**STOCK MANAGEMENT AND CUSTOMER SATISFACTION IN RETAIL FOOTWEAR BUSINESS**

**A CASE STUDY OF BATA SHOE COMPANY (UGANDA) LIMITED**

**By**

**ATYANG IMMACULATE**

**Reg N:**

**Academic Supervisor: Mr. Otim Jimmy**

**Field Supervisor: Nabunya Diana (Ms)**

**A RESEARCH PROPOSAL SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF INTERNATIONAL BUSINESS**

**MAKERERE UNIVERSITY BUSINESS SCHOOL**

**CHAPTER ONE**

# **INTRODUCTION**

# **1.0 Background to the Study**

# **1.1.0 Introduction**

This chapter covers the background of the study, statement of the problem, objectives of the study, the scope of the study, significance of the study and the operational definition of terms and conceptual framework.

# **1.1.2 Stock Management**

Stock management directly affects both the value of the assets used in a business and the quality of services given to customers. Firms should therefore focus on just a few core activities which of course include stock management in order to maintain a long-term competitive advantage. Using this approach which has been refined, companies have tried to focus on their stock and have set a stage for wide spread acceptance of advantages of stock management (Baily 1997; Lewis 1970; Quinn 1992; Hamel and Prahalad 1994). Baily (1997) explains that it is widely feared that shortages of materials and certain products will be increasingly common in future. Whlie Kotler 1973 and Balachandrian (1975) argue that in times of shortages, the marketing problem shifts its location from selling to buying. Basing on this, Croell (1977) suggests that the purchasing department is expected to provide what is expected of in terms of stock taking, stores lay out and stock levels.

A study undertaken between 1981 and 2000 in the US to analyze inventory management and was found out that organizations that kept too much inventory in their warehouse operated an inefficient supply chain, while those that kept minimal inventory in their warehouse were very efficient (Lai and Cheng 2009)

Many organizations in Uganda that do not have proper stock management systems in their operations face a lot of challenges most of which include dependency on the efficiency of the supplier, missed sales in case of stock outs, high costs of obtaining materials and poor customer service. However, organizations have recently found it as having a great impact on the private organization of the organizations (Frazelle, 2002; Jessop, 1986). Good stock management by a firm will lower costs, improve efficiency and ensure production while at the same time 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 are always satisfied as products will be available on demand.

# **1.1.3 Customer satisfaction**

Organization that enjoy long-term prosperity and grow do so because they have a constant attention and willingness to examine, re-examine and improve on basic factors that many people regard as obvious.

Customer satisfaction is the fulfillment of the customers’ expectations and meeting their needs by providing the benefits sought and doing better than competitors (Kotler, 1988). With the ever-changing customer needs, manufacturers and retailers should maintain a good inventory system so as to forecast market demand with accuracy. Organizations should identify and satisfy customer needs by providing the benefits sought and doing better than competitors while making satisfactory profits. (Harris, 2000). A company’s loyalty and product purchase come from achieving customer satisfaction (Gerry, 2005).

# **1.1.4 Background of Bata Shoe Company (Uganda) Limited**

Bata Shoe Company (Uganda) Limited was established in 1966 in Uganda, and belongs to Bata shoe Organisation (BSO) a multinational company that deals in foot wear production and retailing across the world.

Bata Shoe Organisation (BSO) was founded by Tomas Bata together with his sister Anna and brother Antonin Bata in 1894 in Zlin, originally as a retail shoe business. It has its headquarters currently located in Switzerland.

The Organisation has operations in five continents of the world. In Africa the organisation operates in countries of Kenya, Uganda, Zimbabwe, Nigeria, Ethiopia, Zambia, Botswana and South Africa.

Bata Shoe (Uganda) head offices are located on fifth street industrial area, Bugolobi Kampala.

In its early years’ operation, Bata Shoe Company (Uganda) was manufacturing most of the shoe lines from Uganda. However, in 2006, the manufacturing plant was closed due to among other reasons such as unbearable electricity crisis and insufficient machinery.

The factory equipment’s and machinery were relocated to Limuru Kenya retaining stores for distribution of its products to the Ugandan market

Today Bata Shoe (Uganda) Limited outsources majority of its products/stock mostly from African countries like Kenya, Zimbabwe, South Africa, Ethiopia, and Asian countries like India, Indonesia, Malaysia, Singapore, China amongst others suppliers.

# **1.2 Statement of the Problem**

Stock management is a very important aspect in an organization, as it allows for efficient balance of patterns of traffic flow, use of space, rapid and easy access to stock of input and output, general efficient stores operation and customer satisfaction.

Because Bata shoe company (Uganda) Limited Ltd, purchases most of her stock from other countries, and as such she faces a challenge of adequate stock and long lead times. The company has not been able to achieve the extra desired 15% of the market share in Uganda, this can probably be attributed to poor stock management systems leading to dissatisfied customers and low performance.

This study therefore seeks to establish the relationship between stock management and Customer satisfaction in Bata Uganda.

# **1.3 Purpose of the study**

The general objective of the study is to examine the effect of stock management on customer satisfaction at Bata Shoe Company (Uganda) Limited

**1.4 Specific Objectives**

1. To determine the effect of stock planning on customer satisfaction at Bata Shoe Company (Uganda) Limited
2. To assess the effect of stock allocation on customer satisfaction at Bata Shoe Company (Uganda) Limited
3. To evaluate the effect of stock identification on customer satisfaction at Bata Shoe Company (Uganda) Limited

**1.5 Research Questions**

1. What is the effect of stock planning on customer satisfaction at Bata Shoe Company (Uganda) Limited?
2. What is effect of stock allocation on customer satisfaction at Bata Shoe Company (Uganda) Limited?
3. What is the effect of stock identification on customer satisfaction Bata Shoe Company (Uganda) Limited?

# **1.6 Scope of the Study**

# **1.6.1 Content Scope**

The study used stock management as an dependent variable and the independent variables included, sales volumes for the particular period in question, customer satisfaction measured by using a scale of 1 to 5 or using conversion rates (Number of customers divided by effective transactions), Stock levels, Age of Stock, Value of stock at the time of the study and Lead time, profitability, market share, stock cover in weeks, and Rate of Return on Investment (ROI).

# **1.6.2 Geographical Scope**

The area of the research study was conducted in Bata Shoe Company (Uganda) Limited both using Central Distribution Centre (DC) and Bata Retail Stores as case studies. Bata Shoe Company (Uganda) Limited head offices are located on plot 92/94, 5th Street industrial Area, Bugolobi, Kampala Uganda. It is 10 kilometers from the City Centre of Kampala. It has been known for a long period of time as a large company dealing in good quality foot ware especially rain boots in Uganda.

# **1.6.3 Period Scope**

# The study considered information relating to the period of seven years (2013-2020) and the time was enough to provide more information for the study upon which conclusions and recommendations would be based. In the same period, a desk review of Relevant Stock and Inventory management Documents found at the Company was done to inform the whole exercise.

# **1.7 Significance of the Study**

The findings will assist the management of Bata Shoe Company (Uganda) Limited to improve on stock controls and inventory management and leverage the advantage from proper stock management in the organization.

The findings will also help other organizations to get an insight on how stock management impacts on organizational private performance.

# **1.8. Conceptual framework.**

The study conceptualized stock management as an important factor in market share of the firm (Naliaka & Namusonge (2015). The study analyzed the relationship between stock management and the independent variables identified in the study using the following diagram below;

**Independent variable(s)**  **Dependent variable**

**Stock management**

Sales

Efficiency

Flexibility

Experience

* Stock Planning
* Stock Allocation
* Stock Inefficient

**Source: Enock Gideon 2017**

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.0 Introduction**

According to Stilwell (2012), a good literature review needs to indicate the different views, agreements, disagreements, and trends of thought on the topic of research and be accurately portrayed and acknowledged in the text. She further states that: A literature review needs to produce a conceptual framework, including philosophical stances and theoretical assumptions, key assumptions and theoretical problems or contradictions. It’s upon this basis the literature below is reviewed.

**2.1 Stock management**

According to Miller (2010), stock management involves all activities put in place to ensure that customers have the needed product or service. Stock management refers to keeping or maintaining the firm’s stock at a level that a firm will only incur the least cost consistent with other management’s set objectives or targets (Kadwo, 2016). McGraw/Hill, (2010) Practical methods based on sound mathematical theory are given for computing the average rate of demand and the maximum reasonable demand during a lead time. Moving averages, exponential smoothing, and averages with optimum weights are developed and described in detail, including the adaptation to secular trends, to abrupt changes in the market, and to seasonal patterns. The author clearly shows how the concept of the Z-transform can be applied to the analysis and solution of inventory control problems.

Furthermore, John F Kros, Jon F Kirchoff, Mauro Falasca (2018) Despite the calls for a deeper understanding of SCM in the healthcare industry, theoretical research focused on healthcare buyer-supplier collaboration, specifically inventory management issues, remains nascent and fragmented. In South Sudan, local businesses struggle to maintain the needed inventory for reasons before the scope of this research and, in many cases, customers walk away without making a purchase. For the case of Bata Shoe Company (U) Ltd, replenishing and managing their stock to adequate levels to serve their customers. On a fortnight basis stock is sourced and shipped from Kenya to Uganda, especially for depot stores and retail stores stock take a relatively long-time lags, i.e., between 2-3 months to arrive in the stores. However, there is always a lag between when they place an order to when stock is finally delivered. The main focus of this research is that during this time lag period, when is stock to arrive in Bata Shoe Company (U) Ltd, what are the avenues and planning tools that Bata Shoe Company (U) Ltd has put in place and whether these tools are helping in achieving customer satisfaction and controlling both overstock and understock positions.

**2.2 Customer Satisfaction**

Researchers have tried to define customer satisfaction and in general they have defined it as transaction process. Oliver (1981) defined satisfaction “as a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (pp. 24). Kotler (2000) defined satisfaction as: “a person’s feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his or her expectations”. Others like; Hansemark and Albinsson (2004) “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire. Balumya (1995) defines customer satisfaction as a subjective feeling when a customer has used a product or service of an organization to feel positively satisfied as an indication that his desires and wants are fulfilled

Parasuraman et al. (1988) distinguish service quality and satisfaction: “perceived service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction”. Customer satisfaction as an attitude is like a judgment following a purchase act or based on series of consumer-product interactions (Yi, 1989). Customers are life blood of every organization because most business organizations survive through the sale of products and services (Eddowes, 1991). Therefore, Customer satisfaction has a positive effect on an organization’s profitability. Customer satisfaction leads to repeat purchases, loyalty and to customer retention (Zairi, 2000). They will also tend to say good things and to recommend the product or service to others. On the other hand, dissatisfied customers respond differently. Dissatisfied customers may try to reduce the dissonance by abandoning or returning the product, or they may try to reduce the dissonance by seeking information that might confirm its high value (Kotler, 2000)

**2.3 Stock Management and Customer satisfaction**

Casandra Campbell 2016, Existing evidence regarding inventory-performance relationship is inconclusive. A perspective that this research seeks to stress in considering this relationship is that it might depend on organizational life cycle stage. The underlying assumptions of this argument are that organization’s strategies and relationships vary with its life cycle stage, organizations develop their own strategies to fit between inventory system and organizational settings, and design of inventory system is not a linear process, rather it is a dynamic process that emerges and evolves in response to the power and interests of the stakeholders. Econometric analysis provides support for this argument. Specifically, the results show that while inventory to sales ratio affects organization performance negatively in the initial growth stage and the maturity stage, it exerts a positive and significant coefficient on performance in either the rapid growth stage or the revival stage. An implication of these findings is that existing perspectives might need to be treated as complementary viewpoints, each of which comprises a part of the whole picture because depending on just one single perspective is likely to result in misleading conclusions about the whole structure

Dorothy Oballah, Esther Waiganjo, WE Wachiuri (2015) inventory investment and inventory records accuracy have a positive influence on customer satisfaction while inventory shrinkage has a negative effect on customer satisfaction of Kenyatta National hospital thus this study recommends that the hospital should ensure that losses resulting to inventory shrinkage related to medicines are reduced. This can be done by ensuring that inventory records are accurately kept. The hospital needs to manage its inventory investment by ensuring that the right amount of stock is kept at all times. Inventory/Stock management is another supply chain element that features prominently in empirical literature in relation to organizational performance

**2.3.1 Stock Planning and Customer satisfaction**

According to fuller (2003), Stock planning is a scheduling procedure for production process that have several levels of production given information describing the production requirement of several finished goods of the system, the structure of the production system, the current inventory for each operation and the lot sizing procedures for each operation. The main function of Stock planning is to guarantee stock availability that is it used to serve requirements or orders on demand and in time both for internal purpose and for sale and distribution. Stock planning thus tries to strike the best balance possible between optimizing the service level and minimizing costs and capital lock up. (Grubbstrom, Robert W,2002)

As a result focusing on the relationship between an organization stock planning and the customer is a means of having a successful inventory control strategy (Morgan, 2009) and therefore those organizations that can retain more customers by satisfying their better than competitor will have profitable products in the long run and not first in the short run. Oakland (1999) argues that it does not matter which type of organization you work in, a hospital, bank university, local government, airline, factory, competition will arise, competition for patients, customers, students, resources, passengers and funds respectively will arise. Very few people in most organizations remain to be convinced that effective stock planning is the most important competitive weapon where its management is learnt like any other skill, and in this case if proper stock planning is attained, the organization is bound to satisfy more customers orders and reduce chances of lost sales and be competitive in the market hence improvement in performance, reliability, delivery and a favorable price will prevail to customers and the organization

**2.3.2 Stock allocation and customer satisfaction**

Stock allocation involves reserving stock for the customer. Until stock is allocated to a sales order it is still available to sell and will be added to sales channels. Allocation removes the items from on hand stock, but leaves them in stock. Allocated stock can be expressed in the formula below; Allocated stock + on hand = In stock. This stock is allocated to satisfy a customer. In essence, [stock allocation](https://www.collinsdictionary.com/dictionary/english/stock-allocation) relates to all decisions made around how inventory should be distributed across the chain. By distributing inventory effectively across the chain, retailers ensure the right stock is available at the right time, at the right location. Essentially, an optimal inventory allocation will ensure that customer’s satisfaction is maximized and the opportunity to profit is fully exploited.

However, if the allocation strategy is not well aligned with overall business strategy, this can have a huge impact on the performance of the whole business. Some of the resulting issues are very visible such as empty shelves in some locations while other locations suffer from cluttered aisles and backrooms bursting with stock. However, a poor allocation can also have a profound impact on sales and margins as the business is hit with avoidable supply chain costs and missed sales opportunities, but more especially on the customer satisfaction and the image of the business to other competitors.

**2.3.3 Stock identification and customer satisfaction**

Better inventory management enables better customer satisfaction (Eckert, 2007). Customers are satisfied when suppliers fulfill their orders on time (Wilding ,2003). This makes channel partners keep buffer stocks to fulfill customer orders or enter into long term relationships which require commitment and trust (Wang,2002).

Commitment is the desire to continue a relationship and may be defined in three dimensions; inputs to it, its durability and its ongoing consistency (Wilson,1995, p.337; Mowen and Minor,1998). Stock identification for customers is the belief that a retailer cares and knows the global trends or promise is reliable and a party will fulfill its obligations in an exchange relationship. High levels of stock identification for customers that suit their needs leads to high levels of customer satisfaction (Andaleeb, 1996).

**2.4 Related studies**

Mogere, Oloko and Okibo (2013) conducted a case study on Gianchore tea factory to assess how inventory control systems affect operational performance in the tea industry. Using a structured questionnaire to collect data and regression analysis, the study found out that the use of material requirement planning, distribution planning, and vendor managed inventory had a positive influence on operations efficiency and by extension on organization performance.

Lwiki, Ojera, Muenda and Wachira (2013) examined how inventory management practices used in the sugar manufacturing firms impact on those firms’ financial performance. The study used both primary data and secondary data. Correlation analysis results revealed that inventory management impacted positively with both return on sales and return on equity.

Onchoke and Wanyoike (2016) analyzed the influence that inventory control practices used Agrichemical distributors operating in Nakuru Central Sub- County have on their procurement performance. The study used self- administered questionnaires that were dropped and picked. Regression analysis results revealed that inventory auditing, inventory security practices and computerized inventory control positively and significantly influenced procurement performance.

Mwangi and Wanyoike (2015) examined the role inventory management plays in the performance of companies engaged in food processing. using the descriptive research design and multiple regression analysis, the study identified production maintenance, cost control, recorded reduced loss and continuous supply as key elements of inventory management that play an important role in the performance of the food processing companies.

**2.5 Chapter summary**

It is noted from the above discussion that there is a strong correlation between Stock management and customer satisfaction. Improper stock management leads to delayed delivery.

Tersine (1982) stated that a customer cannot sit and wait for a delayed production when the competitor has the same products. A satisfied customer will buy inventory again and convince others to join hence increased customer satisfaction. Proper stock management increases the good reputation of the firm and its good will as it does not fall short of deliveries and its customers are happy about its practice(Balunywa 2003)

**CHAPTER THREE**

**METHODOLOGY**

**3.0 Introduction**

This chapter presents the research methodology which include; Research design, study population, study area, study variables, instruments of data collection, data processing, administration of instruments, sources of data and data analysis.

**3.1 Research design**

The study used descriptive research design. This kind of research design aims at generating information after the incident has occurred. Descriptive research is both a [quantitative and a qualitative research](https://www.questionpro.com/blog/quantitative-research/) method that attempts to collect quantifiable information to be used for statistical analysis of the population sample. Descriptive research studies are generally [cross-sectional study](https://www.questionpro.com/blog/cross-sectional-study/) where different sections belonging to the same group are studied.

Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution. Description emerges following creative exploration, and serves to organize the findings in order to fit them with explanations, and then test or validate those explanations (Krathwohl, 1993).

Qualitative approach included use of interviews, while quantitative approaches involved use of descriptive statistics generated with frequency tables, graphs, and Charts. These approaches were adopted to enable the researcher get and analyzed relevant information concerning people’s opinions about the stock Management and Customer satisfaction of Bata Shoe Company (Uganda) Ltd.

**3.2 Study Area**

The area of the study was Bata Shoe Company (Uganda) Ltd. Bata is located on plot 92/94;5th street industrial area, Bugolobi. It is 15 kilometers from Kampala city center. The company is a traditionally bricks and mortar retail footwear business. As at end of 2019, the company was operating 33(thirty-three) stores; with 24(twenty-four) stores classified as retail stores and 9(nine) stores classified as depot stores as per the company store classification criteria[[1]](#footnote-1)

The study will consider both retail and depot stores in data collection to better understand how stock management and customer satisfaction affect the sales of the company at Bata Shoe Company (Uganda) limited.

**3.3 Study population**

Study population is a complete set of individuals, cases or objects with some common observable characteristics. The study targets a total population of a hundred (100) Bata staff working in retail and depot stores as managers, sales assistants and head office staff especially those working in merchandising and central distribution (CD) or ware house and a random sample of fifty (50) Bata customers from the Bata Club members data base. The respondents will be staff of Bata Shoe Company (Uganda) Limited and its clients who directly purchase merchandise from its premises. The researcher involved all these categories in the study because the researcher believes that they possess the necessary study information.

The study population will include among others respondents from Human resource, procurement, Marketing, production and finance departments of the company as well as direct company clients that were selected during the study process.

**3.4 Sample size**

The target sample size is 150 respondents from the study area. The respondents will be selected as follows; respondent from 5 from merchandise, 20 store managers (9 depot and 11 retail stores), 55 sales assistants, 20 from ware house/store and 50 respondents who are the direct Bata Shoe Company (U) Ltd clients purchasing products from the company stores (both retail and depot stores).

The study targets a sample size of 150 respondents because as it is relatively large for the study to obtain information. The study determined the sample size of the respondents by using the following formulae.

P= (F/N) x n.

Where;

F= Number in the category

N = Total population.

P = Number of respondents in the category obtained from the group

n = Total number of the respondents

**Table showing target population and minimum expected sample size**

|  |  |  |
| --- | --- | --- |
| **Department** | **Target Population** | **Sampling Technique** |
| Store Managers | 20 | Purposive sampling |
| Merchandise Dept | 05 | Purposive sampling |
| Sales Assistants | 55 | Simple random sampling |
| Ware house | 20 | Simple random sampling |
| Customers (Bata Club Members) | 50 | Simple random sampling |
| ***Total*** | ***150*** |  |

**3.5 Sampling method**

The study used different sampling techniques to sample the required respondents. Simple random sampling and purposive sampling will be employed to select respondents from the target population. The sampling frame will be obtained from Bata shoe Company (U) Limited for both customers and staff. Simple random sampling involves arranging the population into either ascending or descending and randomly select elements one at a time with replacement or without replacement.

Simple random will be used in order to limit biases in sampling, and since data set is small it will be possible to ensure homogeneity and to improve the accuracy and quality of the data.

Purposive sampling is a non- probability sampling technique where units or elements are selected to participate in the study depending on knowledge and expertise.

The researcher employed simple random sampling in addition to purposive sampling technique during the process of data collection from the study respondents. The study used purposive sampling techniques because it is assumed to allow the researcher to select a sample with experience and knowledge about the study variables and this method was used to select staff in line departments.

**3.6 Data sources**

Both primary and secondary data were the main sources of data to be used in the study. Primary data are information collected by a researcher specifically for a research assignment. In other words, primary data are information that a researcher must gather because no one has compiled and published the information in a forum accessible to the public. Secondary data are the data collected by a party not related to the research study but collected these data for some other purpose and at different time in the past. If the researcher uses these data then these become secondary data for the current users. These may be available in written, typed or in electronic form.

The study used a questionnaire and interview guide to collect primary data from respondents. The researcher collected secondary information from different sources like; text books, internet, newspaper, magazines, and journals especially available at Bata Shoe Company (U) Limited and other local footwear businesses in Uganda.

**3.7 Data collection Methods**

The study employed various techniques during the process of data collection in order to fully understand the area under study and these were as follows;

(i). Questionnaire Method; The questionnaire tool was formed of both open ended and closed ended in nature and this was self-administered where the researcher allowed the respondents to fill the questionnaire in the study field as per respondents’ responses. The tool was used to collect information from respondents other than clients of the company. The questionnaire method of data collection was used because of being cheap and the method was hoped to collect responses with minimum errors and high level of confidentiality.

(ii). Interview guide Method; an interview guide was also drafted with a set of questions that the researcher asked during an interview and this was structured (close ended) in nature. The researcher personally recorded the provided responses as per the study respondents during the process of carrying out an interview.

(iii). Observation Method; Observation is a systematic data collection approach.  Researchers use all of their senses to examine people in natural settings or naturally occurring situations. Marshall and Rossman (1989) define observation as "the systematic description of events, behaviors, and artifacts in the social setting chosen for study" (p.79). Observations enable the researcher to describe existing situations using the five senses, providing a "written photograph" of the situation under study (Erlandson, Harris, Skipper, & Allen, 1993). Observation methods are useful to researchers in a variety of ways. They provide researchers with ways to check for nonverbal expression of feelings, determine who interacts with whom, grasp how participants communicate with each other, and check for how much time is spent on various activities (Schmuck, 1997). Participant observation allows researchers to check definitions of terms that participants use in interviews, observe events that informants may be unable or unwilling to share when doing so would be impolitic, impolite, or insensitive, and observe situations informants have described in interviews, thereby making them aware of distortions or inaccuracies in description provided by those informants (Marshall & Rossman, 1995)

**3.8 Study Variables**

The study was guided by the following three main study outcome variables; Stock Planning, Stock Allocation and Customer Satisfaction as dependent variables and stock management, sales per channel or type of store, flexibility and availability of stock and customer satisfaction rating as independent variables**.** Stock management was measured by the techniques used in the process of managing inventory such as; ABC-Analysis model technique, Trial and error technique, Two Bin System technique, Just in Time Purchasing Emerges technique, Materials requirements planning (MRP) technique, Integrated system technique, Material requirement points technique, Out purchasing systems technique, Determining order quantities and inventory levels technique, Inventory recording technique among others in addition to the skills of labour involved in the management of inventory. However, during the study, Customer was commonly measured by sales volume achievement, and productivity of the company.

**3.9 Data analysis and presentation.**

**3.9.1 Sorting**

Data was sorted and categorized according to objectives or research questions. This was hoped to promote information flow in report writing, relevant data was considered and irrelevant was ignored.

**3.9.2 Editing**

The collected data will be edited for accuracy, completeness. Editing will be done to find out how well the answered questionnaires were in line with consideration paid to questions and responses from interview guide answered by the study respondents

**3.9.3 Coding**

The edited data will be coded. Coding involves assigning numbers to similar questions from which answers were given unique looks to make the work easier. Both quantitative and qualitative techniques were used during data analysis.

**3.10 Ethical considerations**

The researcher obtained consent from all the respondents. The researcher observed extreme confidentiality while handling the responses.

**3.11 Limitations of the study**

The study major limitation will be funds to cater for transport and secretarial services.

However, the researcher worked hand in hand with the field supervisor to make the required information for the whole research process in time.

**CHAPTER FOUR**

**PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS**

**4.0 Introduction**

This chapter presents the findings of the study in reference of objectives in chapter one. The findings are presented and analyzed using frequency tables and finally the relationship between the variables of interest is established with the aid of computer program called SPSS. These findings are presented in line with relevant variables, objectives of the study and research questions. These specific objectives from which the study research question is drawn include.

* To determine the effect of stock planning on customer satisfaction at Bata Shoe Company (U) Ltd
* To assess the effect of stock allocation on customer satisfaction at Bata Shoe Company (U) Ltd
* To evaluate the effect of stock identification on customer satisfaction at Bata Shoe Company (U) Ltd

**4.****1 Background characteristics of the respondents**

The background characteristics of the respondents included sex, marital status, age, education, period spent at the current work place and department of work.

**4.1.1 Sex of Respondent**

The study was interested in finding out information about the gender of the respondents. The figure 1 below shows the sex composition of the respondents.

**Figure 4. 1 : Sex composition of Respondents**

***Source: interview questionnaire (administered in, December, 2019)***

The findings show that the majority of the respondents were male (60%) compared to female who were only (40%). This suggests that there were more male respondents than female respondents.

**4.1.2 Age of the respondents**

**Table 4.1 : Respondents’ age bracket**

|  |  |  |
| --- | --- | --- |
| **Age** | **Frequency** | **Percentage (%)** |
| 18-28 | 21 | 42 |
| 29-39 | 20 | 40 |
| 40-50 | 05 | 10 |
| 51-61 | 04 | 08 |
| 62 and above | Nil | 0 |
| **Total** | **50** | **100** |

***Source: interview questionnaire (administered in, December, 2019)***

From the table above, the majority of the respondents were aged between 18-28 years representing 42% of the respondents, this was followed by those who were aged between 29-39 years representing 40% followed by those aged between 40 and 50 years representing 10%. The least age groups of the respondents were in the age bracket of 51-61 accounting for 8%. This implies that the study captured data for all the age groups and the organisation take into account the employment of all age groups. It is clear from the data above, that majority of the employees at JIT are youth between age ranges of 18-39 years of age representing approximately 82% of the sample data.

**4.1.3 Marital status of the respondents**

**Table 4. 2 : Marital status of the respondents**

|  |  |  |
| --- | --- | --- |
| **Marital Status** | **Frequency** | **Percentage (%)** |
| Single | 15 | 30 |
| Married | 30 | 60 |
| Others | 05 | 10 |
| **Total** | **50** | **100** |

**Figure 4. 2 : Marital status of the respondents (%)**

***Source: interview questionnaire (administered in, December, 2019)***

From the table 4. 2 and figure 4.2 above, the findings showed that 30% of the respondents were single, while 60% were married and 10% represented others. Thus, it is evident that majority of the respondents were married and this implied that majority of the respondents engaged in this study were responsible.

**4.1.4. Education level of the respondents**

**Table 4.3 : Education level of the respondents**

|  |  |  |
| --- | --- | --- |
| **Education levels** | **Frequency** | **Percentage (%)** |
| Never Attended School | 03 | 06 |
| Primary School | 10 | 20 |
| Secondary/Voc. Training | 26 | 52 |
| Tertiary/University | 09 | 18 |
| **Total** | **50** | **100** |

***Source: interview questionnaire (administered in, December, 2019)***

The findings revealed that, 52% of the respondents had attained secondary/Vocational training, 20% of the respondents had completed school up to primary education and 6% reported having never attended school. Minority 18% of the respondents were graduates from university or tertiary institutions. Hence it is evident that the organisation employs people with some acceptable educational qualifications.

**4.1.5 Length of service at** Bata Shoe Company (U) Ltd

**Table 4.4: Length of service at** Bata Shoe Company (U) Ltd

|  |  |  |
| --- | --- | --- |
| **Period** | **Frequency** | **Percentage (%)** |
| Less than 1 year | 05 | 10 |
| 1-2 years | 35 | 70 |
| 3 years and above | 10 | 20 |
| **Total** | **50** | **100** |

***Source: Primary data (December, 2019)***

From the table 4.4 above, majority of the respondents had worked for the organization for a period between 1-2 years 70%, 20% of the respondents had spent at least 3 years and above, and 10% of the respondents had worked for less than one year. This implies that the respondents were knowledgeable about the organization owing to their long service and experience with the organization which creates reliability of the findings.

* + 1. **Department of the respondents**

The study also investigated the departments of the respondents and the findings are presented in the table below.

**Table 4.5 : Departments of respondents**

|  |  |  |
| --- | --- | --- |
| **Department** | **Frequency** | **Percentage (%)** |
| Administration/Finance | 2 | 4 |
| Procurement | 15 | 30 |
| Retailing/Merchandise | 9 | 18 |
| Ware house/store | 5 | 10 |
| Marketing | 5 | 10 |
| Customers | 14 | 28 |
| **Total** | **50** | **100** |

***Source: Primary data (December, 2019)***

**Figure 4.3 : Departments of the respondents (%)**

***Source: Primary data (December, 2019***

The table and figure above show that majority of the respondents were from procurement department represented by 30%, followed by 28% of the respondents who were customers, 18% of the respondents were from Retailing/Merchandise department, 10% of the respondents were from Marketing department, 10% of the respondents were from Ware House and the least number of respondents were from Administration/Finance department (4%). The results reveal that most of the respondents were from the procurement department, this was to help in testing the hypothesis investigated in the study.

**4.2 Stock Planning at JIT Beverages Limited**

This was the first objective of the study and the findings are presented below;

**Table 4.2.1: Efficiency of Stock Planning and Acquisition Practices at** Bata Shoe Company (U) Ltd

|  |  |  |
| --- | --- | --- |
| **Rating** | **Frequency** | **Percentage (%)** |
| More Efficient | 10 | 20 |
| Efficient | 5 | 10 |
| Not Efficient | 10 | 20 |
| Poor and Inefficient | 10 | 20 |
| Very Poor | 15 | 30 |
| **Total** | **50** | **100** |

***Source: Primary data (December, 2019)***

The findings in the above table indicated that, approximately 50% of the respondents rated the stock planning and acquisition practices at JIT Beverages as either poor, inefficient or very poor. This represents half of the sample population in the study.

In addition to the above,20% of the respondents rated the stock planning and acquisition practices as more efficient and only 10 % of the respondents rated the services as efficient. This shows how the procurement process is executed at Bata Shoe Company (U) Ltd.

**4.2.2: Major Obstacles experienced in stock sourcing and acquisition (%)**

The study further probed for the major obstacles experienced in sourcing and stock acquisition at Bata Shoe Company (U) Ltd.

The results are presented in the figure 4.3 below;

**Figure 4.4 : Major Obstacles experienced in stock sourcing and acquisition (%)**

***Source: Primary data (December, 2019)***

The study found that the major obstacles experienced range from poor transport means between the suppliers of merchandise, long lead times, insecurity and long distances. Also Border clearance delays were found to have a big obstacle to stock sourcing and acquisition. The respondents indicate that major obstacle experienced is poor transport means (30%), followed by long lead times (20%), long distance (16%), insecurity and border clearance delays account for a total of 24%. Inadequate quantities supplied by the supplier and poor relations with the supplier were less reported by the respondents (10%).

When respondents were asked on how the cited obstacles can be solved, the responses were major, out-sourcing from other supplier (60%) and supplementing the out -sourced transport with in-house transport means (28%). Others, 12% of responses included recruiting more staff and in -house production of most sought-after items.

**4.2.3 Order Placement, Monitoring and Technology used in the Ordering Process**

The study found that majorly orders are placed using email (68%) and phone call (32%) a combination of phone call and email (8%) and others accounted for only 2%. This is shown in the table 4.2.2 below;

**Table 4.2.2: Channels used to place an order at JIT Beverages to Suppliers**

|  |  |  |
| --- | --- | --- |
| **Channel** | **Frequency** | **Percentage (%)** |
| Phone | 38 | 76 |
| Email | 10 | 20 |
| Others | 2 | 4 |
| Totals | 50 | 100 |

***Source: Primary data***

The data in table 4.2.3 below, shows that most encountered challenge in placing orders at Bata Shoe Company (U) Ltd is too many papers to fill out accounting for approximately 50%, followed by lost orders and poor communication with the customers, each contributing 20%. The study found out that stock unavailability is never a big challenge as it accounts for lower 10%.

**Table 4.2.3: Challenges associated with the ordering process at JIT Beverages**

|  |  |  |
| --- | --- | --- |
| **Challenge(s)** | **Frequency** | **Percentage (%)** |
| Lost Order | 10 | 20 |
| Too Many Papers to fill out | 25 | 50 |
| Poor Communication with the customer | 10 | 20 |
| Stock Unavailability | 5 | 10 |
| **Totals** | **50** | **100** |

***Source: Primary data***

Stock balances at Bata Shoe Company (U) Ltd is tracked mostly by stock taking (64%) followed by Stock Reconciliation with the supplier (26 %) and lastly reconciling issued out and received stock (10%).

Through these practices the company is able to keep record of the what is out f stock and how to replenish the stock to satisfy customer orders. The results are shown in the table 4.2.4 below;

**Table 4.2.4: Tracking Stock Balances at** Bata Shoe Company (U) Ltd

|  |  |  |
| --- | --- | --- |
| **Method used** | **Frequency** | **Percentage (%)** |
| Stock Take Every Fortnight | 32 | 64 |
| Stock Reconciliations with the supplier | 13 | 26 |
| Reconciling Receiving and Issued Out Stock | 5 | 10 |
| **Totals** | **50** | **100** |

***Source: Primary data***

The study findings show that majority of staff respondents agree that at JIT Beverages Ltd, technology or electronic ordering is less used during the process of stock planning. This is shown by the responses. 88% of the respondents show that electronic order planning is never incorporated in the process while 22% is incorporated in the electronic order planning at JIT Beverages Ltd

**4.2.5: Relationship between Stock Planning and Customer satisfaction at** Bata Shoe Company (U) Ltd

When the respondents were probed on whether the stock planning and acquisition practices at JIT Beverages have an effect on customer satisfaction. The results indicate that over 88% of the respondents agree that customers are supplied with the stock they need on time. Only 12% agree that customers are provided with the right stock and on time. This thus affects the level of customer satisfaction at JIT Beverages as the right stock/merchandise can’t be obtained on time. These results are similar to ().

**4.3 The stock identification at** Bata Shoe Company (U) Ltd**.**

This was the second objective of the study and the findings are presented in the table below

**Table 4.3.1: Stock identification Practices used at** Bata Shoe Company (U) Ltd**.**

|  |  |  |
| --- | --- | --- |
| **Identification method** | **Frequency** | **Percentage (%)** |
| Internet Trend | 12 | 24 |
| Customer needs | 18 | 36 |
| Customer order and then we order | 10 | 20 |
| Company Policy ordering | 9 | 18 |
| Other | 1 | 2 |
| **Totals** | **50** | **100** |

***Source: Primary data (December, 2019)***

Findings from the above table indicate that 36% of stock identification practices follow customer needs, 24% follow internet trends and 20% are guided by customers’ orders (*a customer orders and then the company orders that same stock to supply the customer*) and only 18 % follow the company policy ordering.

**Figure 4.3.1: Efficiency of Stock identification Practices used at** Bata Shoe Company (U) Ltd**.**

***Source: primary data***

Finding from the figure 4.3.1 above indicate that 36% rate the stock identification practices as poor, 30% rate the stock identification practices as good, 16% show that stock identification practices are very good and bad and only 2% of the respondents show that stock identification practices are very bad.

**4.4 Relationship between Stock identification Practices and Customer Satisfaction at** Bata Shoe Company (U) Ltd

**Table 4.3.2: Showing Relationship between Stock identification Practices and Customer Satisfaction at** Bata Shoe Company (U) Ltd**.**

|  |  |  |
| --- | --- | --- |
| **Rating Score** | **Frequency** | **Percentage (%)** |
| Yes | 35 | 70 |
| No | 15 | 30 |
| **Totals** | **50** | **100** |

***Source: Primary data (December, 2019)***

The findings indicate that 70% of the respondents agreed that stock identification practices contribute greatly to the service delivery of JIT Beverages (U) Ltd. 30% disagreed to the statement,

In addition to the above, the study found out much of the stock purchased at JIT is never forecasted. That is 58% of the respondents indicate that stock forecasting before purchase is really and 42% of the respondents indicate presence of stock forecasting.

Furthermore, the study went ahead to find out whether the forecasted stock is ever purchased or not. The finding show that forecasted stock is rarely purchased and if done at end month period.

**4.5 Customer Satisfaction at** Bata Shoe Company (U) Ltd

**4.5.1 Product Description by** Bata Shoe Company (U) Ltd

**CHAPTER FIVE**

**DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

**5.0 Introduction**

This chapter include: Summary of the findings, conclusion, recommendation and area of further study.

**5.1 Discussion**

The discussions of the findings are based on the statistical data obtained in chapter four and backed up by empirical evidence from chapter two.

**5.1.1** **Inventory control techniques used at JIT Beverages (U) Ltd, South Sudan**

The study found out that there are several control techniques used at JIT Beverages (U) Ltd that included; ABC analysis, Inventory recording technique, Trial and error technique, Two Bin System, Just in Time Purchasing, Materials requirements planning (MRP), Minimum-Maximum Inventory Levels and Economic Order Quantity (EOQ).

The findings of Economic Order Quantity (EOQ) agree with Wilson (2012), that Economic Order Quantity minimizes the total inventory holding costs and ordering costs. It is one of the oldest classical production scheduling models. Manufacture/assemblies such as the automobile companies make a number of components purchase others and assemble them into end products (Hellen, 1993). Assemblers, such as electronic companies, buy components and assemble them into finished products.

The findings of Trial and error technique agree with (Lau A., and Snell, 2006) that it is the simplest method of material control. In this case, management determines the level of inventory basing on the prices, orders and value of items of inventory. Material controlling is accessing the need for material and then taking appropriate action to meet this need

**5.1.2 Inventory costs at JIT Beverages (U) Ltd.**

The study established Inventory costs at JIT Beverages (U) Ltd that were; costs of holding stock, costs of obtaining stock, stock-out costs and cost of the stock.

The findings of costs of holding stockagree withLucey (2009), that costs of holding stock also known as carrying cost, is the variable cost of keeping inventory on hand, and is a combination of the costs associated with opportunity costs, interest on capital invested on the stock, storage charges (rent, lighting etc.), taxes, equipment maintenance and running cost, insurance and security, shrinkage, and other variables. It represents one of the highest costs of logistics.

The findings of costs of obtaining stock are in agreement with Coyle et al., 2003 and Lucey, 2009) that it includes the clerical and administrative costs associated with the purchasing, accounting and goods received departments; transport cost; and set up and tooling costs associated with each production run where goods are manufactured internally.

The findings of Cost of the Stock by the respondents agree with Coyle et al (2003) that Cost of the stock also called purchasing cost is the cost of the purchased item itself. These costs are needed to be considered when discount is available for bulk purchases, and when savings in production cost are possible with longer batch runs. If the firm purchases a part that goes into its finished product.

**5.1.3 The relationship between inventory management and Customer satisfaction at JIT Beverages (U) Ltd**

The study also found out that there is a relationship between inventory management and customer satisfaction at JIT Beverages as good inventory Management practices contribute greatly to the service delivery, help in inventory planning and scheduling, improved customer service, improves labour productivity, facilitates standardization of inventory movements and results into efficient use of available warehouse space. The findings are in harmony with Dorothy Oballah, Esther Waiganjo, WE Wachiuri (2015) that inventory investment and inventory records accuracy have a positive influence on customer satisfaction through enhanced organizational performance. This can be done by ensuring that inventory records are accurately kept. The organisation need to manage its inventory investment by ensuring that the right amount of stock is kept at all times

**5.2 Conclusion**

The study found out that there are several control techniques used at JIT Beverages (U) Ltd, South Sudan that included; ABC analysis, Inventory recording technique, Trial and error technique, Two Bin System, Just in Time Purchasing, Materials requirements planning (MRP), Minimum-Maximum Inventory Levels and Economic Order Quantity (EOQ).

The study established Inventory costs JIT Beverages (U) Ltd that were; costs of holding stock, costs of obtaining stock, stock-out costs and cost of the stock.

The study also found out that there is a relationship between inventory management and organizational performance at JIT Beverages (U) Ltd Management practices contribute greatly to the service delivery, help in inventory planning and scheduling, improved customer service, improves labour productivity, facilitates standardization of inventory movements and results into efficient use of available warehouse space.

**5.3 Recommendations**

Based on the various findings and discussions made, the following are recommendations.

JIT Beverages (U) Ltd should forecast market for its products so that it stocks enough inventories to avoid under stocks and reduce on damaged inventory, lost sales and damaging the image of the company

The company should also fix the stock levels that is, maximum, minimum, and reorder levels for all items in stock in order to avoid inadequate stocks or stock outs suffered by the company.

JIT Beverages (U) Ltd should minimize on its inventory expenses by using skilled labour and also increase on its sales by widening on market for its products.

JIT Beverages (U) Ltd should identify the order quantity that minimizes total cost of stock holding, stock ordering and purchase costs in order to maximize profits.

JIT Beverages (U) Ltd should put into consideration inventory management when planning for better profits in the coming years and should also minimize the cost of production as lowest as possible.

**5.4 Areas for Further Research**

Further research needs to be carried out on effectiveness of inventory controls and service delivery.

Further study can also be carried out on the challenges involved in inventory management.

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**Study Questionnaire**

I am **BIOR GARANG GAK** a student pursuing Bachelor of International Business at Makerere University Business School (MUBS), Uganda and am currently conducting a study on your company. You have been selected as a respondent for this study because you are most suited to provide the data required. This is to request you to complete the following questionnaire, assured that the data you provide will be treated confidentially and used aggregately for academic purposes only. All information will be confidentially used for only academic purposes.

I thank you so much for your cooperation.

**Section A: Back Ground Information**

***Interviewer:*** *I am going to start by asking you some questions about yourself*

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Response** | **Instructions** |
|  | Sex of respondent. | 1. Male 2. Female |  |
|  | Kindly indicate how old you are within this range?” **(Read the age ranges allowed and select appropriately)** | 18-to-28 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_1  29- to 39 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_2  40--to-50 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_3  51- to 61 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_4  62 and above\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_5  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Don’t know 88  Refuse to answer 99 | **(Read the age ranges allowed and select appropriately)** |
|  | What is your current marital status? | 1. Married 2. Living with a partner 3. Not in a union (single) 4. Widowed 5. Other (Specify)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   99. Refuses to answer |  |
|  | What is the highest level of school you competed? | 1. Never Attended School 2. Primary School 3. Secondary School/Technical/Vocational Training 4. Tertiary/University   99. Refuses to answer |  |
|  | For how long have you been working in Bata Shoe Company (U) Ltd | 1. Less than 1 year 2. 1-2 years 3. 3 and above |  |
|  | Which of following department do you belong to? | 1. Human Resource 2. Marketing 3. Finance 4. Retail/Commercial 5. Sales Department 6. Procurement 7. Operations and production |  |

**Section B: Stock Management at Bata Shoe Company (U) Ltd, Uganda**

***Interviewer****: “I’m now going to ask you some questions on stock management at Bata Shoe Company (U) Ltd*

| **No.** | **Questions** | **Response** | **Instruction** |
| --- | --- | --- | --- |
|  | In your own opinion, how would rate stock management practices used at Bata Shoe Company (U) Ltd | 1. More Efficient 2. Efficient 3. Not Efficient 4. Poor and Inefficient 5. Very Poor |  |
|  | Do you think customers are satisfied and always get the stock they order on time | 1. Yes 2. No |  |
|  | If No in 1.8 above, what are the obstacles does JIT face in satisfying customers’ orders. | 1. Long distance where stock is purchased 2. Poor transport means 3. Insecurity 4. Others specify\_\_\_\_\_\_\_\_\_ |  |
|  | What can be done to improve stock management and satisfy customers at Bata Shoe Company (U) Ltd | 1. In-house production 2. More staff to handle different merchandise 3. Out-sourcing from other suppliers 4. Others specify\_\_\_\_\_\_\_\_\_\_ |  |
|  | **Stock Planning and Allocation** | | |
|  | What inventory allocation methods are used at Bata Shoe Company (U) Ltd  (\*\*\* Multiple Answers are allowed\*\*\*\*) | 1. Panel stock allocation 2. Customer order basis 3. Pre-planning and stock replenishment 4. Ordering by the stockists 5. Others specify\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
|  | Do you carry out stock planning and material resource planning? | 1. Yes 2. No   88. Don’t Know  99. Refuse to Answer | If **No, go to last section and end the interview** |
|  | If yes, in 1.13 above, how often do you do material resource planning and scheduling | 1. After a week 2. After two weeks 3. After a month |  |

**Section C: Stock Identification and Customer Satisfaction**

|  |  |  |  |
| --- | --- | --- | --- |
|  | What stock identification methods are being used at Bata Shoe Company (U) Ltd.?  (\*\*\* Multiple Answers are allowed\*\*\*\*) | 1. From Internet 2. According Customers’ needs 3. Customers order and we then order 4. Company policy of ordering 5. Others specify \_\_\_\_\_\_\_\_\_\_\_\_ |  |
|  | In your own opinion, how do you rate stock identification at Bata Shoe Company (U) Ltd | 1. Very Good 2. Good 3. Poor 4. Bad 5. Very Bad |  |
|  | Does stock identification have a relationship on Bata Customers satisfaction | 1. Yes 2. No |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Please tell me whether you agree or disagree with the following statements and how strongly you feel? | | | | | | | |
|  | ***Please place an X on the correct response*** | **Strongly Agree**  **(1)** | **Agree**  **(2)** | **Neutral**  **(3)** | **Disagree**  **(4)** | **Strongly disagree**  **(5)** | **Don’t know/ Refuse to answer**  **(88)** |
|  | Good Inventory Management practices contribute greatly better service customer satisfaction of Bata Shoe Company (U) Ltd |  |  |  |  |  |  |
|  | Enough and available variety of stock commodities contribute greatly to the service delivery of Bata Shoe Company (U) Ltd |  |  |  |  |  |  |
|  | Good Inventory Managers contribute greatly to the service delivery of Bata Shoe Company (U) Ltd |  |  |  |  |  |  |
|  | Inventory management facilitates standardization of inventory movements and customer satisfaction |  |  |  |  |  |  |
|  | Inventory management results into efficient use of available warehouse space |  |  |  |  |  |  |

**THANK YOU ONCE AGAIN FOR YOUR COOPERATION**

1. A store is classified as a retail and/or depot depending on a number of characteristics like; nature or type of merchandise sold; location of the store; target market/customers segmentation; price points offered to customers; and annual turnover among others. As an example; a Depot store(s) sell more of rain boots(gumboots), plastics and slippers in bulk to especially whole sellers in up country areas of Uganda; and are designed in a way not to compete with retail stores in terms of pricing of the products. [↑](#footnote-ref-1)