setting and leads to reliability, credibility and authenticity.

3.7 Data presentation and analysis

The researcher upon gathering data intends to use word processors to enter key words into the text field notes and data was compiled, sorted, edited and coded to have the required quality, accuracy and completeness and others was entered into the computer using the Statistical Package for Social Sciences (SPSS v. 16.0) for analysis and during the analysis of the data, descriptive statistics was used to present the results of the sample characteristics.

Other data also was summarized the in tables which makes the findings easy to understand and led to clear conclusions to stakeholders. In addition, micro soft excel was also used to regress the research variables in order to determine the relationship between the independent variable and the dependent variable. Data was presented according to the research findings after being processed mainly in form of tables, and discussions. The tabulation helped in determining the existence of the effect between the variables to determine the validity of the data.

3.8 Ethical Consideration

The researcher obtained an introductory letter and presented it to the Head of Supply Chain and Administration of Save the Children seeking permission to carry out the research from the organization. Later the researcher made an appointment with specific employees and organizational managers that was sampled.

No names of respondents or names of employees and managers were used either on the questionnaires or in the final- results of this study. The researcher kept filled data forms jealously and confidentially. The participants sign informed consent forms after they agree to participate in the study.

4.0 Study Results

4.1 Response Rate

Response rate in survey research refers to the number of people who answered the survey divided by the number of people in the sample. It is usually expressed in the form of a percentage. Therefore, response rate is viewed as an important indicator of survey quality. According to Amin (2005), posits that higher response rates assure more accurate survey results. All the 80 target respondent selected provided responses for the study, giving a response rate of 100%.

4.2 Stock Valuation and Performance of NGOs

The study findings and analysis are presented in this chapter. The purpose of the study was to establish the effects of inventory management and control on the performance of Non- Government Organizations in South Sudan with a case study of Save the Children International. The discussions of the study findings were done in line with the study objectives. One of the study objectives was to examine the effect of stock valuation on the performance of Save the Children International.

Relationship between stock valuation and performance of NGOs

The first hypothesis was that there was a positive significant relationship between stock valuation and performance of Save the Children International. To determine the degree of the relationship, a Pearson's correlation coefficient analysis was run as follows;

Table 4.1: Correlation for stock evaluation and performance of NGOs

		Stock valuation	Organizational performance
Stock valuation	Pearson Correlation	1	.682**
	Sig. (2-tailed)		.000
	N	80	80

Organizational performance	Pearson Correlation	.682**	1
	Sig. (2-tailed)	.000	
	N	80	80
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

Pearson's Correlation Coefficient for stock valuation and organizational performance was $r = 0.682$, which was positive with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive relationship between stock valuation and organizational performance. The results provide justification that if Save The Children International controls and manages inventory through stock valuation, this would enhance optimum level of satisfactory performance .

4.3 Stock taking and performance of NGOs

The second objective of the study was to establish the effect of stock taking and performance of Save the Children International.

Relationship between stock taking and performance of NGOs

The second hypothesis was that there was a strong significant relationship between stock taking and performance of Save the Children International. Further to determine the degree of the relationship, a Pearson's correlation coefficient analysis was computed as shown in the table below;

Table 4.2: Correlation for stock taking and performance of NGOs

		Stock taking	Organizational performance
Stock taking	Pearson Correlation	1	.824**
	Sig. (2-tailed)		.000
	N	80	80
Organizational performance	Pearson Correlation	.824**	1
	Sig. (2-tailed)	.000	
	N	80	80
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

Pearson's Correlation Coefficient for stock valuation and organizational performance was $r = 0.824$, which was positive with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a positive strong relationship between stock taking and organizational performance. The results provide justification that Save the Children International controls consistently and continuously manages inventory through stock taking which has greatly contributed to improved performance.

4.4 Stock records and performance of NGOs

Data analysis was based on this study objective and results were presented from the following statements in a questionnaire and interview guide.

4.4.1 Policies regarding stock records and procedures are current in writing and properly approved for accountability and reporting on inventory

The respondents were asked about policies regarding stock records and procedures are current in writing and properly approved for accountability and reporting on inventory. The results attained are presented in table below.

Table: Policies regarding stock records and procedures are current in writing and properly approved for accountability and reporting on inventory

	Frequency	Percent	Valid Percent	Cumulative Percent
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Strongly Disagree	22	27.5	27.5	27.5
Disagree	15	18.8	18.8	46.3
Not Sure	19	23.8	23.8	70.0
Agree	19	23.8	23.8	93.8
Strongly Agree	5	6.3	6.3	100.0
Total	80	100.0	100.0	

Source: Primary data

According to the findings in table above, 22 (27.5%) of the respondents strongly disagreed with the statement; 15(18.8%) of the respondents disagreed with the statement; 19(23.8%) were not sure 19(23.8%) agreed, 5(6.3%) strongly agreed. Results show that majority, 37(46.3%) generally disagreed with the statement. This implied there are no policies regarding stock records and procedures that are current in writing and properly approved for accountability and reporting on inventory. The disagreement was supported by one of the beneficiaries who stated in an interview survey that;

“The organization has no standard system of internal inventory control system to effectively prevent frauds and errors and this can be executed by the employees for instance misappropriation financial statement and stock sheets”.

4.4.2 The stock policies and procedures are clearly stated and systematically communicated which enhance performance

The respondents were asked whether the stock policies and procedures are clearly stated and systematically communicated which enhance performance and the results attained are presented in table below.

Table: The stock policies and procedures are clearly stated and systematically communicated which enhance performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	1.3	1.3	1.3
Disagree	11	13.8	13.8	15.0
Not Sure	15	18.8	18.8	33.8
Agree	37	46.3	46.3	80.0
Strongly Agree	16	20.0	20.0	100.0
Total	80	100.0	100.0	

Source: Primary data

According to the findings in table above, 1 (1.3%) of the respondents strongly disagreed with the statement; 11 (13.8%) of the respondents disagreed with the statement; 15(18.8%) were not sure, 37(46.3%) agreed and 16(20%) of the respondents strongly agreed with the statement. According to the results majority of respondents, 53 (66.3%) generally agreed with the statement. This means that the stock policies and procedures are clearly stated and systematically communicated which enhance performance.

Respondents who agreed stated that;

“Every employee upon appointment to work in the organization has to sign an oath for commitment to the organization’s policies and procedures. However, the inventory section has its own policies which are clear that all supplies distributed to the child beneficiaries must not be obsolete, expired, spoilt and of poor quality. This is meant to reduce on the costs and to prevent complaints over the organization supplying them”.

Correlational relationship between stock recording and performance of Save The Children International

The third hypothesis was that there was a positive significant relationship between stock recording and performance of Save the Children International. To determine the degree of the relationship, a Pearson’s correlation coefficient analysis was run as follows;

Table: Correlation between stock recording and performance of NGOs

		Stock taking	Organizational performance
Stock taking	Pearson Correlation	1	.361**
	Sig. (2-tailed)		.000
	N	80	80
Organizational performance	Pearson Correlation	.361**	1
	Sig. (2-tailed)	.000	
	N	80	80
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

Pearson’s Correlation Coefficient for stock records and organizational performance was $r = 0.361$, which was positive with probability value ($p = 0.000$) that is less than $\alpha = 0.01$ level of significance showing a strong positive relationship between stock recording and organizational performance. The results also provide justification that when Save the Children International manages and controls inventory through stock recording it could improve performance as illustrated in the table above.

5.0 Discussion of study findings

This chapter presents the discussion of study findings in line with the study findings and correlates with findings of other scholars on how inventory management influences the performance of business organizations in terms of stock valuation, stock taking and stock records.

5.1 Stock valuation and performance of Save The Children International

Under objective one, the study sought to examine the relationship between stock valuation and performance of Save the Children International. While assessing Stock valuation it was further analyzed using different variables and the outcomes of analysis were; majority of the respondents agreed that stock valuation enhances growth of business organization for instance; that 61.3% agreed that it enable valuing of goods which are purchased recently at the most recent market price and influences the organization’ reported profit and material usage, 50% of respondents agreed that it enables a given stock valuation method to be employed in line with the organization’s objectives, legal and accounting frameworks and that it allows the organization’ items from the inventory to be sold in the order of purchase or production.

Given that findings established a strong positive relationship between stock valuation and performance of an organisation, there is probably no assurance that the actual outcome will be similar in other organisations since the valuation process may differ according to factors such as availability of funds, human resource expertise among others. It was indicated in the findings that there are standardized inventory control techniques to ensure that correct inventory lots are distributed to the beneficiaries i.e. however, stock can still be subject to economic, industry, company, and market risks, any one of which could negate all your assumptions about the future.

Findings revealed that 70.1% of the respondents agreed that stock valuation further allow the organization to ensure that the entire inventory on hand which is used to record cost of goods and new prices are computed in case of new purchase, 78.8% agreed that it ensured that inventory accounting methods are disclosed in the firm’s financial statement as a basis of determining performance and that it enables homogeneous, issue prices are the prices at which the earliest units were purchased by the organization.

Various authors concurred with the findings of the study that inventory valuation has a significant contribution towards performance of utility organizations, especially Starr and Miller (2003) who noted that companies can use inventory valuation to generate higher profits. Purchasing the right type of inventory to meet consumer demand often leads to higher business profits. Inventory valuation and control procedures can also limit the amount of obsolete inventory in the company. Obsolete inventory must be disposed and written off by the company. Writing off obsolete inventory creates a loss on the income statement. Inventory policies and procedures

prevent employees' abuse of inventory. Still in agreement with findings of the study, Naddar (1996) noted that for a well profound inventory valuation, organizations should consider implementing business technology to help manage inventory. Business and accounting software provides business owners with electronic methods to order, receive, manage and sell inventory. The author adds that technology usually help business owners spend less time on inventory valuation functions. Spending less time on these back office functions allows business owners to remain at the forefront of business sales in increasing their company's profitability.

However, Bashaija (2011) noted that stocks are expensive both in themselves and in terms of the buildings and staff required to keep them safely and securely. According to Bashaija, stocks of materials tie up a large proportion of the cash resources of a firm, especially if there is a long period between their purchase and receipt of cash after their eventual resale. In the analysis of this study and basing on the analysis of past stock usage and delivery times of Save the Children, a series of stock management levels are planned and used to stock at their optimum levels which helps the organization to reduce on the costs involved. This also helps to determine when and how much to order.

In this study, it was established that effective stock valuation sustains good performance of the organization because it avoids delayed service delivery that may be caused by stock-outs. Frazelle (2002) in Bashaija (2011) concurs with the findings and explains that that good stock management by a firm will lower costs, improve efficiency and ensure production can meet fluctuations in customer demand. It will give the firm a competitive advantage as more efficient production can feed through to lower prices and also customers should always be satisfied as products will be available on demand. On the other hand, Frazelle (2002) notes that poor stock management systems may lead to dependency on the efficiency of the suppliers, missed sales in case of stock outs, high costs of obtaining materials and poor customer service. In this study context, ineffective stock valuation may cause organizational losses as poor stock management and valuation could significantly lead to inefficient material usage such as over and/or understocking which may result to poor service delivery.

Results further indicate that Save the Children International put proper resource allocation into consideration as it was revealed that items from the inventory are categorized in the order in which they are purchased to avoid deterioration, associated costs and easy handling. As part of inventory management, stock valuation is relevant to evaluate performance of an organization because it promotes customer satisfaction. This concur with Kairui (2013) that the success of an organization is applied in many variables including customer satisfaction and total cost reduction.

5.2 Stock taking and the performance of Save The Children International

Under objective two, the study sought to establish the relationship between stock taking and performance of Save The Children International, while assessing stock taking, the researcher used various qualities of stock taking which were analyzed and the results revealed that; majority of the respondents agreed that stock taking enhances the performance of business organizations; for example 53.8% respectively agreed that stock taking determine organization's performance and enables staff become satisfied with the stocking taking system at Save the Children International, 66.3% of the respondents agreed that it enables the organization assess its effectiveness and efficiency promptly and also allows the organization to properly inspect items on receipt, 70.1% of the respondents agreed that maximum attention given to high value inventory. 42.5% of the respondents agreed to the statement that to take annual stock taking, the organization is closed for a few hours that avoids discrepancies in the stock and allows the organization identify each and every item of stock and its primary function, 41.3% agreed that it enables the organization to employ skilled and experienced staff during stock taking.

In line with the study findings that stocktaking has a significant contribution towards performance of organizations in Jessop (2005), emphasized that excelling at stock taking enables a retailer to implement the promotional, pricing and assortment strategies established. Not only does winning the replenishment game enable execution of these strategies, but additional profit can be gained by regulating stock taking levels and reducing lost sales. Time is made available for analysis and special projects when fighting the fires of overstock and out of stocks is removed from the buyer's day. Stocktaking is an area within operations where firms can find an edge to beat the competition and delight the customer.

Results of this study also established that maximum attention is given to high value inventory which means that Save the Children International pays close attention to stock taking is bound to achieve high cost control measures and quality assurance. This concurs with Stevenson (2002) who urged that stock taking keeps track of removals from the inventory continuously, hence monitoring current levels of each items which determine the optimal order quantity. Similarly, Sindayigaya (2005) agrees that in any organisations, carryout stock taking of inventory is a crucial exercise for several reasons including getting the right amount of the stock at the required time, hence enabling effective performance in organizational operations.

5.3 Stock records and performance of Save The Children International

Under objective three the study sought to determine the relationship between stock records control and performance of Save the Children International. Assessment of stock records was measured using different variables which were later analyzed and the result of analysis revealed that; most of the respondents assented to the view that stock records leads to better performance of Save The Children International for instance that 66.3% agreed and strongly agree it helps the organization to ensure that policies regarding stock records and procedures are current, in writing and approved by top management and that these procedures and policies are clearly stated and systematically communicated to enhance organizational performance, 41.3% of respondents agreed strongly agree respectively that it allows the organization to receive, issue, account and store responsibilities which are properly segregated and enables management to take the appropriate steps to safeguard goods against risk of loss to minimize wastage, that 49.9% and agreed that it enables organization reconcile inventory records and explain differences therein and it permits management to monitor and approve write-offs of obsolete and inactive inventories which reduces on costs.

Stock records also enhances stock records to be reconciled to the general ledger controls at reasonable intervals, allows prompt adjustment of records for inventory discrepancies after approval by responsible officials and not store personnel. Also 67.5% agreed that there is physical segregation and proper accounting control of merchandise on hand that is not property to the entity.

The above findings concur with Kang and Gershwin (2005), who postulates that stock records should be carried out for the purposes for financial reporting purposes and stock status reports. The accuracy of the inventory can be calculated for comparison between the inventory records and the physical count; if there is a match between inventory records of the stock and the actual stock, it is defined as the perfect inventory accuracy of a store. When a facility relies on inventory records in decision-making, the impact of inaccurate inventory records on out-of-stock sheets, sometimes called want sheets, notify the buyer that it is time to reorder an item. Experience with the rate of turnover of an item will help indicate the level of inventory at which the unit should be reordered to make sure that the new merchandise arrives before the stock is totally exhausted. The findings also concur with (Mugarura, 2013) who highlighted that stock records greatly influence on the firm's performance as he emphasizes that keeping accurate records of stock is actually what creates a profitable business.

6.0 Conclusions and Recommendations

6.1 Conclusion

From the above summary of findings, the following conclusions were made. The study conclusions and recommendations were to examine how inventory management influences the performance of business organizations in terms of stock valuation, stock taking and stock records. These are detailed as follows;

6.1.1 Stock valuation and performance of Save the Children International

From the analysis given in the discussion of findings, it is noted that the respondents applause that stock valuation enhances performance of Save the Children International growth as evidenced by the positive significant correlation value of 0.682 and this shows that the organization embrace stock valuation in order to realize growth.

6.1.2 Stock taking and performance of Save the Children International

Stock taking therefore helps to improve the performance of the organization as shown by the significant positive correlation value of 0.824 shows that the respondents agree that stock taking with guided objectives improves performance of any given business organization.

6.1.3 Stock records and performance of Save the Children International

In general, the findings showed that stock records led to improved performance of Save the Children International since most of the respondents had positive views on the importance of stock records as shown by the positive correlation value of 0.361.

6.2 Recommendations

Basing on the findings of the study, the researcher found it prudent to make a few recommendations which are deemed important to guide the readers and policy makers as they use this research work and in order that Save the Children International may use it to achieve potential growth through improved inventory management.

From the study findings, it is pertinent that inventory managers should be given adequate attention as a prerequisite of improved performance since it enables the organization to have records of stock at hand and the forecasted issues expected from the stock at hand.

Save The Children International should also maintain stock records to enable them trace the performance of each item of stock and what adjustments can be made to improve performance in case of decline and emergence of new items in the market.

The organization should also make continuous stock valuation strategies in order to enable them closely monitor the distribution chain of the organization and also to be aware of the adjustments to made in each stock value in case of market changes.

In order to avoid stock wastage and damage, the researcher recommends that the organization adopts first in first out (FIFO) strategy of inventory management since it does not allow old stock to take long in the store.

The researcher further recommends that the organization should match the stock on hand with the stock keeping records by physical counting the number of the type of goods in the store at a given time to enhance the function of inventory management because at this point, the products are counted separately by generic, dosage form and according to the strength.

The organization should also base their decisions in respect to experience with the rate of turnover of an item that will help indicate the level of inventory at which the unit should be re-ordered to make sure that the new stock arrives before the old stock is totally exhausted.

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