

**INVENTORY MANAGEMENT AND ORGANIZATIONAL FINANCIAL
PERFORMANCE IN RWANDA.
A CASE STUDY OF MOBILE TELECOMMUNICATION NETWORK (MTN)
RWANDA.**

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ABSTRACT

Inventory management is of great importance especially for managers who must decide how much to hold and how to administer the rest of the logistics system more creatively in order to ensure that customer service does not suffer as a result of lower inventory levels. Due to the main objective of MTN Rwanda which is to continue to expand its network, offer new and innovative packages and services and keep up with the latest trends in communications while maintaining affordability and due to the lack of studies to show the role of inventory management in the field of telecommunication. The purpose of this research study was to show the impact of inventory management on the financial performance of MTN Rwanda with specific objectives of evaluating the relevance of inventory control systems in profit maximization, analyzing the role of inventory planning on increasing MTN's market share and then determining the relationship between inventory management and MTN financial performance. The study is significant to MTN and its customers, to the researcher of this study and finally to other scholars in the field of inventory management. With descriptive research design, survey method was used. A population of 291 employees was subdivided into 283 staff who were surveyed using self-administrated and structured questionnaire and 8 managers who were surveyed using interview guide. Using the formula of a finite population of Kothari (1984), 37 staff were selected as a sample from a population of 283 using purposive method and 8 managers were selected using census method. Data triangulation method was used for ensuring the validity of the questionnaire and the internal consistency was checked for ensuring its reliability. With Statistical Package for Social Sciences (SPSS) data collected were analysed using descriptive statistics. The results obtained showed that inventory control increased MTN's profit by helping the safeguarding of its assets and by avoiding fraud and error. The findings showed also that, the majority of the respondents totally agreed that keeping accurate records, controlling supply and demand, stock counting and managing employees were seemed respectively actions taken by MTN's inventory managers and help the organization to maximize its profit. The findings showed also that inventory management increases MTN market share, where respondents affirmed that this is possible by helping to procure required quantity of MTN's product and by procuring available product, timely and everywhere. Relating to the relationship between inventory management and MTN's financial performance, the findings showed that as the inventory turnover ratio increase, the institution earned more profit. As the used ratios are directly linked to inventory management, the obtained results showed a good indication of the positive relationship between inventory management and financial performance of MTN Rwanda. At the end of this work, the researcher recommended that MTN should consider procuring and having the required quantity of products rather than the quality of the products and finally he proposes further studies.