



STOCK MANAGEMENT STRATEGIES AND SAFEGUARDING OF INVENTORY SHRINKAGE IN LARGE-SCALE RETAIL OUTLETS IN AKWA IBOM STATE, NIGERIA: AN EMPIRICAL REVIEW

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Abstract:

Most large-scale retail outlets in Akwa Ibom State are affected by the high rate of inventory shrinkage attributed to shoplifting, theft, administrative errors and fraud. It is evident that inventory shrinkage is a cankerworm that could seriously threaten the survival of large-scale retail outlets except there are effective stock management strategies. The main purpose of the study was to determine the influence of stock taking strategies on safeguarding of inventory shrinkage in Akwa Ibom State. A cross sectional survey research design was adopted for the study. The purposive and convenience sampling techniques were employed to select 60 respondents comprised of 30 managers and 30 accounting officers from 30 large-scale retail outlets in Eket, Ikot Ekpene, Oron and Uyo metropolis. A 16-item researchers' made instrument entitled "Stock Management Strategies and Safeguarding of Inventory Shrinking (SMS-SIS) Questionnaire" was used to collect data for the study. The data collected from the instrument were analysed using mean and standard deviation to answer research question, while t-test was used to test the null hypotheses at 0.05 level of significance. The findings of the study revealed that there is a significant much influence of stock taking and stock auditing on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State. On the basis of the findings, it was concluded that if safeguarding of inventory shrinkage in large-scale retail outlets is desired, there is need for managers to adopt effective stock management strategies such as prompt stock taking and stock auditing. It is therefore recommended among others that managers of large-scale retail outlets in Akwa Ibom State should always employed the services of both internal and external auditors to ensure independent review, examination,

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investigation and analysis of inventory for prompt detection of errors and fraud, which could lead to shrinkage.

JEL: E20, E22, L60, L81

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1. Introduction

Retailing involves the process of selling consumer goods and services to end-users through multiple channel of distribution to earn a profit. The term "retailer" is typically applied where a service provider fills the small orders of a large number of individuals, who are end-users, rather than large orders of a small number of wholesalers, cooperate or government clientele. Large scale retail outlet is a big shop under a single roof, where either single type of goods or a variety of goods are made available to a large number of consumers and at the convenience of customers. Large scale retail shops buy goods in large quantities and sell them to final consumers as small-scale retailers do. The increasing number of retail outlets on the streets of major cities in Nigeria and towns in Akwa Ibom State has made retail industry contribute significantly to employment both in formal and informal sector of Nigerian economy. As observed by Bharathi (2017), retail industry is one of the fastest changing and vibrant industries in the world, which has contributed to the economic growth of many countries. However, retailing in most large-scale outlets is operated on self-serving basis, either with or without assistance of sales representative, which exposes the business to high risk of inventory shrinkage.

Inventory shrinkage in a retail outlet; be it small, medium or large-scale should be an issue of great concern to management and business owners all over the world. In large-scale retail outlet in Akwa Ibom State such as De Choice Mall, Inels Superstore, Shop 'n' Save, Majesty Supermarket, Oxford Supermarket, Central Supermarket, Metropolitan, Nsteps Mart, and Mainland Supermarket, among others, inventory shrinkage could lead to loss of profit and business failure if not safeguarded. The increasing economic difficulties and hardship experiencing in Nigeria is disturbing. There is tendency of proliferation of criminal gangs that can turn theft and shoplifting into a trade. Unethical behaviours by some retail employees and managers could cause serious damage and setback to the operations of large-scale retail businesses, if not properly checked. It is evident that inventory shrinkage is a cankerworm that could seriously threaten the survival of large-scale retail outlets in Akwa Ibom State. This could lead to business failure, thereby rendering the employees jobless, and increasing the rate of unemployment and poverty. Hence, the focus of this study is on stock management strategies for safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.

The term “shrinkage” can be described as a phenomenon where there are material differences between actual inventory levels/values (as per stock counts) and estimated inventory levels/values (reported in financial statements) (Xu & Zhao, 2016). Shrinkage usually refers to something becoming smaller or a gradual contraction over time an impact not considered to be serious or of much concern (Beck & Peacock, 2009). Kohne and Pekeur (2014) defined inventory shrinkage as the difference between the recorded value of stock in the inventory stock system, which records merchandise received at the store, and the value of actual inventory in the store, as determined by a physical count of inventory. In the opinion of Howell and Proudlove (2007), shrinkage can be defined as the value of inventory (including cash) that is lost through theft or through fraud by staff, customers or suppliers, or through administrative error. Bragg (2019) described inventory shrinkage as the excess amount of inventory listed in the accounting records, but which no longer exists in the actual inventory. Excessive shrinkage levels can indicate problems with inventory theft, damage, miscounting, incorrect units of measure, evaporation, or similar issues. It is also possible that shrinkage can be caused by supplier fraud, where a supplier bills a company for a certain quantity of goods shipped, but does not actually ship all of the goods. The recipient therefore records the invoice for the full cost of the goods, but records fewer units in stock; the difference is shrinkage.

Stock and Pettypiece (2015) opined that inventory shrinkage is when a retailer has fewer items in stock than in the inventory list due to clerical error or goods being damaged, lost, or stolen between the point of manufacture (or purchase from a supplier) and the point of sales. Shrinkage has effects on profit, if it is large, profits decrease. Inventory shrinkage is a major problem which, if not properly managed, may adversely influence the overall sustainability of a business entity, including its actual existence (Kohne & Pekeur, 2014). Furthermore, shrinkage may also result in decrease in return on investments and increase in the selling prices of inventory (Kelkar & Emilus, 2016). Excessive inventory shrinkage could cause the retailers to increase prices to make up for losses, passing the cost of shrinkage onto customers (Matthews, 2015). In a competitive market environment, where customers are highly sensitive of changes in price, a slight increase in price as a result of large-scale shrinkage could result in loss of customers to competitors. Alternatively, customers could decide to patronise other suppliers of the same product or go for substitute. Hence, it is indispensable for managers and store supervisors to device a means to safeguard inventory shrinkage to enhance business growth. Otherwise, inventory shrinkage could lead to unbearable loss and untimely failure if not total death of a business.

The national retail security survey conducted by National Retail Federation and University of Florida (2016) identified five factors as the leading causes of inventory shrinkage, such as; shoplifting, employee theft, administrative error, supplier fraud and unknown causes. Shoplifting occurs when a customer exits a store or supermarket with more than what they have paid for. Employee theft is also high in recent times, although employees should be at the forefront of preventing inventory shrinkage, some

dishonest employees may steal from their employers. Administrative errors may include pricing mistakes, accidental reorders, missing or additional zeros, or left-out decimal points. In the case of supplier fraud, in businesses with complex supply chains, the inventory may at one point be handled by third parties who are not part of the company. The theft may occur during transit from the supplier's warehouse to the business premises or when loading and offloading the products. More so, unknown causes could arise because inventory may sometimes disappear off the shelves and cannot be matched to any of the other causes of inventory shrinkage. Hence, in order to safeguard inventory shrinkage, there is need for proper stock management strategies.

Stock management refers to the process of effectively managing consumable stock items, parts or supplies (Redbeam.com, 2015). Stock management implies having an optimized stock strategy such as a plan for lowering costs while improving business profits. Stock management strategy involves all the actions carried out to control the stock in an effort to prevent members of the supply chain from having too much stock on hand or not having enough (Kontus, 2014). Stock management strategy helps streamline stockroom, supply depot, and small warehouse operations, and provides item-level visibility so that one knows what one has, where it is and when to order more. Sound stock management processes enable stockroom and supply managers to: reduce time spent looking for stock items, prevent overstock and out-of-stock situations, monitor item consumption, increase accountability and prevent shrinkage. Stock is a business's biggest cost driver and if not managed properly will become the business's biggest cost drain. Stock management strategy, is therefore, essential to the survivability and sustainability of businesses, especially retail outlets.

Stock management involves having an understanding of opportunity cost, which involves giving up something of value in exchange for something else (Polley, 2015). Chartered Institute of Procurement and Supply (CIPS) (2018) maintained that the aim of stock management is to ensure stock levels remain accurate and there is sufficient stock available to meet its own needs and those of consumers. Adusei and Awunyo-Vitor (2014) noted that stock management involves having efficiency, as one of its functions is to track products as they move in and out of stock or through the supply chain. However, due to the complex nature of large-scale retailing outlets, managing extensive array of product assortment exposes the large-scale retailer to inventory shrinkage. Failure to manage stock properly could result to high rate of inventory shrinkage. Therefore, the focus of this study is on stock taking and stock auditing as stock management strategies and how they could influence safeguarding of inventory shrinkage in retail outlets.

Stock-taking, also called inventory checking is the physical verification of the quantities and condition of items held in one's inventory or warehouse. It provides the business manager or the owner with an accurate idea of the number of stock items that it owns. This allows the accountant to reconcile physical stock to the inventory records, highlights variances, and perhaps identifies issues with stock management and control. According to Chartered Institute of Management Accountants (CIMA) (2006), stock

taking involves counting the physical stock at hand at a certain date, and then checking this against the balance shown in the clerical records. Managers typically assess the amounts of products they have on hand by taking a physical inventory. In a physical inventory system, managers count and record the amounts of each product in storage. Typically, they also determine the value of the products held in inventory. This is to help ensure accuracy and to reduce control problems, such as theft and shoplifting. Bragg (2017) advised that in a large-scale retail business, it is necessary to periodically conduct a complete count of the inventory (known as a physical count). This is usually done at the end of a month, quarter, or year, to coincide with the end of a reporting period.

Kaplan Financial Limited (2012) opined that the process of stocktaking involves checking the physical quantity of stock held on a certain date and then checking this balance against the balances on the stores ledger (record) cards or bin cards. Stocktaking can be carried out on a periodic basis or a continuous basis. It is through stock taking that inventory shrinkage could easily be spotted as the actual amount of inventory can readily be compared with the balance in accounting record. The main target of stock taking is that the system and personnel would continuously prevent mistakes before they happen and regular counting of the inventory level is executed alongside. Inventory counting consist of two basic models; periodic and continuous checking. Periodic counting means that the entire inventory is inspected at once at specified time intervals. Periodic counting means that warehouse operations must be halted entirely or at least partly during the counting process. This method suits better for small inventories with simple items. Continuous checking allocates permanently some resources to inventory counting. Continuous checking allows warehouse operations to be performed normally during the counting.

Similarly, stock audit strategy is another stock management strategy for safeguarding of inventory shrinkage in retail outlets. According to Auditors India (2011), stock audit, in general usage is considered as an important auditing term which refers to the physical verification of the stock. Stock auditing is an additional safeguard for proper inventory control in the large-scale retail outlets. The stock auditing is responsible for the audit of all inventories by carrying out a continuous examination of all accounting books and records maintained in the business with a view to checking or detecting fraud and correcting errors, in order to safeguard inventory shrinkage. Squareup.com (2017) viewed stock audit as when either the manager or an auditor uses analytical procedure to check a company's inventory methods and confirm that the financial records and actual count of goods match. It's important to conduct stock audits to maintain inventory accuracy, spot causes of shrinkage, and ensure that large-scale retail outlets always have the right amount of stock at the right time.

The objectives of stock auditing include; to determine whether controls are in place to effectively manage risks related to internal stock control, whether there is an oversight body for effective monitoring of objectives, strategies and results related to stock control and to determine whether the expected stock control results are clearly

defined and monitored (Library and Archives Canada, 2014). Conducting large-scale retail audit periodically increases visibility of how inventories are moving through the supply chain in order to safeguard inventory shrinkage. Inventory audit is a popular concept among accounting and inventory management practitioners. According to Lewis and Media (2014), inventory audit ensures timely and adequate identification and evaluation of inventories. Inventory audits reduce inventory losses and ensure inventory accuracy. Inventory audits enables an organization evade risks associated with inventory such as; inadequate and inappropriate inventory, unnecessarily high inventory levels, inaccurate and incomplete inventory records, poor inventory security and obsolete inventory (Johnstone, 2014).

2. Statement of the Problem

Retail industry is one of the fastest growing industries in the world, which has created employment to many people and contributed to the economic growth of many countries. However, it is observed that retailing in most large-scale outlets is operated on self-serving basis, either with or without assistance of sales representative, which exposes the business to high risk of inventory shrinkage. Many large-scale retail outlets also fail to adopt the tagging of inventory with security tags, installing closed circuit television (CCTV) camera systems, making use of security guards that are visible on the sales floor, displaying security signage to warn potential perpetrators about the consequences of being caught and installing shelf-based devices which prevents items from being removed from the shelf. These poor stock management strategies tend to increase the risk of inventory shrinkage, create lost revenue, and decrease patronage. Due to poor stock management strategies, many large-scale retail outlets in Akwa Ibom State are no longer vibrant, while some have been closed down. The resultant effects become imminent, such as increase in the rate of unemployment leading to restiveness, kidnapping, political thuggery, robbery, over dependency on white collar job as well as decrease in Gross Domestic Product (GDP), low per capita income and economic underdevelopment. No large-scale retail outlets can record any sustainable growth if there are no proper stock management strategies to safeguard inventory shrinkage.

2.1 Purpose of the Study

The main purpose of this study is to determine the influence of Stock management strategies on the operation of large-scale retail outlets in Akwa Ibom State. Specifically, the study will seek to determine:

- 1) The influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.
- 2) The influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.

2.2 Research Questions

The following research questions are raised to guide the study:

- 1) What is the influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State?
- 2) What is the influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State?

2.3 Research Hypotheses

The following null hypotheses are formulated and will be tested at 0.05 level of significance.

H₀₁. There is no significant difference in the mean responses of Managers and Accounting officers in the influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.

H₀₂. There is no significant difference in the mean responses of Managers and Accounting officers in the influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.

3. Methodology

A cross sectional survey research design was adopted for the study. The research design enabled the researchers to obtain data from a sample of the population at one point in time for opinion survey. The study was carried out in Akwa Ibom State. Akwa Ibom State is one of the thirty-six (36) states of Federal Republic of Nigeria. It occupies a total landmass of 7,245,935 square kilometer of Nigeria wealth basin, and the south-south zone of the Niger Delta region. Lying between latitude $4^{\circ} 33'$ and $5^{\circ} 33'$ North of the equator and longitudes $7^{\circ} 35'$ and $6^{\circ} 21'$ East at the Greenwich meridian Akwa Ibom State shares boundaries with Rivers State on West, Cross River State on the East, Abia State on the North, and Bright of Bonny on the South.

Akwa Ibom State falls within the tropical zone with a dominant vegetation of green foliage of trees, shrubs and oil palm trees. Petroleum resources, clay, palm trees iroko, mahogany and other forest resources, coconuts and limestone, kaolin, gas, raffia palm and more, abound in this area. Traditional occupations of the people are farming, fishing works, tailoring, art and craft creation and trading. The exact population of the study was unknown. The purposive and convenience sampling techniques were employed to select 60 respondents comprised of 30 managers and 30 store supervisors from 30 large-scale retail outlets in Eket, Ikot Ekpene, Oron and Uyo metropolis.

A 16-item researchers' made instrument entitled "Stock Management Strategies and Safeguarding of Inventory Shrinking (SMS-SIS) Questionnaire" was used to collect data for the study. A four (4) point rating scale of very much influence (VMI), much influence (MI), little influence (LI) and very little influence (VLI) with numerical value of 4, 3, 2 and 1 respectively. The instrument was given to three research experts, two from the Department of Vocational Education and one from Department of Educational

Foundations, all in the University of Uyo, Akwa Ibom State for face validation and tested for reliability using Cronbach’s Alpha statistics to obtained reliability coefficient of 0.78. The researcher administered the instrument with two research assistants and the completed ones were retrieved immediately for data analysis. Mean and standard deviation were used to answer research question, while t-test was used to test the null hypotheses at 0.05 level of significance using Statistical Package for Social Sciences (SPSS) version 21. Decision on research questions was based on the real limit of the four-point rating scale as follows:

| Response Options | Values | Real Limit |
|-----------------------------|--------|-------------|
| Very Much Influence (VMI) | 4 | 3.50 – 4.00 |
| Much Influence (MI) | 3 | 2.50 – 3.49 |
| Little Influence (LI) | 2 | 1.50 – 2.49 |
| Very Little Influence (VLI) | 1 | 1.00 – 1.49 |

In order to test the null hypotheses, p-value was compared with alpha-value of 0.05. When the calculated p-value was less than or equal to the alpha-value, the null hypotheses (H_0) was rejected. On the other hand, when the calculated p-value was greater than the alpha-value, the null hypotheses was accepted.

3.1 Data Analysis and Results

Research Question 1: What is the influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State?

Table 1: Mean responses of the respondents on the influence of stock taking strategy on safeguarding of inventory shrinkage

| S/N | Stock Taking Strategies | \bar{X} | SD | Remark |
|---------------------|---|-------------|------|-----------|
| 1 | Subjecting items to an inventory spot count on safeguarding of inventory shrinkage | 2.93 | 0.57 | MI |
| 2 | A four-monthly inventory counts on safeguarding of inventory shrinkage | 2.96 | 0.58 | MI |
| 3 | Periodic inventory count on safeguarding of inventory shrinkage | 3.34 | 0.55 | MI |
| 4 | Continuous inventory on safeguarding of inventory shrinkage | 3.22 | 0.53 | MI |
| 5 | Counting of stock delivered by vendors / suppliers on safeguarding of inventory shrinkage | 3.11 | 0.64 | MI |
| 6 | Complying with all approved procedures and processes during the inventory count on safeguarding of inventory shrinkage | 3.32 | 0.51 | MI |
| 7 | Reporting to the Chief Financial Officer (CFO) after stock taking any discrepancies between the inventory records and the physical inventory on safeguarding of inventory shrinkage | 2.77 | 0.66 | MI |
| 8 | Updating inventory records regularly on safeguarding of inventory shrinkage | 3.02 | 0.61 | MI |
| Cluster Mean | | 3.08 | | MI |

MI = Much Influence

Data presented in Table 1 showed that the mean values of all the eight items and cluster mean on stock taking strategies fall within the real limit value of 2.50 – 3.49. This implies that all the items on stock taking have much influence on safeguarding of inventory shrinkage in large-scale retail outlets. The result also showed that the standard deviations of the eight items, ranged from 0.51 – 0.66, showing that the respondents were not divergent in their opinion.

Research Question 2: What is the influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State?

Table 2: Mean responses of the respondents on the influence of stock auditing strategy on safeguarding of inventory shrinkage

| S/N | Stock Auditing Strategy | X | SD | Remark |
|---------------------|--|-------------|------|-----------|
| 1 | Carrying out independent checks on safeguarding of inventory shrinkage | 3.54 | 0.57 | VMI |
| 2 | Investigating how inventories are moving through the supply chain on safeguarding of inventory shrinkage? | 2.97 | 0.56 | MI |
| 3 | Carrying out cut-off analysis by auditors on safeguarding of inventory shrinkage | 2.99 | 0.58 | MI |
| 4 | Observing the physical inventory count by auditors on safeguarding of inventory shrinkage | 3.34 | 0.55 | MI |
| 5 | Reconciling the inventory count to the general ledger on safeguarding of inventory shrinkage | 3.17 | 0.60 | MI |
| 6 | Reviewing stock transfer documentation on safeguarding of inventory shrinkage | 3.22 | 0.51 | MI |
| 7 | Reviewing purchase records to ensure that the inventory in the warehouse is actually owned by the company on safeguarding of inventory shrinkage | 3.31 | 0.61 | MI |
| 8 | Selecting invoices from the accounts receivable aging report and comparing them to supporting documentation on safeguarding of inventory shrinkage | 3.11 | 0.62 | MI |
| Cluster Mean | | 3.21 | | MI |

VMI = Very Much Influence, MI = Much Influence

The data presented in Table 2 revealed that item 1 on stock auditing strategies has the highest mean value of 3.54 and falls within the real limit value of 3.50-4.00. This implies that carrying out independent checks has very much influence on safeguarding of inventory shrinkage. The remaining seven items (2-8) and the cluster mean on stock auditing strategies fall within the real limit value of 2.50 – 3.49. This implies that the seven items on stock auditing have much influence on safeguarding of inventory shrinkage in large-scale retail outlets. The result also showed that the standard deviations of the eight items, ranged from 0.51 – 0.62, showing that the respondents were not divergent in their opinion.

Research Hypotheses 1: There is no significant difference in the mean responses of Managers and Accounting officers in the influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.

Table 3: t-test analysis of responses on the influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State

| Group | n | \bar{X} | SD | df | t-cal | Sig. at $p \leq 0.05$ | Decision |
|---------------------|----|-----------|------|----|-------|--------------------------|----------|
| Managers | 30 | 12.6 | 2.31 | 58 | 5.67 | .16 | NS. |
| Accounting Officers | 30 | 12.2 | 2.09 | | | | |

(n = 60), NS = Not Significant, Significant at $p \leq 0.05$.

The results in Table 3 show the t-test analysis comparing the mean responses of managers and accounting officers. The results reveal that there is no significant difference among the two groups. The p-value of 0.16 was higher than the alpha value of 0.05 with 58 degree of freedom. Hence, the null hypothesis which stated that there is no significant difference in the mean responses of managers and accounting officers in the influence of stock taking strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State was accepted.

Research Hypothesis 2: There is no significant difference in the mean responses of Managers and Accounting officers in the influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State.

Table 4: t-test analysis of responses on the influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State

| Group | n | \bar{X} | SD | df | t-cal | Sig. at $p \leq 0.05$ | Decision |
|---------------------|----|-----------|------|----|-------|--------------------------|----------|
| Managers | 56 | 13.11 | 2.26 | 58 | 7.43 | .24 | SN |
| Accounting Officers | 40 | 13.04 | 2.19 | | | | |

(n = 60), NS = Not Significant, Significant at $p \leq 0.05$

The results in Table 4 show the t-test analysis comparing the mean responses of managers and accounting officers. The results reveal that there is no significant difference among the two groups. The p-value of 0.24 was higher than the alpha value of 0.05 with 58 degree of freedom. Hence, the null hypothesis which stated that there is no significant difference in the mean responses of managers and accounting officers in the influence of stock auditing strategy on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State was accepted.

4. Findings of the Study

The following findings emerged from the study based on the research questions and hypotheses tested:

A. The respondents agreed that the following stock taking strategies have much influence on safeguarding of inventory shrinkage in large-scale retail outlets.

- Subjecting items to an inventory spot count.
- A four-monthly inventory counts.
- Periodic inventory count.

- Continuous inventory count.
- Counting of stock delivered by vendors / suppliers.
- Complying with all approved procedures and processes during the inventory count.
- Reporting to the Chief Financial Officer (CFO) after stock taking any discrepancies between the inventory records and the physical inventory.
- Updating inventory records regularly.

B. The respondents agreed that the following stock auditing strategies have much influence on safeguarding of inventory shrinkage in large-scale retail outlets.

- Carrying out independent checks.
- Investigating how inventories are moving through the supply chain.
- Carrying out cut-off analysis by auditors.
- Observing the physical inventory count.
- Reconciling the inventory count to the general ledger.
- Reviewing stock transfer documentation.
- Reviewing purchase records to ensure that the inventory in the warehouse is actually owned by the company.
- Selecting invoices from the accounts receivable aging report and comparing them to supporting documentation.

C. The respondents (managers and accounting officers) shared the same opinion that there is statistically significant much influence of stock taking on safeguarding of inventory shrinkage in large-scale retail outlets.

D. The respondents (managers and accounting officers) shared the same opinion that there is statistically significant much influence of stock auditing on safeguarding of inventory shrinkage in large-scale retail outlets.

5. Discussion of Findings

5.1 Stock Taking Strategy and Safeguarding of Inventory Shrinkage in Large-Scale Retail Outlets

The finding of the study on Table 1 revealed that all the items on stock tacking strategy have much influence on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State and the respondents were not divergent in their opinion. The corresponding hypothesis in Table 3 confirmed that the respondents (managers and accounting officers) did not differ in their opinion, meaning that both of them agreed that there is statistically significant much influence of stock taking on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State. The identified stock taking strategies are; subjecting items to an inventory spot count, a four-monthly inventory counts, periodic inventory count, continuous inventory count, counting of stock delivered by vendors/suppliers, complying with all approved procedures and processes during the inventory count, reporting to the Chief Financial Officer (CFO) after stock taking any discrepancies between the inventory records and the physical

inventory and updating inventory records regularly. If the identified stock strategies are adhered to it will help to safeguard inventory shrinkage in retail outlets. Proper stock taking strategies remain one of the best options to prevent inventory shrinkage. This finding is in line with Kaplan Financial Limited (2012) who observed that it is through stock taking that inventory shrinkage could easily be spotted as the actual amount of inventory can readily be compared with the balance in accounting record.

5.2 Stock Auditing Strategy and Safeguarding of Inventory Shrinkage in Large-Scale Retail Outlets

The finding of the study on Table 2 revealed that one item has very much influence, while seven items on stock auditing strategy have much influence on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State and the respondents were not divergent in their opinion. The corresponding hypothesis in Table 4 confirmed that the respondents (managers and accounting officers) did not differ in their opinion, meaning that both of them agreed that there is statistically significant much influence of stock auditing on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State. The identified stock taking strategies are; carrying out independent checks, investigating how inventories are moving through the supply chain, carrying out cut-off analysis by auditors, observing the physical inventory count, reconciling the inventory count to the general ledger, reviewing stock transfer documentation, reviewing purchase records to ensure that the inventory in the warehouse is actually owned by the company and selecting invoices from the accounts receivable aging report and comparing them to supporting documentation. Through proper stock auditing strategies, it is easy to safeguard inventory shrinkage in large scale retail outlets. This finding is supported by Lewis and Media (2014) who opined that inventory audit ensures timely and adequate identification and evaluation of inventories, reduces inventory losses and ensures inventory accuracy.

6. Conclusion

It is quite obvious that most large-scale retail outlets in Akwa Ibom State are affected by the high rate of inventory shrinkage attributed to shoplifting, theft, administrative errors and fraud. It is evident that inventory shrinkage is a cankerworm that could seriously threaten the survival of large-scale retail outlets except there are effective stock management strategies. However, the study revealed that there is a significant much influence of stock taking and stock auditing on safeguarding of inventory shrinkage in large-scale retail outlets in Akwa Ibom State. Hence, if safeguarding of inventory shrinkage in large-scale retail outlets is desired, there is need for managers to adopt effective stock management strategies such as prompt stock taking and stock auditing.

6.1 Recommendations

Based on the findings and conclusion of the study, the following recommendations were made:

- The managers of large-scale retail outlets in Akwa Ibom State should ensure that stock taking is carried out regularly on monthly basis and the stocking taking officer should be different from store man. This is to ensure check and balances, which could help to safeguard inventory shrinkage.
- Managers of large-scale retail outlets in Akwa Ibom State should always employed the services of both internal and external auditors to ensure independent review, examination, investigation and analysis of inventory for prompt detection of errors and fraud, which could lead to shrinkage.

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