

DETERMINANTS OF LEVEL OF INVENTORY IN NEPALESE POULTRY BUSINESS

Thesis Submitted by:

BIRODH ADHIKARI

Shree Shaheed Smriti Multiple Campus
Ratnanagar, Chitwan

In Partial Fulfillment of the Requirement of the Degree of Master of
Business Studies (MBS)
Chitwan, Nepal
December, 2008

DETERMINANTS OF LEVEL OF INVENTORY IN NEPALESE POULTRY BUSINESS



**A Thesis Submitted to:
Office of the Dean
The Faculty of Management
Tribhuvan University**



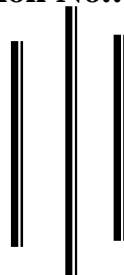
By

**Birodh Adhikari
Shree Shaheed Smriti Multiple Campus,
Ratnanagar, Chitwan**

T.U. Regd. No. 7-2-241-159-2001

Exam Roll No.: 683

Roll No.: 32/ 062



**In Partial Fulfillment of the Requirement of the Degree of Master of Business
Studies (MBS)**

Chitwan, Nepal

December, 2008

RECOMMENDATION LETTER

This is to certify that the thesis

Submitted by

Birodh Adhikari

Entitled

"Determinants of Level of Inventory in Nepalese Poultry Business"

Has been prepared as approved by this Department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

.....
Thesis Supervisor

.....
Chairperson

.....
Programme In-charge

.....
Campus Chief

Date:

VIVA VOCE SHEET

We have conducted the viva voce examination of the thesis

Presented by

Birodh Adhikari

Entitled

"Determinants of Level of Inventory in Nepalese Poultry Business."

And found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for

Master's Degree in Business Studies (MBS)

VIVA-VOCE COMMITTEE

Chairman (Research Committee)

Member (Thesis Supervisor)

Member (External Expert)

Member (Central Department of Management)

Date:.....

Dedicated to

Mother

DALCHINI
ADHIKARI

&

Father

DIL BAHADUR
ADHIKARI

DECLARATION

I hereby declare that the work reported in this thesis entitled "**Determinants of Level of Inventory in Nepalese Poultry Business**" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Degree of Master of Business Studies (M.B.S.) under the supervision and guidance of Mr. Khimananda Aryal, Lecturer, Shree Shaheed Smriti Multiple Campus, Ratnanagar, Chitwan.

(.....)

Birodh Adhikari

Date:

ACKNOWLEDGEMENT

This study on "**Determinants of Level of Inventory in Nepalese Poultry Business**" has been prepared to fulfill the particular requirement of the MBS program.

I am greatly thankful to the all authors and researcher who have contributed to the area of my research. I further hope that I have interpreted their view and expression properly.

I would like to extend my special thanks to my thesis supervisor Mr. Khimananda Aryal (Subas Sir) for his valuable suggestion, supervision, kind guidance and constant inspirations throughout the process of the preparation and completion of this dissertation. This study was impossible without his supervision. I am also grateful to former Campus Chief Mr. Gokarna Malla, Programme in-charge Gopal Parajuli, Chairperson (Research Committee) Surendra Regmi , Chairperson (Campus Management Committee) Rajendra Shrestha and Campus Chief Mr. Krishna Prasad Subedi, Lectures Radha Balika, Deepak Chandra Ghimire, Bodh Nath Gajurel, Ramesh Sharma, Som Nath Timilsina whose valuable suggestion and co-operation added strength to write this thesis. Thanks also go to all the poultry firms who provide formal and informal information and respondents who filled up questionnaire.

Lastly, I express my sincere gratitude to my mother Dal Chini Adhikari, father Dil Bahadur Adhikari, who help me in developing my career, my sisters Sadikshya, Samikshya and Asmita for supporting for this job, my brothers Binesh, Milan and Pratirodh, brother-in-law Khila Bhandari my friends NH Puri, RS Kari, BC Aryal, S Ghamale, PP Swodari, N Kattel, DB Basnet, UK Maskey, S Basnet and all the staffs of Department of Management, Library Department of Shaheed Smriti Campus and Central Library of Tribhuvan University for their kind co-operation in completing this research.

Birodh Adhikari

Contents

Declaration	i
Acknowledgement	ii
List of Abbreviation	iii
Contents	iv
List of Tables	vi
List of Charts	vii
List of Figures	viii

Chapter One: Introductory

1.1 Background of the Study	1
1.2 Poultry Business in Nepal	3
1.3 Statements of the Problems	4
1.4 Objectives of the Study	7
1.5 Significance of the Study	7
1.6 Limitations of the Study	8
1.7 Organization of the Study	9

Chapter Two: Literature of Review

2.1 Fundamental Concept of Inventory Management	11
2.1.1 Inventory Management	11
2.1.2 Why Inventory?	12
2.1.3 Controlling Inventory	14
2.1.4 Recent Thoughts in Inventory Management	21
2.2 Review of Major Studies	
2.2.1 The Goodwin Study	22
2.2.2 The Michale Lovell Study	22
2.2.3 The Nestor Study	23
2.2.4 The McGoudrick Study	23
2.2.5 The Paul Borrous Study	23
2.2.6 The Grossman Study	23
2.2.7 The Joyce Study	23
2.2.8 The Liberman Study	24
2.2.9 The Miccini and Rossana Study	28
2.2.10 The Irvan Study	28
2.2.11 The Alan and Blinder Study	31
2.2.12 The Akhtar Study	33
2.2.13 The Heifer Internatioal Study	36
2.2.14 The Christopler Study	36

2.3 Review of Related Studies in Nepal	
2.3.1 The Pradhan Study	38
2.3.2 The Joshi Study	40
2.3.3 The Other Study	41

Chapter three: Research Methodology

3.1 Specifications of Variables	46
3.2 Research Purpose	49
3.3 Research Approach	50
3.4 Research Principle	51
3.5 Research Strategy or Design	51
3.6 Nature and Source of the Data	52
3.7 Reasons for Selecting Poultry Business	53
3.8 Population and Sample Size	54
3.9 Econometric Model Specification	55
3.10 Statistical Test Used	58

Chapter Four : Analysis and Presentation of Data

4.1 Descriptive Statistics	60
4.2 Correlation Analysis	62
4.3 Model Presentation	62
4.4 Logarithmic Model	70
4.5 Presentation of Primary Response	72

Chapter Five: Conclusion and Recommendation

5.1 Summary and Conclusion	74
5.2 Recommendation	76
5.3 Future Research	77

Appendix I	78
Appendix II	81
Bibliography	82

List of Tables

1. Descriptive Statistics of Anna Purna Poultry	60
2. Descriptive Statistics of Khanal Poultry	61
3. Descriptive Statistics of Trishul Poultry	61
4. Descriptive Statistics of Dallakoti Poultry	61
5. Descriptive Statistics of Abhinas Poultry	61
6. Correlation Between the Variables	62

List of Charts

1. Respondents Giving Emphasis for Determinants of Level of Inventory 62

List of Figure

<u>Figures</u>	<u>Page No.</u>
1. Relation of MC and MR	32
2. Broiler Chicken Inventories, Philippines, 2001-2007	37
3. Future Research on Inventory in Poultry Business	77