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## EFFECT OF STORE MANAGEMENT ON THE PERFORMANCE OF PUBLIC CORPORATION

<sup>1</sup>BELLO DOGOJI ADAMU, <sup>2</sup>YAHAYA MUHAMMAD ADAMU, <sup>3</sup>SAMUEL BADI AND <sup>4</sup>LAURATU MUSA YAHAYA

*<sup>1&2</sup>Department of Business Administration and Management, Federal Polytechnic, Bauchi. <sup>3</sup>Department of Marketing Management, Federal Polytechnic, Bauchi. <sup>4</sup>Department of Office Technology Management, Federal Polytechnic, Bauchi.*

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### ABSTRACT:

*In the life of organizations, store management is a key that requires attention in order to achieve the optimum utilization of its resources. The study examines the effects of store management in Federal Polytechnic, Bauchi. Data used in this study were obtained from primary and secondary sources. A structured questionnaire was used to collect primary data for the study. Descriptive statistics technique was employed to analyze the data collected from the respondents. The research revealed that; the appropriate store management techniques that fit the operations of Federal Polytechnic, Bauchi are: material requirement planning, economic order quantity, forecasting approach and strategic supplier partnership method; it was observed that organization agreed that store management practice contributes greatly to the performance of public corporations. The study concluded that store management is very instrumental to the operations of any organizations. The study suggested that; the organization should adopt scientific techniques of store management; All staff of the store department should be trained to have thorough knowledge of store management as this will enable them to work towards stock protection and cost minimization; The organization should strengthen the supplier relation to the level of partnership and also stop the habit of transacting business with only one supplier in order for the failure of one supplier to slow down operation process; The management should prioritize on the proper inventory techniques and measuring of efficiency deviations to expose the weaknesses in the process of managing stocks.*

**Keywords:** Store, Management, Organization, Performance

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## INTRODUCTION

The essence of business process and development is undoubtedly to improve profitability and therefore increased returns on investment. This study is based on the management of stores, store levels, the impact of changing the store management procedures on the performance of public corporation. After efficient purchasing, receipt and inspection of materials. It also covers the important step in material control system in the storage of materials to be stored in store/ware house issued for production as at when they are required. Stores play a vital role in the operations of a company. It is indirect touch with the user departments in its day-to-day activities. The most important purpose served by the stores is to provide uninterrupted service to the manufacturing divisions. The study will also use the federal polytechnic Bauchi central store and consultancy services unit store. Which some of the problem includes poor location of store and under staffing in the stores.

Store is an area, building where materials are kept for future requirement by the user department. Storage is an act of storing the materials. Some people use the term store keeping which has the same meaning as storage and the person under the supervision of the materials is called store keeper or store controller.

Store management is an act of planning, organizing and controlling the affairs of an organization materials for effective and continuous flow of the materials as at when they are required by the user department.

## Statement of the Problems

This research is to address effect of store management on the performance of public corporation, it is important to know that most public and private organizations have failed because of mismanagement of stores. It is evident that the profitability of any public corporation depends largely on the ability of management to exercise efficient and effective store control. This study will also cover some other problems aspect related to store management in the federal polytechnic Bauchi central store and consultancy store such as inadequate electricity, inadequate security, lack of ICT system, poor good location, and lack of space in the store and under staff (lack of staff) low level

of contribution performed by the store management in public corporation. In-accurate procedure need estimation. As a matter of fact, store management has a crucial role to play in the society today which we are going to explore as we proceed. The research shall also produce the reason behind this study which will go a long way to reveal the solutions to be adopted in improving the performance of store management.

### **Research Question**

For a full grasp of the concept of store management and its effect on public corporation. This study will resolve among the following questions

- i. What are the relationship between store management and other department?
- ii. How does effective store management function affects corporate performance?
- iii. Why is store management important in public corporation?
- iv. What is the effect of good store management in the efficiency of the organizations activities?
- v. What type of relationship exists between purchase department and any other department within the organization?

### **Scope of the Study**

The scope of this study is sought to investigate effects of management on the performance of public corporation and it also intends to add source to the already existing ones in circulation. More so, the study will cover the public corporation (the federal polytechnic Bauchi Central Store and Consultancy store) in the functional areas which are relevant to the study across the organization from various functional areas, departments of respondents duration of staff in the organization.

## **LITERATURE REVIEW**

### **Concept and Practice of Store Management**

For proper understanding of the issues raised in this paper, there is need for certain concepts relating to the study.

### **Duties and Responsibilities of Stores Management**

There is very wide range of duties and responsibilities, which stores management has to perform at various time and stages of store house operation. All are very important to the overall efficiency of the organization

and its objectives. The duties of stores in the various aspects of its work as follows:

1. Receipts of Stock: it is the duty of the store keeper to receive and handle all the items delivered to the store, to check the documentation (delivery note, packing note) and to inform the management of all goods received.
2. Economy: one of the basic duties of stores is to ensure that all operation within the stores system is performed as efficiently and as economical as possible. The concept of economic levels of stock is part of duty to ensure minimum cost should be clear to every member of the stores team.
3. Identification of location of stock: it is the responsibility of stores management to formulate and update a system of stores coding, so as to all efficient identification and location of all goods and services held within the store operation. It is also the duty of store to ensure that, if the item required is not available, then a suitable alternative is recommended.
4. Inspection: it is the duty of stores to inspect and check all the deliveries made to the store, these checks to include such factors as quality type, quality damage and shortage. In many cases suppliers will not accept responsibility for damage goods unless they are reported within a specified number of days of delivery. Information arising from such inspection has to be passed to purchasing.
5. Stock records: it is the responsibility of stores management to ensure that adequate and up-to-date stock records are maintained for every item held in stock, whether on site or in the ware house. The record must provide the kind of information requires to control and maintain the levels of stock established, that is level of stock, order level, code number, suppliers references.
6. Stock management: it is the responsibility of the stores management to ensure that the process of stock is performed within the stores section. The store's management must ensure that the basic aims of stock control are achieved. Stores must analyse the information concerning production, sales and distribution needed to maintain the stock control system.
7. Security of store: It is the duty of stores management to ensure that security is maintained at all time within the stores building and stock

yards. The security element of the stores manage, fire and spillage. It also includes ensuring that doors, windows and stock yards fencing are secure.

8. Materials handling: one of the basic jobs of any store team is the handling of all materials, quickly and safely. Moving goods from the store to the factory or ware house is a very important duty of the store's manager and his staff.

### **Purpose of Stock Records**

- To show the amount of stock of any materials or item at any given time without necessarily counting the item physically.
- To serve the purpose of price list: if the unit price of items is shown on the stock record, they can be used to price all stores documents which are posted to the records.
- To establish like between the physical stock and store accounts: all the receipts are issues recorded by the stores are usually posted in their values into store accounts.
- To supply information for stock taking: This is a case whereby the quantities of all items in the store house are counted physically and compare with the corresponding quantity balance on the records.

### **Important documents used for stores records**

- a. Goods receive note (GRN)
- b. Rejection note (RN)
- c. Bin Card/tally card
- d. Transfer note (TN)
- e. Stores receive voucher (SRV)
- f. Stores ledger book
- g. Stock taking sheets.
- h. Store issue voucher (SIV)

### **Concept of Public organization**

There is no generally accepted agreement among scholars with regards to the definition of public corporation. The lack of universal agreement on definition among scholars emanated from the variation in the nature of public corporation. According to Aman (2009) stated that "Public corporation save essentially the public organization that have emerged as a result of

government acting in the capacity of an entrepreneur. She further stated that they include the parastatals, state-owned companies and statutory corporations. Also Ezeani (2006) opined that “Public Corporation” are legally constituted bodies operating services of an economic or social characters or both on behalf of the government. He also further stated that through largely autonomous in their management there are subject to different types of government control and are also characterized by different degrees of public financed support. Ozor (2004) stated that “the term public corporation denotes an organization operating or supposed to be operating on commercial principle wholly or partly owned and effectively controlled by public authority.

### **Types of Stores**

The type of stores depends on the size, types and policy of the organization. Organization of stores varies from concern to concern. As per the requirement of the firm the stores organization may be classified into

- i. Centralized stores
- ii. Decentralized store
- iii. Combination of both, that is centralization with sub-stores

Centralized stores: This system is suitable to small scale industries where it is desirable to centralize the materials in our department under this system. The store room will be most conveniently situated where it is near to all the department.

### **Effect of (ICT) Information) Communication Technology on Store Management.**

Information and communication technology are vital component of successful institution and organizations. Information technologies, including internet based are playing a vital and expanding role in store management (Lyson, 2006 inn Githu&Waiganyo, 2015). ICT can help all kinds of activities carried out in the store improve their efficiency and effectiveness of work and their processes, managerial decision making and workgroup collaboration, thus, strengthening their competitive positions in a rapidly changing market place. It is true that ICT is used to support product development teams, customer support processes, electronic commerce transactions or any other institution activity, information technologies and systems have become necessary

ingredients for institution success in today's dynamic global environment  
Monday (2012)

### **Challenges of Store management**

Store management is confronted with a lot of challenges many of them emanates from lack of understanding of its proper position in the organization and how it relates with other functional departments, the article below will also cover some major challenges faced by the Federal Polytechnic Bauchi Central Store.

1. **Security:** because of the nature and intension of a store, the premises where it is situated need to be secured and free from hazards of fire and activities of insects rodents and also be secured and free from theft and by this it should have Camera's (CCTV) that will monitor the movement of materials inflow and outflows.
2. **Location:** location takes two (2) forms which are location of the store building and location of material. When we talk about the store building, we mean the store building should be located at the centre of the user department that is the building should be located at where it will be easily reached by the user department or the administrative block of the organization. When we talk about the location of materials, we refer to the placement of materials when they can be easily identified and reached by the store keeper.
3. **Larger space:** the central store of the federal polytechnic Bauchi lack space to accommodate all its equipment such as furniture's.
4. **Record keeping:** most store doesn't maintain proper books of account. In most cases you may find that the physical stock balance rarely agrees with the book figures.
5. **Adequate Security:** A store should have adequate electricity such as light everywhere that will enable a clear view and bright store for effective activities.

### **The Relationship that Exists between Store Management and Other Departments such as**

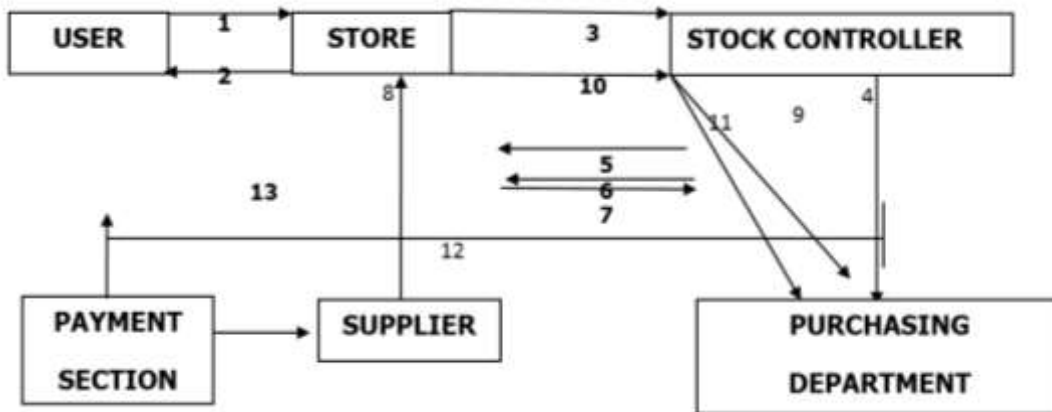
- i. Purchase Department
- ii. Maintenance Department
- iii. Distribution Department
- iv. Production Department

v. Finance Department

**Relationship Between Store and Purchase Department**

The link between the purchasing department and store management in terms of their activities have always been very close. In many cases, these two departments are united under the heading of “supply management” where two separate operations do exist, the relationship between them is vital purchasing is responsible for buying all the goods and services needs stores to keep it informed about the levels of stocks at any given time, and it is up to stores to keep purchasing up-to-date as to the total stock situation. This will enable purchasing to ensure that stocks are provided and that a balanced and economic flow of goods and services is provided.

Purchasing because of its physical separation from the stores area and the factory floor. (many purchasing offices are not actually on the production site), relies on stores for up-to-date and accurate information, based on factory and user feedback to the storekeeper about the performance of the goods and services it is providing. This information about the performance of stock can be very important in ensuring maximum efficiency of the purchasing operation and its evaluation of the materials purchased. Stores must also remember that it is the purchasing department which is responsible for the buying of goods and materials and all that it involves, so stores must resist the temptation to become directly involved with supplier unless directed by the purchasing department. It can cause problems if stores management makes decisions regarding the delivery, quality, progressing and selection of goods without the full background information that the purchasing department will have. The organization that employs the “supply management” approach to its stores and purchasing operations will tend to suffer less from this kind of problems.





The diagram above illustrates the relationship between store and purchase department

### **The relationship between Store and maintenance department**

Store has to ensure that all the materials, tool, equipments and items needed by the maintenance department are in stock as and when required. This will include general maintenance items as well as the more specialized items used in the corporation. To ensure that these items are in stock, stores must be aware of all long and short term maintenance plans, as produced by the maintenance department in some cases, specialized materials will have to be ordered in advance of need and store management will therefore need to have a complete knowledge of all plans, dates requirements and possible consequences of maintenance.

### **Relationship Between Store and Distribution Department**

The relationship here is very important when store management has control of finished stocks which have to be distributed to depots and warehouses throughout the corporation's distribution network. Store management has to ensure that adequate stocks are available in correct quantities and ready for loading on to the method of transport employed.

Distribution is responsible for supplying store management with up-to-date information about the needs and wants of the management adequate notice of loading quantities, destination points, to ensure an efficient service from the store system.

### **Relationship Between Store and Production Department**

As this is obviously one of the most important users of the stores services, store management has to ensure that all materials needed for the continuation of production are available as and when needed.

Production management's part in the relationship is to ensure that adequate warning is given to stores about the need for materials, together with information about the type and quality required. Future demands and also the performance of the materials issued.

### **Relationship Between Store and Finance Department**

There is a continuous exchange of information between the store and the finance department in the areas of verification of suppliers, records and

physical stock. Clearance of suppliers involves revision of prices, control of working capital are some of the area of corporation. The financial department provides regular and periodic detailed statements of the cost of operating the store.

### **The Effect of Good Store Management in the Efficiency of Organization Activities**

A professionally managed stores has a process and a space within, to receive the incoming materials (receiving Bay), keep them for as long as they are not required for use (Custody) and then to move them out of stores of use (issue). The basic activities of organization in the efficiency of good store management can be best looked at with the following points;

- a. Receiving of incoming goods (materials)
- b. Safe keeping of goods (Custody)
- c. Disposal of undesirable goods
- d. Inventory management
- e. Record maintenance

It all starts with a suitable lay out design of stores depending upon the nature for processing by the organization, the lay out and types of stores are selected. For example, a process that requires use of raw materials not costly enough, an open and nearby stores with truck/rail inside movement possibility can be adequate. Similarly, for storing costly material, a closed and restructured type of stores shall be needed.

However, irrespective of the type and layout, any stores would have as its starting activity, receiving and accounting of the incoming goods. This part of stores is known as receiving Bay.

Once the material has been received and cleared through inspection and accepted for use, it needs safe custody till it's actually used. It calls for a separate physical storage space, open or closed as per need. It maintains all documents that are able to trace an item, show all its details and preserve it up to its shelf life in the manner prescribed or till it is used for use. This part of store is called Custody.

Thus, the role of custody is to receive and preserve the material and then to issue it to the user as and when needed. A stage comes when the material is needed for use. Stores thus releases the material from its custody to the user department and the process is called "issue of goods". It might also happen that after partial use, some materials having useable value in future are returned to the stores and thus they also become part of the custody again. In

the long drawn process of preserving the materials till its use, some materials might get obsolete and unserviceable and may require removal from stores, in order to clear space for other incoming goods. This activity is known as **Disposal of Goods** for which auction is done.

Since the material has a cost, the organization would definitely like to incur optimum cost on this account and thus, there is a need to manage the materials within a store's such that the total cost of maintaining materials remains optimum. The materials, lying unused but have future economic value are said to form inventory which needs professional handling.

**Inventory control/management:** This is a vital aspect of any stores function/activities. One of the basic activities of stores is to account for every material received in stores by maintaining proper records of all the incoming, stored and outgoing materials so that proper accounting and audit trail is maintained. Hence Record Keeping is a vital activities of stores, of course, it also goes along the various activities and with development in the information technology domain. The record keeping in stores too is through electronic medium making the whole process smooth and efficient.

#### **Research Methodology**

The study will explore the problem in an interpretative view and investigation, using a descriptive approach which uses focus group, structured questionnaire. To illustrate the descriptive type of research, Hartley, (1994). Will guide the researchers when he stated: descriptive method of research is to gather information about the present existing condition.

The purpose of employing this method is to describe the nature of a situation, as it exists at the time of the study and to explore the effects of particular phenomena on the performance of employees and firm.

#### **Data collection**

Secondary source: Secondary research will be integrated. The reason for this is to be able to provide adequate discussion for the readers that will help them understand more about the issue and the different variables that involve with it. On the other hand, sources in secondary research will include previous research reports, newspaper, magazine and journal content. Existing findings on journals and existing knowledge on books will be used as secondary research. The interpretation will be conducted which can account as qualitative in nature.

#### **Method of data Analysis**

The data collected for this research were analyzed using percentages in order to give clear picture on the responses.

### Summary of Findings

The main objective of this study was to investigate effect of store management on the performance of public corporation with foregoing research, it was observed that organization agreed that store management practice contributes greatly to the performance of public corporations. This findings gains support from the findings of OballaWachiuvi and Waiganjo (2015), Ogboand Onekema(2014) and Monday (2012) who found out that store management practice helps achieve organizational performance.

The findings also established that information and communication technologies (ICTs) are necessary in store management in public corporation in Nigeria. This findings gain support from Githu and Waiganjo (2015) and Agbodike(2015) who says information technology is the application of computers and telecommunications equipment to retrieve, transmit and manipulate data, often in the content of a public sector or other institutions.

Another findings of this study was that insufficient funds for procurement affect the effective store management, thereby contributes greatly to the poor performance of stores in public corporation, and lack of ICT knowledge of store management and possess a serious challenges to operational performance in public corporation. This was in consonance with the findings of Chukwuka (2015) Rafiu (2016) and Gilhu and Waiganjo (2015) who in their studies found out that back of training, use of outdated storage facilities, delays in delivery of materials leading to insufficient inventories, use of manual inventory management system/lack of technology etc where the major constraint to the effective store management in public corporation.

The study also proved that there was a significant relationship between store management and operational performance in public corporation. The findings of the study also elucidate that there is a strong positive relationship between information & communication technology and store management in public corporation.

### Conclusion

The study concludes that store management affects the performance of the procurement function of public operations based on findings; the study is to establish a degree impact to recommend interventions necessary to achieve optimal performance using the Federal Polytechnic Bauchi Ccentral Store and consultancy store.

The study further put insight on high and steadily growing performance can be achieved if the problems of the stores are effectively & efficiently looked into so as to improve the performance of the Federal Polytechnic Bauchi Central Store.

### Recommendation

Based on the findings of this study, the following recommendations have been preferred;

- That stores management should be observed well and proper training should be encourage to improve the current used methods.
- That modern technology should be used which is more efficient and effective to the organization and enhance operation of store management.
- Public corporations should put into consideration store management when planning for better profits in the coming years and should also minimize the cost of production as lowest as possible.
- Public corporation should periodically check the trash bins, as they are a typical hiding place for stolen items.
- Proper health and safety measures should be put in place for the staff in store department depending upon the product handling system employed, the equipment operated and the level of training among the operation.
- Public corporations should periodically organize in house training on how to manage store well to avoid under stock and reduce damage of inventory.
- The organization should strengthen the supplier relation to the level of partnership and also stop the habit of transacting business with only one supplier in order for the failure of one supplier to slow down operation process
- The management should prioritize on the proper inventory techniques and measuring of efficiency deviations to expose the weaknesses in the process of managing stocks.

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