

EFFICIENT STORES MANAGEMENT - A CASE STUDY ON TAKORADI POLYTECHNIC STORES DEPARTMENT

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ABSTRACT: *The study is based on an abstract on the efficiency of Stores Management in Takoradi Polytechnic at Takoradi. Most Government Institutions set up stores basically as warehouses outfit to keep inventory of goods for future use. This means that distribution activities that are involved in store keeping, stock control and stock handling are carried out efficiently and economically by those employed in the stores. Efficient stores management can have a significant impact on the strategic objectives of the Polytechnic. In general administration of stores is to make sure that all activities involved in stock control and employees in the stores carryout stores keeping, store control and stock handling efficiently and economically. It also consists of the recruitment, selection, induction and training of stores officers and more. At the end of the study, the significance of efficient stores management at the stores department of Takoradi Polytechnic will be known to the researcher and other sister polytechnics because of the following assumptions, In tertiary institutions where stocks levels can be identified, this research work can be used as a guide in setting stock taking interval. The study will also help to solve the problems faced in setting up periodic stock taking and various activities involve. It will also help potential entrepreneurs to be informed of what is at stake in businesses as far as stock management is concern. The study will reduce the incidence of financial losses characterized by inefficient stores management.*

KEYWORDS: Stores Management, Standard Objective, Takoradi Polytechnic, Stock Taking, Financial Losses.

INTRODUCTION

S.M Lawson defines stores as a place set aside in which all products required for sales and distribution are received where they are housed for safekeeping and from which they are issued when required.

According to Gulick and Urwick (1937) they look at management as the process of getting activities completed efficiently and effectively with and through other people. They went further to identify the management functions which include; planning, organizing staffing, directing, coordinating, reporting and budgeting.

Frenchman Henry Fayol (1949) considers management to consist of seven functions planning, organization, leading co-coordinating, controlling, staffing and motivation.

Management is an organizational function, like sales, marketing, finance or investment. Manages have resources to invest their time, talent and possibly, human resource. The goal (function) of management is to get the return on such resources by getting things done efficiently. *Wikipedia.org (states that)* A manager is the person ultimately responsible for day

to day operation of the stores. The roles and responsibilities of stores manager include; recruiting, hiring and development, performance management, and workplace scheduling.

THE ROLE OF STORES MANAGEMENT WITHIN THE SUPPLY CHAIN

Graham Stevens, KPMG, Peat Marwick, Michintock (2004) said whilst business often spend a lot of time and thought on strategic issues in the area of marketing/retailing , the focus on stores supply is rarely strategic, in operational tends. If the supply functions are disregarded or ignored, such that the supply chain is excluded from strategic debate, there is imbalance and, exploitable opportunities are missed, on the impact of the competitiveness stores plays and its contribution. This leads to cutting out cost and improving customer service through cross functional team.

Functions of Stores

The stores function can be seen as management, the same way as sales, marketing, finance and audit. It has a role to play and it is as important for its overall contribution to the Takoradi Polytechnic.

To Carter J (2001), the stores function is basically concerned with holding stock. He also emphasized that modern stores have wide variety of functions, which have to be perform as efficiently as possible. This will help to ensure that stores management is carried out well which will reduce the incidence of financial losses. Their functions will include:

- To store, control and issue goods for retail.
- To supply all stationary for administrative running of the enterprise.
- To receive, store, control and utilize all damaged goods from clients.
- To store, control and issue computer and printer parts needed for operation within the company.
- To control and train staff within the store area.
- To ensure that adequate health and safety precautions are taken in relation to the whole store operation.

Security of Stores

It is the duty of stores management to ensure that security is maintained at all times within the store building and stockyards. The security element of storehouse according to Carter and Price (1993) covers the theft but also damage, fire and spillage. It also includes ensuring that all doors, windows and stockyards are secured. Unauthorized entry in the stockyard or store house should be prevented as to event any incidence of pilferage or theft.

Stock Records

It is the responsibility of the stores management to ensure that adequate up-to-date stock records are maintained for every item held in stock, whether at the sales center or at the warehouse. These records must provide the kind of information required to control and maintain the level of stock established i.e. level of stock, order levels, code number, supplier reference etc. It is a document that records the movement of inventory in stores. This takes the form of all receipts of stock holdings, issuing and balance of stock.

Book Keeping and Recording

Christopher D. (2009) states that, if discrepancies occur in accrual stock levels and that of the tally card, reference would have to be made on the book keeping records. A dictionary definition of book keeping is to keep an accurate record of the account of a business.

It can be argued that, expediting work does not add value to any organizations activities or product in any way, and a principal objective of many concerns achieved in some, is to reduce the need for expediting work to zero.

This must be kept by head of stores department, with the stores clerk up dating records on tally card. The need for proper book keeping ensuring that any discrepancy is rectified;

- Discrepancies in figures must be corrected.
- Mutual understanding must exist between head of stores and store's clerk.
- Information is shared between the head and store personnel.
- Specifications must be clearly, understood by all staffs at stores department.
- New stocks must be entered properly.

Stock Checking

According Carter J (2001), he sees stock checking, as the physical verification of the quantity and condition of goods usually on a periodic basis for the purpose of ensuring that an appropriate figure appears in the company's accounts.

Inspection of Stock

Proper inspection of goods cannot be over emphasized as far as the significance of stores management to a small business is concerned. It is simply the act of examining all incoming consignment for quality and quantity. Normally, once the goods have been received into stores and goods received note is issued out, a copy of this eventually is given to the security/inspection department to notify them of its arrival.

The security/inspection team can then inspect all goods or sample of the goods received and pass them through the system as accepted or rejected. The duplicate goods received note are endorsed if the goods have been rejected and to be returned to the supplier.

Stock Management

Every company now finds it very important to hold stocks. This is because; it has now been realized that small businesses do well by using minimal resources to produce the desired volume of profit without wasting resources. Furthermore a business in commerce cannot practically trade in only one product. A stock of each product is recorded on a tally card to inform stores management on the need to replenish stock levels. It is well noted that, most small businesses spend about 55-60% of capital on moving products, by Yamoah (2010).

Stock management can be a source of savings if it is properly organized. Substantial loss can also be realized if stock management is neglected or abandoned by those in charge. By not doing the right thing, in the right way, at the right time. For the setting up of more inventory policies for products kept in stores, the primary consideration should be given to the following issues:

- At what period should we keep stock and in what quantities?
- Products that are very expensive and very perishable should be scarcely kept in the stores.
- Other issues like storage facilities needed, funds required to finance inventory and cost of storage must be given the due attention.

As much as possible, investment in stock should not exceed the expected savings in cost. Management of cost could also embrace other considerations such as the expected changes in the cost of goods. If there is a high expectancy of increase, then it becomes rational for more stock to be held.

A good inventory policy must transcend into the analysis of opportunity cost in a bid to keep cost of storage low and other considerations as to probable stock outs must be considered. Should there be huge investment in stock? The opportunity cost of investing funds into other new products should be taken into account. A possible trade-off could be reached to ensure efficient and effective stock keeping management practices. There are several theories that have been propounded on inventory. One of such theories is that which is provided by Starr and Miter (2006), inventory control is “dealing with the determination of optional procedures for procuring stocks of commodities to meet future demand.

Stock Levels

In order to stay abreast with changing conditions after stock level have been established in the first instance. Stock levels should be carefully received at suitable intervals e.g. quarterly, monthly or even weekly and adjusted to meet any changes in circumstances. If this is not done, the original fixed level will soon become outdated and the system of stock control is rendered ineffective. The amount of stocks held at the warehouse can drastically affect cost and hence finances. This therefore, calls for vigorous monitoring of the changing conditions of stock levels in stores. The Institution also uses a manual system where stores personnel (clerk) is tasked to undertake a routine examination of each stock card anytime posting are made, so as to ensure that replenishment action is taken for new goods to be ordered. In a situation where the maximum stock level is reached and there are any outstanding orders still undelivered, arrangement may have to be made for those products to be delayed or to cancel the orders.

Stocktaking and Stock checking

The security and accountability for all material and equipment held within the stores system is the direct responsibility of the store’s manager and his staff. Since it represents institutional funds, it must be controlled and accounted for. The responsibility of stocktaking demands that, the stores personnel perform a regular and complete physical checks of all the products held in stock. By verifying counted products with stock figures on stores recording system.

Types of Stocktaking Operation

Stock taking within the stores department can be done in different ways to help the stores department to achieve greater significance. The following are some of the ways.

- **Periodic Stocktaking:** This is where a complete stocktaking is performed at regular intervals, usually at the end of each financial year or in some cases at quarterly intervals. The whole of the stock is covered at the same time, at the end of a given a

given period. It is the most common method of checking and counting the stock. The system is normally used by most company because it has lot of importance to the stores department. In the first place, the stocktaking is usually carried out on a non-working day and therefore the stock checkers have time to count carefully and check discrepancies. Also, a complete stocktaking enables discrepancies, which are brought to light, to be investigated. Lastly, accurate stock evaluation figure can be provided for the annual balance sheet and accounts.

- **Continuous Stocktaking:** Under this system, a selection or sections of products are checked every week throughout a twelve month period. Every item in stock would therefore be physically counted and checked, without having to close down the stores department. By employing this method of stocktaking within the stores department, it enables the stores to continue working without the general work of the stores department coming to a halt. It reduces and prevents disruption caused by stocktaking over a long period. The programme should be so designed that a certain number of stock product are taken on every working day. It may be thought necessary to have certain valuable or fast moving stocks examined more frequently than other products.
- **Spot Checking:** This is used in connection with the security and anti-theft aspects of stores management. Spot checks are designed to verify the stock held, without a prior warning which could provide time for stock to be replaced illegally. This system also acts as a deterrent against those who may contemplate theft, knowing that a sudden check could herald an investigation.

METHODOLOGY

In order to have reliable information for this study, an effective, efficient techniques and research instrument have been employed.

The Research Framework

Christopher D. (2009) in her writings she emphasized on the use of qualitative data to achieve objective results. In the case of this study, the researcher made use of both approaches. The researcher feels that in practice, blending the two will produces more valid and reliable conclusion.

Also this research is a case study type which enables some aspect studied in depth within a limited time scale problem to be made. The researcher identified the inefficiency of stores management in Takoradi Polytechnic as a problem. The problem was investigated at the stores department Takoradi Polytechnic by collecting data with the use of questionnaires. The data were analyzed and recommendations were made after findings.

Population and Sample Size

Due to limited time, cost and the topic involved, the researcher focused on the stores department of the Polytechnic. The targeted population considered in the research is seven. It comprises one (1) the Head of stores, two (2) middle management and two (2) staffs from the department; also two (2) staff had taken their annual leave at the time of the research work. The researcher considered the five sample size because of the decentralized nature of the Institution, limited time and cost which made it impossible for me to cover the total population.

Background Of The Organisation

Takoradi Polytechnic was established as Government Technical Institute in 1954. In 1965, was upgraded to a second cycle institution. For almost forty (40) years, the institution operated under the administration of Ghana Educational Service. During that period, it offered programmes mainly at the craft and Technical Certificate levels in commercial and technical subjects.

As part of Ghana Educational Reforms which began in the late 1980s, was upgraded by the Polytechnic Law 1992(PNDCL 321) as amended by the Polytechnics Act 2007, (745) to become part of the Ghana Tertiary Education System began to offer Higher National Diploma programmes in the 1992/93 academic year. Currently, the Takoradi Polytechnic has two campuses at Effia (Takoradi) and Butumagyebu (Sekondi). The campuses houses the Central Administration, School for Degree Programmes, the School of Applied Arts, the School of Applied Science the School of Engineering and the School of Business Studies.

The vision of the school is to achieve excellence in manpower training and action research in order to provide support o industry commerce in the area of human resource development and information development. The school aims at promoting industrialization and economic development in the Western Region of Ghana.

Methods For Testing Research Questions

The model adopted in testing for the research questions was a simple percentage. Mathematically, it can be presented as:

$$\text{Formula: } \frac{\text{Outcome}}{\text{main class}} \times 100 \quad \text{Where:}$$

$$\text{Outcome} = \text{number of response}$$

$$\text{Main class} = \text{total number of respondents}$$

Decision Rule

A high percentage of favorable or unfavorable response was used to prove or disprove the research questions. A target of 60 % and above was adopted and used to cast the research questions obtained from the respondents.

Educational status

The Table 3.1 shows that, out of the five respondents interviewed, none representing 0% was a professional and 5 representing 100% were tertiary certificate holders. The secondary and basic levels had no respondents each, representing 0% each for secondary and basic

certificate holders respectively. It can therefore be concluded that, all the respondents had tertiary education.

Table 3.1: The Distribution of Educational Status of the Respondents

Respondents	No. of Responses	Percentages (%)
Professional	0	0.00%
Tertiary	5	100.00%
Secondary	0	0.00%
Basic	0	0.00%
Total	5	100.00%

Source: Author's Field Survey, 2016

Sex Distribution

From the table 3.2 three of the respondents representing 60% were male while two of the respondents representing 40% were female. It can be concluded that majority of the staff are male.

Tab 3.2: The Distribution of Sex of the Respondents

Respondents	No. of Responses	Percentages (%)
Male	3	60.00%
Female	2	40.00%
Total	5	100.00%

Source: Author's Field Survey, 2016

Marital Status

The Table 3.3 seeks to find out whether the staffs are married or not. The responses indicate that two people representing 40% are married and two people representing another 40% were singles. one of them representing 20% was divorced.

Tab 3.3: The Distribution of Marital Status of the Respondents

Respondents	No. of Responses	Percentages (%)
Married	2	40.00%
Single	2	40.00%
Divorced	1	20%
Total	5	100.00%

Source: Author's Field Survey, 2016

EFFICIENT STORES MANAGEMENT HELPS TO REDUCE FINANCIAL LOSSES.

The table 3.4 shows that four respondents representing 80% admitted that, efficient stores management helps reduce the incidence of financial losses for the institution.

Tab 3.4: The Distribution of reduction of financial losses to the institution

Response	No of respondents	Percentage (100)
Yes	4	80%
No	0	0
Blank	1	20%
total	5	100

Source: Author's Field Survey, 2016

PHYSICAL CHECK AND COUNTING OF NEW PRODUCTS BEFORE RECORDING.

Table 3.5 shows that, all the five respondents representing 100% admitted that, entries are made into their record books after they had physically cross examined new products. It can therefore be concluded that figures recorded are accurate and precise.

Tab 3.5: Physical check and counting of new product before recording

Responses	No of Respondents	Percentages (%)
Yes	5	100
No	-	-
Total	5	100

Source: Author's Field Survey, 2016

Assessment of Performance

Table 3.6 shows that, all the 5 respondents representing 100% admitted that, management doesn't assess the performance of the stores staff. It can therefore be held that, the institutional management overlooks the performance of each staff.

Tab 3.6: Staff assessment by Management at the stores Department

Responses	No. of Respondents	Percentages (%)
Yes	0	0
No	5	100
Total	5	100

Source: Author's Field Survey, 2016

Related Problems

From table 3.7, all the respondents representing 100% admitted that shortages, breakages and their related problems are to be solved in transparency. The conclusion is that, all shortages and breakages must not be shrouded in secrecy and negotiations, but rather any such hint must be made transparent. None of them said it must either be in secrecy or negotiated.

Tab 3.7: The Transparency in shortages, breakages and related problems

Respondents	No. of Respondents	Percentage (%)
Secrecy	0	0
Negotiation	0	0
Transparency	5	100
Total	5	100

Source: Author's Field Survey, 2016

Influence of Spot Check

The table 3.8 seeks to find out whether the spot checks made, had revealed efficiency of the stores management system. Considering shortages and breakages. Three people which represents 60% said it was very significant, 20% also said it was significant and another 20% of them said it has no effect.

Tab 3.8: The impact of Spot check on the efficiency of stores management system

	No. of Respondents	Percentage (%)
Very significant	3	60%
Significant	1	20%
No effect	1	20%
Total	5	100%

Source: Author's Field Survey, 2016

Periodic Stock Taking

From table 3.9, it can be seen by the response given of all five staff representing 100% in acceptance that periodic stock taking is on yearly bases. None said it was on monthly or quarterly bases.

Tab 3.9: Periodic stock taking.

	No. of Responses	Percentage (%)
Monthly	0	0
Quarterly	0	0
Yearly	5	100%
Total	5	100%

Source: Author's Field Survey, 2016

The Impact of Manual and Computerized Systems

From table 3.10, it seeks to find out whether the stores department is very efficient in using both manual and computerized systems of recording. Two people representing 40% said it is excellent, another 40% said it is on the average and one person representing 20% said it is good.

Tab 3.10 Effect on the use of both manual and computerized systems in stores department

	No. of Responses	Percentage (%)
Excellent	2	40%
Good	1	20%
Average	2	40%
Total	5	100%

Source: Author's Field Survey, 2016

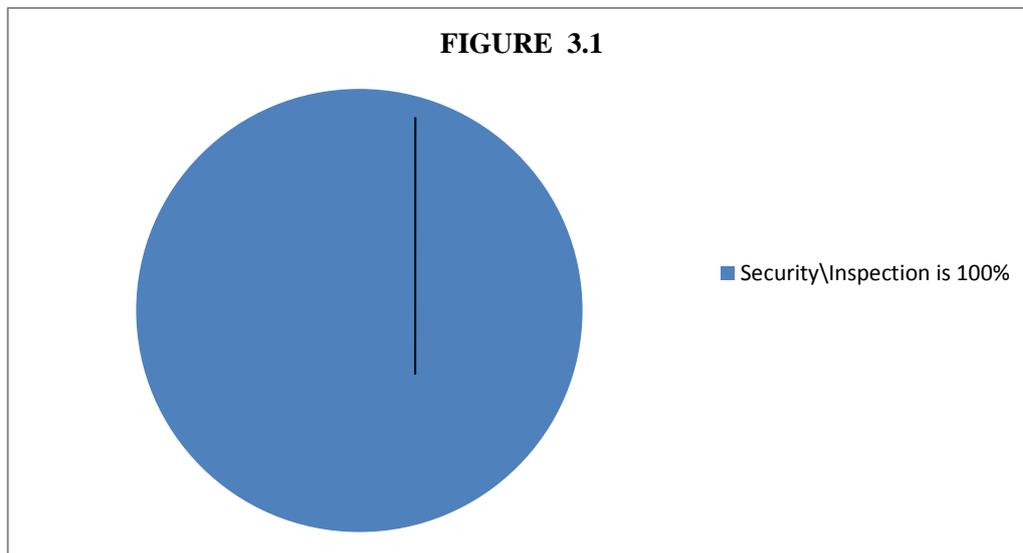
Fig 3.1 Pie chart showing whether the Institution has enough security for products kept in the stores\warehouse?

Figure 3.1: depicts the security provided for products or stock kept in stores\warehouse. Five (5) respondents representing (100%) responded that the institution has good security measures in place, to keep stocks in the stores\warehouse. In conclusion, there is enough security put in place to ensure the safety of products in stores to prevent losses.

Fig 3.2: Pie chart showing the efficiencies and inefficiencies in recordings made at the stores department.

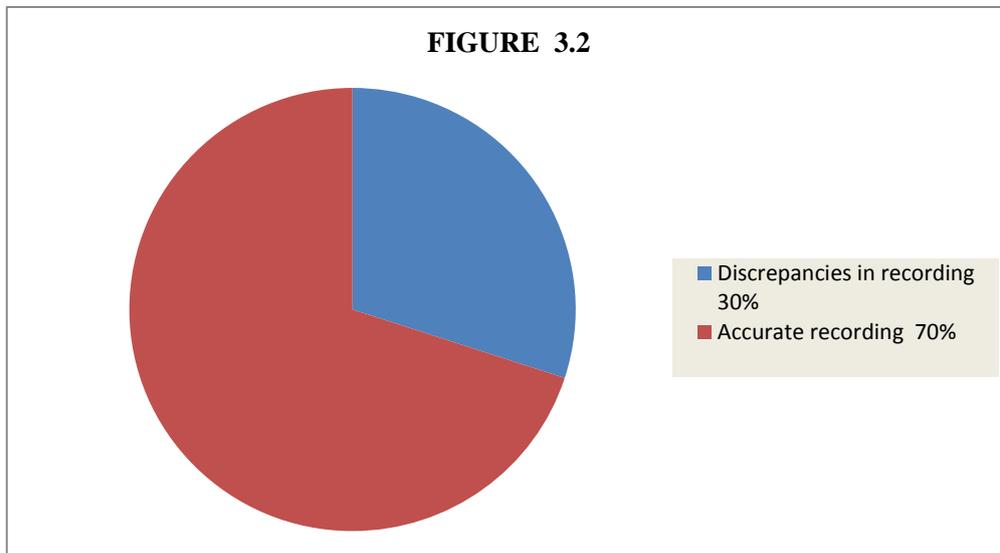


Figure 3.2; show the book keeping recording procedures within the stores department. The chart depict that, about 30% of recordings made had discrepancies. With the remaining 70% of recording, being accurate.

Fig 3.3: Pie Chart on rating of Efficiency

Fig3.3: Pie Chart on rating the efficiency of stores department

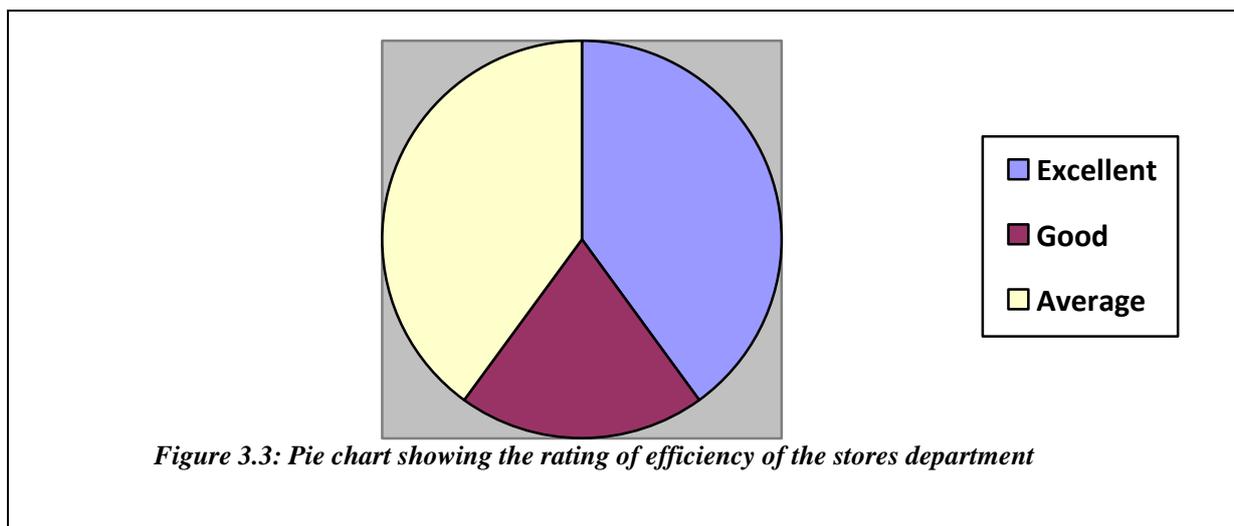


Figure 3.3; show the efficiency of the stores department. From the above chart it reveals that the stores department is partially inefficient in dealing with it functions towards the financial losses to the institution.

Members (5) of the stores department in their response to efficiency within their outfit are as follows: 2 representing (40%) said the efficiency of the stores department is excellent. 2

representing (40%) said the efficiency of the store department is average and 1 representing (20%) said the efficiency at the stores department is good.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The objective of the study was to find out the efficiency of store management system at the Polytechnic. Various data concerning effective stores management was reviewed during the study at the Store Department of Takoradi Polytechnic. The data was obtained through questionnaire, personal interview, observation and informal communication. The study found out that, at Takoradi Polytechnic, even though the right calibers of personnel were found, they rerated that; more can be done to make the stores department very efficient. From the research work conducted at Takoradi Polytechnic stores, the researcher's findings from the stores department of Takoradi Polytechnic shows that, the stores unit is performing its functions in a fairly efficient manner thereby resulting in minimal losses to the institution's finances.

Upon personal interview, it was realized that the use of both manual and computerized recording systems also results in discrepancies of figures within the stores\warehouse management. As indicated at the various stages of chapter two, of this research work.

CONCLUSION

The purpose of this research is to find out the efficiency of stores department to reduce financial losses with particular reference Takoradi Polytechnic.

The research work conducted, revealed and reached the following conclusions, after careful analysis of the data obtained;

- Takoradi Polytechnic stores department does practice a fairly efficient stores system in avoiding financial losses.
- The stores department does not communicate to purchasing department their reorder levels thus holding large stocks and inventories.
- Management must consider fixing close circuit television (cctv), within the stores/warehouse department.
- Internal audit department must put measures such as continuous and spot checking, to ensure accurate quantities of product in the stores.

Subsequently, various recommendations have been made, which when implemented will help reduce losses at stores.

RECOMMENDATIONS

After analyzing the responses from management and staff of the stores department, several findings were made. In order for the Institution to avoid the effect of shortages, breakages,

and obsolesce, the researcher wish to outline recommendation that will help to improve the company's stores operation.

- The stores departments should have serious measures against obsolesce and shortages to ensure efficiency.
- Again, the management of the Polytechnic should fully computerize the stores department to enhance accuracy of information processing. This will really help to avoid discrepancies in figures.
- The management must institute an award based on staff performance.
- Stock record and stock control systems can be tested. Verification by physical count will act as a form of performance check on the system and adjustments. To reveal any weaknesses in the system for the custody and control of stock.
- There should be quarterly stock taking. Stock taking is an indicator of overall stores efficiency and management control. The number and size of stock taking discrepancies usually warrants a close look at the personnel and system involved.
- There should be accurate stock level. The accurate stock level shown within the stock record system, backed up by a regular physical count, will ensure that all requirements of the user department are covered by existing stock levels and will be issued promptly and efficiently.
- There should be proper product handling. Since product damaged can be very expensive and will reduce the stock life of many materials. Poor product handling can result in spillage and it associated problems of premature stock deterioration and the cost that goes with it.
- Proper health and safety measures should be put in place for the staff in stores department depend upon the product handling system employed, the equipment operated and the level of training among the operators.
- The should be more in-service training
- Management must consider fixing close circuit television (cctv), within the stores/warehouse department.
- Some security recommendations:
 - ❖ Keep all non-entry or exit doors locked and alarmed when not in use.
 - ❖ Control who has access to keys to the stores, and change the locks if theft is suspected.
 - ❖ Periodically check the trash bins, as they are a typical hiding place for stolen items.

It is based on the analyzed data and information provided in this research work that the above recommendations have been made or suggested. In other words, stores should abide by the procedure to ensure that, they achieve zero percentage of losses.

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