

**INVENTORY MANAGEMENT OF UNION GALVASTEEL
CORPORATION, CALAMBA CITY, LAGUNA**

Case Study

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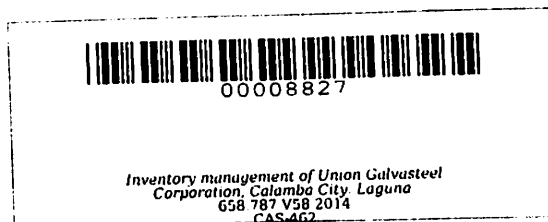
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**INVENTORY MANAGEMENT OF UNION GALVASTEEL CORPORATION,
CALAMABA CITY, LAGUNA**

**Undergraduate Case Study
Submitted to the Faculty
of the College of Economics, Management and Development Studies
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Bachelor of Science in Business Management
major in Financial Management**



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ABSTRACT

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A case study was conducted in Union Galvasteel Corporation from July 22 to September 6, 2013 at Bacnotan Drive, Barangay Real, Calamba City. The study was conducted to enable the student to apply her gained knowledge in Business Management, especially in Financial Management, to actual experiences and real life working situations. Specifically, the study aimed to know the current inventory system and effectiveness of inventory management of UGC using descriptive and quantitative analysis through helpful tools such as Inventory to Sales, Inventory Turnover and Profitability ratios.

UGC in Calamba, Laguna started its operation in 1990. The firm is involved in distribution of prepainted galvanized roofing and other steel products. Problems on implementation of inventory system were encountered because the system was not centralized on its past years of operation. As of 2013, the firm is working on its Enterprise Resource Planning, a centralized inventory system.

UGC has an average of P0.1443 per peso of sale from 2009 to 2012 which indicated that P0.1443 peso of inventory is invested for a peso of sale. Overall, the company maintains low investment on its inventories creating high sales volume which is a positive indicator of effective inventory management. Average inventory turnover from 2009 to 2012 was 2.88 or equivalent to 3. The lowest inventory turnover happened in 2011 (2.62). Overall, the company maintains the inventory turnover of 3 which is a

positive indicator of effective inventory management. Moreover, the effectiveness of inventory management of the firm was seen as the firm effectively maintained to have profit rather than loss in spite of the increased competition on local and global markets.

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INTRODUCTION

Inventories occupy the most strategic and flexible position in the structure of working capital of most businesses specifically to manufacturing industry. A large manufacturing company normally produces higher level of inventories for supplying adequate quantity of finished products to its customers. However, holding excessive level of inventories consumes the funds of business, which cannot be allocated and be used for any other purpose and thus involves opportunity cost.

The main concern of inventory management is to determine what inventory level is needed to be maintained that will support sales levels predicted or desired through monitoring and control on inventories. It is an important concern to manufacturing companies because inventory management provides finance records specific to a single