

Inventory Management Systems And Financial Performance of Public Utility Organizations In Kabale Uganda

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ABSTRACT

Aim – This study examines the effect of inventory management systems on the financial performance of public utility organizations, focusing on the National Water and Sewerage Corporation (NWSC), Kabale Area, Uganda. Specifically, it investigates the effects of inventory planning, stock control practices, and ordering systems on financial performance. **Method** – The study employed a convergent mixed-methods design combining descriptive and correlational approaches. The target population consisted of 42 respondents, all of whom were included in the study. Data were collected using questionnaires and interview guides. Operational staff were selected through simple random sampling, while managers and officers were selected purposively. Quantitative data were analyzed using descriptive statistics and Pearson correlation analysis, while qualitative data were analyzed thematically. **Results** – The findings indicate that inventory planning contributes to improved financial performance through better forecasting, cost reduction, resource utilization, and operational efficiency. Effective stock control practices, including accurate record-keeping, periodic stocktaking, loss prevention, and waste reduction, also support financial performance. Furthermore, efficient ordering systems help ensure timely procurement, reduce purchasing costs, and minimize emergency orders. Overall, effective inventory management is associated with improved financial and operational outcomes at NWSC Kabale Area. **Novelty** – This study contributes context-specific evidence on the relationship between inventory management systems and financial performance in Uganda's public utility sector, an area that remains underexplored. It highlights the importance of integrating inventory planning, stock control, and ordering systems to improve financial and operational efficiency.

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1. INTRODUCTION

Inventory management systems are extremely important in ensuring efficient use of resources and enhancement of financial performance of the public utility organizations. With good inventory management, the organizations are able to simplify the operational expenses, cut on wastage, prevent in-stock and improve service delivery. Inventory management is significant in maintaining operations and financial efficiency in the case of a public utility organization like the National Water and Sewerage

Corporation (NWSC). The study examined the inventory management systems and the financial performances of the public utility bodies in Uganda with a special reference to the NWSC Kabale Office and its areas of service coverage. Inventory Management Systems refer to the structured procedures, policies, techniques, and technologies used by an organization to plan, control, monitor, and regulate inventory levels in order to ensure that the right quantity and quality of materials are available at the right time and at the right cost. In public utilities, inventory management systems involve procurement planning, stock control practices, storage and warehousing management, demand forecasting, inventory tracking, and reordering mechanisms. These systems are designed to minimize stock-outs, prevent overstocking, reduce wastage, enhance accountability, and ensure continuity in service delivery. An effective inventory management system enables public utilities to maintain optimal stock levels, improve operational efficiency, and reduce unnecessary holding and ordering costs.

Financial Performance refers to the extent to which a public utility efficiently and effectively utilizes its financial resources to achieve its financial objectives and ensure sustainability. It reflects the organization's ability to generate adequate revenue, control operational costs, maintain liquidity, and utilize assets efficiently in delivering essential public services. In public utilities, financial performance is commonly assessed in terms of revenue growth, cost efficiency, surplus or profitability levels, liquidity position, return on assets, and the overall ability to meet financial obligations. Strong financial performance indicates sound financial management, improved operational efficiency, and long-term sustainability. Financial performance has traditionally been viewed worldwide as the most important aspect of the organizational success, as it marked a capability to earn income and cover expenses and carry on the growth (Ameer & Othman, 2012). With the growing competition and limited resources available, organizations across the world have been experiencing the pressure to maximize the financial results over the last decades. Globally, companies that make good financial management practices can be able to sustain profitability, increase asset returns and sustainability of their operation (Al Breiki & Nobanee, 2019; Oksana *et al.*, 2019).

Globally, the relation between financial performance and inventory management systems has also been presented world-wide where organizations have realized that effective management of inventory has a direct impact on the cost management, liquidity and profitability (Orobia *et al.*, 2020). Advanced inventory processes like just-in-time (JIT), material requirements planning (MRP), and enterprise resource planning (ERP) systems in developed countries have helped organizations to minimize the holding costs, avoid stock-outs, and also combine inventory decisions with the general financial planning (Vrat, 2014). Numerous Studies indicate that proper inventory management can save up to 30 percent of the storage expenses, avoidance of delays in production, which in turn has a direct positive impact on financial performance (Akinlabi, 2021). The relationship between the practices and the financial performance has been further reinforced by the advancement of technology and automation in inventory management. In Africa, among the challenges that have affected financial performance of both the public and the private organizations in Africa countries include lack of enough resources, governance challenges, and inefficiencies in the operations. In some African countries have been implementing modern inventory systems to enhance cost control, minimize stock wastage and liquidity (Akinlabi, 2021; Madamidola *et al.*, 2024; Olaniyi & Pugal, 2024). In South Africa, this is reflected in the reports of public enterprises saying that computerized stock monitoring and enhanced procurement planning have allowed better utilization of funds, reduced losses, and enhanced service delivery, which has enhanced the financial performance (Nzuza & Garbharran, 2015).

Financial performance is a key measure of the effectiveness, sustainability, and operational capacity of public utility organizations because it determines their ability to manage resources, control costs, expand services, and meet public needs. Ideally, public utility organizations such as the National Water and Sewerage Corporation (NWSC) should achieve sound financial performance through efficient resource utilization, effective cost management, and sustainable revenue generation. One of the critical

systems that supports this achievement is inventory management, which enables organizations to plan, procure, control, and utilize materials and resources efficiently.

However, NWSC Kabale Area continues to experience financial and operational challenges that may affect its ability to achieve optimal performance. According to NWSC internal records (2020), non-revenue water (NRW) levels in Kabale Area consistently exceed 35%, indicating significant resource losses arising from leakages, theft, and measurement inefficiencies. In addition, operating expenses increased by 14% between the financial years 2024/25 and 2025/26, while annual revenue growth increased by only 5% (Daily Post Uganda, 2025). These challenges suggest possible inefficiencies in resource management, including inventory-related processes. Effective inventory management systems are expected to enhance financial performance by ensuring optimal inventory levels, reducing unnecessary costs, minimizing wastage, preventing stock-outs, and improving operational efficiency. However, weaknesses in inventory planning, stock control, procurement procedures, storage management, and inventory monitoring may contribute to increased operational costs, delayed service delivery, and inefficient utilization of organizational resources. Such inventory management challenges may undermine the financial performance and service delivery objectives of NWSC Kabale Area. If these inventory management challenges remain unresolved, NWSC Kabale Area may continue experiencing increased operational costs, resource wastage, inefficient service delivery, and reduced financial sustainability. Although existing studies have examined inventory management systems and organizational performance, limited empirical evidence exists on how inventory management systems influence financial performance within decentralized public utility organizations in Uganda. Therefore, this study sought to examine the influence of inventory management systems on the financial performance of NWSC Kabale Area. Objectives of the study were: To assess inventory planning and its influence on the financial performance of NWSC Kabale Area, To establish the influence of stock control practices in enhancing financial performance and To examine the influence of ordering systems on the financial outcomes of NWSC Kabale Area.

2 .LITERATURE REVIEW

2.1 Theoretical Review

The theoretical basis of the study is grounded on two theories, namely, the Inventory Management Theory (Harris, 1913), and the Resource-Based View (RBV) Theory Wernerfelt (1984), extended by Barney (1991). These theories offer explanatory grounds to the comprehension of the impact of inventory management systems that affect the financial performance of the public utility organizations like the NWSC Kabale Office and its areas of service coverage.

The Inventory Management Theory is based on the foundation that organizations can perform optimally where inventory is calculated, regulated, and substituted in an organized manner to strike a balance between availability and cost. According to the theory, effective inventory planning, the control of stocks and well-designed ordering systems minimize the holding costs, stock-outs, wastage and ensure smooth uninterrupted operations (Kourentzes et al., 2020). The theory applies in the case of the public utility organizations since materials like pipes, meters, and treatment chemicals are essential in the uninterrupted supply of a service. In case of poor inventory management, organizations end up paying more in operations and their services are interrupted thus hurting their financial performance.

The Resource-Based View (RBV) Theory, developed by Barney (1991) supposes that the performance of the organization is dependent on management of the internal resources that are valuable and inimitable (Taher, 2011). According to the theory, organizations perform best in a case where they utilize and manage the resources available in the organization, both physical (inventory) and human resources. In order to achieve consistent revenue collection and better financial performance in public utility organizations, good inventory management leads to good service delivery that will allow the organization to rely on the revenue collection (Kokogho et al., 2024). The Resource-Based View is regarded as the key guiding theory in the current study since it describes the role of inventory as a financial performance contributor, as a strategic organizational resource (Bhatti & Akhtar, 2025). Inventory Management Theory is an additional theory to the RBV that tries to explain how inventory resources are planned, controlled, and used in the operational processes. The two theories combined

offer a complete model that is used to correlate inventory management practices to the financial performance results in a public utility organization.

2.2. EMPIRICAL REVIEW

2.2.1. Inventory planning and financial performance

Numerous research have been carried out in both the public and service-based organizations to identify that inventory planning has been shown to be a major factor in determining the financial performance. Study conducted in utility and infrastructure agencies have revealed that an adequate forecast of the inventory requirements and the right planning of the acquisition of the stock lowers the emergency procurement and unwarranted spending (Sharmin, 2023). The practices help in controlling costs and in maintaining service delivery continuity, which also helps in ensuring revenue is generated in a stable manner. None of these studies however considers area-based operations like the NWSC Kabale Area, which are carried out at a national and institutional level. Similarly, other studies that concentrate on the work of the public sector organizations indicate that inventory planning improves financial performance by minimizing wastage and avoiding the buildup of obsolete stock. It is reported that organizations, which coordinate the plans of inventory with the process of budgeting, have better expenditure control as well as better utilization of financial resources (Grozdanovska et al., 2017). Although such findings can be generalized to the context of a public utility organization, the research is predominantly based on the population of the general public institutions, without directly addressing the concept of water and sewerage utilities that serve according to specific service delivery requirements.

Additionally, more studies conducted in developing economies reveal that inventory planning help in finance performance as it enhances coordination between procurement and stores management units as well as the finance departments (Kamugisha, 2019; Mulongo, 2024). Effective inventory planning can help an organization to spend funds effectively and eliminate unplanned expenses. However, these studies are mostly carried out on the institutions of the private sector as well as the central government hence are not applicable to the decentralized operations of the regions like the NWSC Kabale Area.

The empirical evidence provided by the reforms in the field of the public services also indicates that inventory planning helps in financial discipline and accountability (Ngwakwe, 2012; Kokogho et al., 2024). Organizations that have a systematic inventory planning are more likely to have enhanced asset management and less loss in areas concerned with ineffective management of stock (Mohamed, 2024). Although these findings are relevant since there are limited studies to evaluate the impact of inventory planning on the financial performance of regional or area levels of national public utility organizations.

On the contrary, the findings of certain empirical studies indicate that inventory planning does not play any meaningful role in the financial performance of a public organization where delays in procurement and restricted funds are persistent (Debala et al., 2022). It is alleged in these studies that even the well-planned inventory plans cannot be translated into the financial improvement in cases when the approval processes are sluggish, but the resources are not released promptly. These findings apply to the utility organizations which follow the stringent procurement and financial control systems.

Other studies show that there is poor implementation of inventory planning with little effect on the financial performance (Adegbe et al., 2020). Some of the publicly owned organizations make inventory plans without adhering to them, thus resulting in persistent shortages as well as rising expenditures (Cogan et al., 2018). These works emphasize the difficulties in implementation but do not delve into the type of how the difficulties appear at the operational areas, as it is the case with the NWSC Kabale Office and its areas of service coverage.

Additional empirical evidence indicates that inventory planning is not effective in a situation where there is uncertainty in the demand and where there is a sudden growth in services (Kourentzes et al.,

2020). In these circumstances, companies depend on reactive procurement as opposed to strategic inventory systems which makes the role of inventory planning in financial performance minimal. However, the studies are not devoted to water utility organizations that cater to the increasing municipalities such as Kabale.

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There are also reports by some studies that the relationship between inventory planning and financial performance is weakened due to poor coordination of the stock between the inventory planning units and the finance departments (Orobia et al., 2020). Inventory plans have not been incorporated in the financial decision-making process and therefore, organizations are still facing inefficiencies and cost overruns (Mohamed, 2024). However, the empirical evidence of the Uganda public utility sector is not given in these studies.

2.2.3. Ordering systems on the financial Performance

Numerous studies indicate that the efficient ordering systems have the positive impact on financial performance within the organizations (Şahin & Topal, 2016). Some studies conducted on the service and the public utility industries suggests that planned ordering activities, such as making procurement schedules on time and making proper order quantities, can be used to avoid stock-outs and overstocking. The practices minimize operational disturbances and lead to saving of cost hence, improving financial performance. The majority of these studies however concentrate on central or national offices and do not precisely investigate the operations on an area level like the NWSC Kabale Area.

Mostofa (2024) affirms that the organizations that have formalized ordering systems record better financial performance through the maintenance of steady supply of inventory and reduction of emergency buying. Effective ordering systems enable organizations to strategize what they spend, and help to minimize unplanned expenses which stabilizes the flow of revenue, and helps to sustain profitability (Oteri et al., 2023). Although the findings apply to the context of the public utility organizations, there are few studies that analyze the functionality of ordering systems according to the conditions of a public procurement and service delivery.

Additional research reports that ordering systems enhance internal controls through formalization of approval of requests, tracking purchase orders and keeping purchasing records (Aurellia et al., 2025). Organization that adopt these systems are likely to minimize financial leakages and enhance accountability which positively influences the financial performance (Oduro et al., 2022; Musah et al., 2025). However, the majority of the studies have been carried out in manufacturing or industry sector companies and therefore its direct inferences in the case of a government utility like the NWSC are limited.

3. METHODS

3.1. Research design

A convergent mixed-methods design was adopted, combining quantitative and qualitative data collected concurrently to allow triangulation and produce a more holistic understanding of how ordering systems relate to financial performance (Mulisa, 2022; Almeida, 2018 & Kikawa et al, 2022). The study was conducted at NWSC Kabale Area, Western Uganda, selected because ordering and procurement practices there have a direct bearing on service delivery and financial outcomes in a semi-urban setting with growing demand for water services.

3.2. Population and Sample size

Sample sizes were chosen to represent the whole population and help the researcher make valid generalizations about the whole population without having to sample all individuals, especially where the population is huge. Sample sizes dictated the precision, validity, and manageability of the research results (Agaba, Kaaya & Kyabarongo, 2022). The sample size for the present study depended on the total population of 42 employees who work at the NWSC Kabale Office and the areas that it serves. As the population was small and manageable, all the 42 employees were included for the quantitative part of the study.

Table 3.1: Indicating the study population, sample size, and sampling criteria**Source:** NWSC Kabale Area (2026).

SN	Category	Study population	Sample size	Sampling criteria	Data Collection Instrument
1	Area Manager	01	01	Purposive Sampling	Interview Guide
2	Accounts Officer	01	01	Purposive Sampling	Interview Guide
3	Assistant Accountant	01	01	Purposive Sampling	Interview Guide
4	Commercial Officer	01	01	Purposive Sampling	Interview Guide
5	Quality Officer	01	01	Purposive Sampling	Interview Guide
6	Billing Officer	01	01	Purposive Sampling	Interview Guide
7	Procurement Officer	01	01	Purposive Sampling	Interview Guide
8	Human Resource Officer	01	01	Purposive Sampling	Interview Guide
9	Compliance Officer	01	01	Purposive Sampling	Interview Guide
10	Front Desk Officer	01	01	Purposive Sampling	Interview Guide
11	Technical Supervisor	02	02	Purposive Sampling	Interview Guide
12	Plant Operators	10	10	Simple Random Sampling	Questionnaire
13	Marketing Assistants	10	10	Simple Random Sampling	Questionnaire
14	Plumbers	10	10	Simple Random Sampling	Questionnaire
Total		42	42		

In respect to the qualitative research, the method of purposive sampling was used to identify key informants who included decision-makers and inventory management process supervisors. The respondents were chosen purposefully owing to the fact that they had in-depth knowledge and experience. As a result, the inclusion of the whole population in quantitative research, as well as purposeful selection of key informants in qualitative research, made it possible to obtain comprehensive and representative data, reflecting the operations of the NWSC Kabale office and its areas of operation. In this way, sampling errors were reduced as well as various viewpoints from such departments as procurement, stores, finance, and operations were obtained.

3.3. Research Instruments

Quantitative data were collected through a structured questionnaire covering structured ordering, timeliness of orders, reduction of emergency purchases, cost-effective procurement, and financial performance indicators, and were analyzed using descriptive statistics and Pearson correlation analysis. Qualitative data were collected through key informant interviews and direct observation of ordering and procurement practices, and were analyzed thematically to identify recurring patterns that could contextualize and corroborate the quantitative findings (Kesiime *et.al*, 2024). Ethical clearance and informed consent were obtained from all participants, with confidentiality maintained throughout and participation entirely voluntary.

4. RESULTS

4.1. Response rate

Given the small and manageable size of the study population, all 42 staff involved in ordering-related functions procurement, stores, finance, administration, and operations were targeted: 30 operational personnel for the quantitative questionnaire component, and 12 managers and supervisors purposively selected as key informants for interviews on the basis of their in-depth knowledge of ordering and procurement decision-making. Table 1 summarizes the response rate achieved.

Table 4.1. Response Rate of Questionnaires and Interviews

Category	Planned Distribution	Actual Response	Response Rate
Questionnaires	30	29	96.7%
Interviews	12	9	75.0%
Total	42	38	90.5%

Source: Field data (2026). The overall response rate of 90.5% is considered more than adequate for social science research (Turyasingura & Agaba, 2023).

4.2 Findings inventory planning and Performance

This section will show the results of the relationship of inventory planning to the performance of NWSC Kabale Area. The analysis covered the perception of respondents about the major practices in the field of inventory planning which are involved in planning for stock requirements, maintaining optimum level of inventory, minimizing stock shortages and efficient utilization of stock. Participants were also asked to agree or disagree with inventory planning statements and how they help with financial outcomes. The researcher employed Likert scale as a measurement tool for the respondents' perception.

Table 4.2: Descriptive statistics on the inventory planning

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Structured Planning	Strongly Disagree	6	20.7	20.7	20.7
	Disagree	5	17.2	17.2	37.9
	Neutral	2	6.9	6.9	44.8
	Agree	13	44.8	44.8	89.7
	Strongly Agree	3	10.3	10.3	100.0
Operational Costs	Strongly Disagree	7	24.1	24.1	24.1
	Disagree	2	6.9	6.9	31.0
	Neutral	5	17.2	17.2	48.3

	Agree	13	44.8	44.8	93.1
	Strongly Agree	2	6.9	6.9	100.0
Service Efficiency	Strongly Disagree	7	24.1	24.1	24.1
	Disagree	3	10.3	10.3	34.5
	Neutral	5	17.2	17.2	51.7
	Agree	13	44.8	44.8	96.6
	Strongly Agree	1	3.4	3.4	100.0
Financial Performance	Strongly Disagree	5	17.2	17.2	17.2
	Disagree	3	10.3	10.3	27.6
	Neutral	4	13.8	13.8	41.4
	Agree	15	51.7	51.7	93.1
	Strongly Agree	2	6.9	6.9	100.0
Reduced Expenses	Strongly Disagree	4	13.8	13.8	13.8
	Disagree	7	24.1	24.1	37.9
	Neutral	2	6.9	6.9	44.8
	Agree	14	48.3	48.3	93.1
	Strongly Agree	2	6.9	6.9	100.0

Source: Field Data (2026).

The study findings revealed that inventory planning helps to minimize the operational and holding costs of NWSC Kabale Area. Specifically, 44.8% of the respondents agreed and 6.9% strongly agreed that inventory planning contributes to reduce such costs, 24.1% strongly disagreed and 6.9% disagreed with such statement. In terms of the efficiency of the service delivery due to inventory planning, the respondents who agreed that correct planning of inventory improves the efficiency of service delivery were 44.8% and 24.1% strongly disagreed.

Additionally, it was found that there was a connection between inventory planning and financial performance, where 51.7% of the respondents agreed and 6.9% strongly agreed that effective inventory planning has an impact on the improvement of financial performance. But 27.6% disagreed or strongly disagreed with this. Regarding the operational cost reduction, 48.3% agreed and 6.9% strongly agreed that inventory planning would help to reduce operational costs, while 37.9% disagreed or strongly disagreed.

The overall results revealed that most of the respondents considered that inventory planning had a positive impact on financial performance, namely cost management, reduced operational costs, and efficiency in service delivery. The differences in the responses on the other hand, indicated that the employees in various departments might have varying experiences and perceptions as regards the implementation and effectiveness of inventory planning practices in NWSC Kabale Area.

4.3. Stock Control Practices and Financial Performance

This section examined stock control practices and their influence on financial performance at NWSC Kabale Area. Respondents were asked to indicate the extent to which they agreed or disagreed with statements related to stock control practices. The researcher used a five-point Likert scale to assess respondents' perceptions regarding the contribution of stock control practices to financial performance. For analysis, "Strongly Agree" and "Agree" were combined as "Agreement," while "Strongly

Disagree” and “Disagree” were combined as “Disagreement.” The “Not Sure” response was retained as a separate category.

Table 4.3: Descriptive statistics on stock control practices

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Accurate Records	Strongly Disagree	9	31.0	31.0	31.0
	Disagree	3	10.3	10.3	41.4
	Neutral	3	10.3	10.3	51.7
	Agree	12	41.4	41.4	93.1
	Strongly Agree	2	6.9	6.9	100.0
Stock Taking	Strongly Disagree	5	17.2	17.2	17.2
	Disagree	5	17.2	17.2	34.5
	Neutral	3	10.3	10.3	44.8
	Agree	12	41.4	41.4	86.2
	Strongly Agree	4	13.8	13.8	100.0
Loss Minimization	Strongly Disagree	6	20.7	20.7	20.7
	Disagree	3	10.3	10.3	31.0
	Neutral	5	17.2	17.2	48.3
	Agree	13	44.8	44.8	93.1
	Strongly Agree	2	6.9	6.9	100.0
Wastage Reduction	Strongly Disagree	7	24.1	24.1	24.1
	Disagree	1	3.4	3.4	27.6
	Neutral	3	10.3	10.3	37.9
	Agree	15	51.7	51.7	89.7
	Strongly Agree	3	10.3	10.3	100.0
Financial Performance	Strongly Disagree	6	20.7	20.7	20.7
	Disagree	2	6.9	6.9	27.6
	Neutral	2	6.9	6.9	34.5
	Agree	16	55.2	55.2	89.7
	Strongly Agree	3	10.3	10.3	100.0

Source: Fild Data (2026).

The results shown in Table 4.4 presented descriptive data on the key aspects of stock control which include the accuracy of inventory records, regular stock taking, minimizing losses, reducing wastage and contribution to the financial performance at NWSC Kabale Area. As the accuracy of inventory records, 41.4% agreed, 6.9% strongly agreed that inventory records were kept accurately, while 41.3% disagreed or strongly disagreed. This suggests that while a significant number of workers knew that

proper inventory record keeping existed problems were encountered by some with the accuracy of inventory records.

Regarding regular stock taking, 41.4% of the respondents stated that regular stock taking was conducted and 13.8% stated that it was strongly conducted while 34.4% of the respondents stated that it was not conducted or not strongly conducted. This indicates that for the majority of the respondents stock taking was an important and practiced inventory control activity, but there were differences in how it was done in various departments.

Concerning loss minimization, 44.8% of the respondents agreed and 6.9% strongly agreed that stock control practices helped to minimize stock losses, and 31% disagreed or strongly disagreed. These differing perspectives can be explained by employees' experiences regarding theft, damages, expired stock and obsolete inventory.

4.3. Descriptive Findings on Ordering Systems

Ordering systems were positively associated with financial performance across all indicators assessed, as summarized in Table 2.

Table 2. Descriptive Statistics on Ordering Systems and Financial Outcomes

Statement	Disagree (%)	Neutral (%)	Agree (%)
NWSC uses a structured ordering system	37.9	0.0	62.1
Orders are placed at the right time to avoid stock-outs	34.4	6.9	58.6
The ordering system helps reduce emergency purchases	31.0	6.9	62.0
The ordering process ensures cost-effective procurement	31.0	10.3	58.6
Efficient ordering systems positively influence financial outcomes	31.0	6.9	62.0

Source: Field data (2026). “Disagree” combines “Strongly Disagree” and “Disagree”; “Agree” combines “Agree” and “Strongly Agree.” 62.1% of respondents agreed that a structured ordering system is in place, 58.6% believed orders are placed at the right time, and 62.0% agreed that good ordering systems help improve financial results overall.

6.2 Correlation Between Ordering Practices and Financial Performance

Table 3 presents the Pearson correlation coefficients between each ordering-system indicator and financial performance. All four indicators were positively and significantly correlated with financial performance, with reduction of emergency purchases showing the strongest association of any indicator examined in the study.

Table 3. Correlation Between Ordering System Indicators and Financial Performance

Indicator	r	Sig. (p)
Structured ordering system	.794	< .01
Timely order placement	.841	< .01
Cost-effective procurement	.897	< .01
Reduction of emergency purchases	.919	< .01

Source: Field data (2026).

These correlations are noteworthy, including the weakest, orderly ordering ($r = .794$), which, in terms of conventional associations standards, is a strong correlation, and reduction of emergency purchases ($r = .919$), cost-effective procurement ($r = .897$), where the latter two reflect a close relationship between ordering discipline and financial outcomes. This is consistent with the Inventory Management Theory, which focuses on the need to balance the costs of holding inventory and the costs of stock out based on disciplined ordering decisions (Harris, 1913; Buxey, 2006), and with the finding of Mostofa (2024) and Oteri et al. (2023) that good ordering systems can minimize the need for emergency ordering and improve operational stability, and with the finding of Aurellia et al. (2025) that robust internal control over ordering activities are linked to less financial leakage.

5. DISCUSSION

5.1. Influence of Inventory Planning on Financial Performance

The study examined the influence of inventory planning on the financial performance of NWSC Kabale Area. The descriptive findings revealed that respondents generally perceived inventory planning as contributing positively to financial performance. When it comes to stock planning, and the impact this has on the bottom line, 58.6% of the respondents agreed (51.7% strongly agreed, 6.9% agreed), 27.6% disagreed and 13.8% were not sure. Likewise, 51.7 % of respondents pointed out that the inventory planning improves the efficiency of the service delivery while 34.4 % disagreed. In regards to reducing operating costs, 55.2% agreed and 37.9% disagreed. These results have shown that most of the respondents saw relation between effective inventory planning and better financial performance (cost control, efficient use of inventory resources and better operational efficiency).

The results corroborate with the result of Oroma (2016) and Sharmin (2023) that proper inventory planning reduces wastage, minimizes emergency procurement and improves the performance of the organization. Likewise, Grozdanovska et al. (2017) reported that linking inventory planning to budgeting reinforces the control of the resources and contributes to the effective allocation of the organizational resources. The results thus suggest that inventory planning is not only an operational process, but also a management process that can lead to financial sustainability.

However, the variations in respondents' perceptions are consistent with Debala et al. (2022), who observed that inventory planning effectiveness may be affected by institutional factors such as procurement delays, inadequate resources, and administrative procedures. This implies that although NWSC Kabale Area has inventory planning mechanisms, strengthening implementation, forecasting accuracy, and coordination among departments is necessary to maximize the contribution of inventory planning to financial performance.

5.2 Influence of Stock Control Practices on Financial Performance

The study examined the influence of stock control practices on financial performance at NWSC Kabale Area. The descriptive results revealed that the general attitude of the respondents towards stock control practices was that they made positive contribution to financial performance. When asked about the impact of stock control practices on financial performance, 65.5% said that they were in agreement with the statement (55.2% agreed and 10.3% strongly agreed), 27.6% disagreed (23.1% disagreed and 4.5% strongly disagreed) and 6.9% were not sure (2.4% were not sure and 4.5% strongly disagreed). Otherwise, 62.0% of the respondents agreed that stock control practices help to reduce wastage, while 27.5% disagreed. On the issue of damage, theft, and obsolescence relating to losses minimization, 51.7% agreed, and 31.0% disagreed. Likewise, 48.3% said that inventory records are accurate, while 41.3% disagreed, suggesting problems in maintaining accurate inventory records.

The inferential results also showed that stock control practices have a strong positive correlation with the financial performance. Financial performance was shown to be positively correlated with the accurate and up to date inventory records ($r = .791$, $p < .01$). Financial performance ($r = .820$, $p < .01$) was also found to have a strong positive correlation with regular stock taking. Loss minimization through damage reduction, theft and obsolete inventory had the highest correlation with financial performance ($r = .873$, $p < .01$) while loss minimization through reduction of wastage of material and

resource recorded the highest correlation ($r = .927, p < .01$). The results suggest that good stock control is linked to better financial results, such as minimizing loss of resources and accountability.

The findings are in line with those of Oroma (2016) and Sharmin (2023), who reported that good stock control contributes to better organizational performance by minimizing loss, wastage and efficient utilization of the resources. Likewise, Adegbe et al. (2020) expressed that good stock control will ensure cost control and the measurement of results by the efficient monitoring of stock resources.

However, the results also point to the concerns of Kinyua (2016) and Njiru (2016) that weak monitoring systems, poor record management and ineffective enforcement of inventory systems could reduce the stock control practices benefits. Thus, NWSC Kabale Area should build up the systems of keeping inventory records, improve stock monitoring systems, and ensure practices of accountability to maximize financial benefits of stock monitoring.

5.3. Influence of Ordering Systems on Financial Performance

The study assessed the influence of ordering systems on financial performance at NWSC Kabale Area. The descriptive findings showed that respondents generally perceived ordering systems as important contributors to improved financial outcomes. Concerning the structured ordering systems 62.1% (41.4% strongly agreed and 20.7% agreed) said they agreed, and 37.9% said they disagreed. Regarding timely ordering, 58.6% believed that the orders are placed at the right time while 34.4% did not. As for the reduction of emergency purchases 62.0% agreed and 31.0% disagreed. Likewise 58.6% said that ordering systems make the procurement more cost effective, and 31.0% said no. In general, 62.0% said that good ordering systems help to improve financial results.

The results of the inferential findings showed high positive and significant relationship between ordering system practices and financial performance. A positive relationship existed between both types of structured ordering systems and financial performance ($r = .794, p < .01$), and the relationship was stronger for timely order placement ($r = .841, p < .01$). Emergency purchases had the highest correlation with financial performance ($r = .919, p < .01$), followed by cost effective procurement ($r = .897, p < .01$). The results indicate that good ordering systems help to improve financial performance by cutting unnecessary expenditure, increasing procurement efficiency and availability of materials for service delivery.

The findings confirm the theory of Inventory Management developed by Harris (1913) wherein optimum level of inventory can be maintained through proper ordering decisions, between holding cost and shortage. They also believe in the Resource Based View of effective management systems as valuable organizational resources that contribute to improved performance when used successfully. The results are aligned with Mostofa (2024) and Oteri et al. (2023) who found that effective ordering systems minimise emergency ordering and enhance operational stability. Likewise, Aurellia et al. (2025) noted that the implementation of good internal control can enhance the ordering process and minimize financial leakages.

Thus, the findings suggest that there is need to improve the ordering systems of NWSC Kabale Area to contribute to improved financial sustainability in the organization by improving procurement planning, minimizing emergency ordering and improving cost efficiency. Compliance with ordering policies should be strengthened, interdepartmental collaboration enhanced, and procurement activities regularly reviewed to improve financial efficiency.

6. Conclusion and Recommendations

6.1. Conclusion:

The study revealed that inventory planning has a positive effect on financial performance by providing better inventory forecasting, inventory cost reduction, better resource utilization and better service delivery. In practice, however, resources and inter-departmental coordination are needed to enable this to be done effectively.

Effective stock control practices proved to be effective in terms of improving financial performance as it encourages accountability, reduces loss and aids in better utilization of resources by maintaining

adequate stock records, conducting regular stock taking, and implementing loss prevention and wastage reduction practices.

The study findings show that ordering systems are positively and significantly related to the financial performance of NWSC Kabale Area where reduction of emergency purchases and cost effective procurement had the highest relationship. Ordering at NWSC Kabale Area is not only an administrative procurement process, but also a process that affects directly the financial performance in line with the Inventory Management Theory and Resource Based View (RBV).

6.2. Recommendations

The study recommends: strengthening reorder-level setting and demand forecasting to reduce reliance on emergency procurement; formalizing supplier lead-time management to support more consistently timely order placement and also NWSC Kabale Area should enhance its inventory planning by using better demand forecasting mechanisms, incorporation of inventory plans into budgets and better coordination between departments. Staff training should also be carried out in order to enhance inventory planning and cost management.

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