



**FACULTY OF BUSINESS AND MANAGEMENT  
INSTITUT TEKNOLOGI MARA  
SHAH ALAM**

**RET 650  
PROJECT PAPER**

**A STUDY ON**

**EFFECTIVENESS OF INVENTORY CONTROL AT  
STAR MART CALTEX STATION**

**Prepared for :**

**Encik Mohamad Khidzir Yusof  
Project Paper Advisor.**

**Prepared by :**

**Ahmad Surani B. Zainal Abidin**

**MARCH 23<sup>rd</sup>, 1998**

**BACHELOR OF BUSINESS ADMINISTRATION (HONS.)  
RETAIL MANAGEMENT.**

## **ACKNOWLEDGEMENT**

**Alhamudllilah, I would like to take this opportunity to say thanks to my advisor Encik Mohd Khidzir bin Mohd Yusof for his support and encouragement throughout in completing my project paper.**

**I also would like to say thank to all the people that give me full cooperation and advice.**

**They are :-**

- Tuan Haji Noor Bahari**
- Miss Hilda Chien**
- Ms The Lee Ngoh**
- Encik Nor Hasmadi Abd Rahman**
- Encik Zainuddin**
- All Business partner**

**Finally I would like to acknowledge to all my friends and people that I forgot to mention above. Without their support, I'm sure I will unable to finish my report.**

**Thank You**

**Ahmad Surani bin Zainal Abidin**

# TABLE OF CONTENTS

| TOPIC                 | PAGE |
|-----------------------|------|
| LETTER OF TRANSMITTAL | I    |
| ACKNOWLEDGEMENT       | ii   |
| TABLE OF CONTENTS     | iii  |
| LIST OF TABLES        | v    |
| LIST OF FIGURES       | vi   |
| LIST OF ABBREVIATION  | vii  |
| EXECUTIVE SUMMARY     | viii |

## CHAPTERS

|     |   |    |
|-----|---|----|
| 1.0 | INTRODUCTION                              |    |
| 1.1 | Background of Study                       | 1  |
| 1.2 | Introduction to Caltex Worldwide          | 3  |
| 1.3 | Introduction to Caltex Malaysia           | 4  |
| 1.4 | The Basic Caltex C-store Business Concept | 6  |
| 1.5 | Scope of Study                            | 9  |
| 1.6 | Problem Statement                         | 10 |
| 1.7 | Objective of the study                    | 11 |
| 1.8 | Hypothesis                                | 12 |
| 1.9 | Limitations                               | 13 |
| 2.0 | LITERITURE REVIEW                         |    |
| 2.1 | Inventory – Definitions                   | 14 |
| 2.2 | Inventory Management/Control              | 15 |
| 2.3 | Merchandise Planning                      | 16 |
| 2.4 | Managing the Merchandise                  | 18 |
| 2.5 | Computerized System                       | 20 |
| 2.6 | Computerized System                       | 21 |
| 2.7 | Just In Time Concept                      | 22 |
| 3.0 | RESEARCH METHODOLOGY                      |    |
| 3.1 | Aim of the Research                       | 24 |
| 3.2 | Source of Data                            | 25 |
| 3.3 | Data Collection Technique                 | 26 |
| 3.4 | Sampling                                  | 27 |
| 3.5 | Analysis Procedure                        | 28 |
| 4.0 | FINDINGS AND ANALYSIS OF QUESTIONNAIRES   | 29 |
| 4.1 | Analysis of Questionnaires Findings       | 53 |
| 4.2 | Analysis of Hypothesis                    | 55 |

## TABLE OF CONTENTS

|     |  |    |
|-----|--|----|
| 5.0 | CONCLUSION                                   | 63 |
| 6.0 | RECOMMENDATIONS                              |    |
| 6.1 | Recommendations : Knowledge                  | 66 |
| 6.2 | Recommendations : Computerized System        | 67 |
| 6.3 | Recommendations : Promotion                  | 67 |
| 6.4 | Recommendations : Relationship with supplier | 68 |
| 6.5 | Recommendations : Others                     | 69 |

### BIBLIOGRAPHY

### APPENDIX I – QUESTIONNAIRES

### APPENDIX II- SPSS PRINT OUT DATA

## **EXECUTIVE SUMMARY**

There are a lot of factors that contributed to the ineffective of inventory control. From this research, we will look into factors that contributed to the ineffective inventory control at Star Mart Caltex Station. From the observation made at most of the Star Mart in Klang Vally, 4 major problems had been identified that caused to the problem which is less knowledge, promotion done, the usage of computerized system and the relationship with suppliers.

The objectives of this research is to find out the factors that contributed to the ineffective control and to give recommendations on how the business partner can improve their inventory control so that it can help them to operate their store more effectively.

From the observation, business partner does concern about their inventory. They know that knowledge is important to them, they agreed that promotion done will give them problem in term of inventory control, they realized that computerized system can help them to control the inventory and relationship with suppliers can also determine the effectiveness of inventory control but then, from the observation and findings the business partner seems didn't know what to do as they are tied with the regulations made by Caltex Headquarters and also due to the less manpower that can concentrate only on the operation of the Star Mart.

Regarding to the above, on this project paper we will see wheather the factors that had been identified will have relationship with the inventory control by using the accurate sampling that is the total number of business partner that operate Star Mart at the station and recommendations on how to overcome the problems.