INDUSTRY

A Study on Inventory Control and Stock Discrepancies and Their Impact on Organisational Performance

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Abstract

Inventory is often the last thing you notice when everything is in place. No matter what you do, every organisation relies on the availability of the right stock, in the right place. When the records you keep differ from what's actually on the shelves, it leads to delays, off-the-cuff expenditure and a gradual erosion of control. This paper explores inventory control and stock discrepancies from the experience of Median IT Solutions Pvt. Ltd., a supplier and installer of products and systems including CCTV cameras and fire alarm equipment.

This study is a qualitative case study based on my internship at the company (8 July to 8 August 2026, Inventory Management and Operations). I compared system figures with physical counts of product. The gap was present in all three product sets studied: 8 of 36 Hikvision CCTV cameras (22.22%), 2 of 10 12MP memory cards (20%) and 2 of 16 fire-alarm speakers (12.5%), a total of twelve units. The reasons given included workers walking off with company possessions, rough treatment of the equipment and poor oversight at worksites. I discuss how these gaps impact on operational continuity, cost management, accountability, customer service and performance.

This paper declines to assign a rupee value to this loss. Lacking evidence of verified purchase cost, original ledgers and movement registers, and not having counted in audit mode, this is the best supply chain analysis you'll see. What it does provide is a solid understanding of the kind of operational risks involved and a laundry list of what to do: periodic physical counts, proper issue and receipt records, nominated owner for each asset, site-level accounts, and reconciliation before returning assets to the store. Inventory management is not a storekeeper's job.

Keywords: Inventory Control; Stock Discrepancies; Inventory Management; CCTV Cameras; Asset Supervision; Operational Efficiency; Organisational Performance; Median IT Solutions

1 Introduction

Material, tools, and equipment are vital for the functioning of every organization. Some materials are placed in the warehouse while others are used in offices and some are transported to the places where projects are being implemented. As the materials are being handled by many people during a week, their management should be organized efficiently. Hence, an employee needs to have the following item for effective work at the right time. This is what inventory management does: keeping records, storing, issuing, checking and controlling inventories.

Presence of stock discrepancy means that the records say that something is available in stock while it does not exist. For example, the register shows that there are ten memory cards while in reality, there are only eight. It may happen due to a wrong record or just because one of the items was used and

nobody recorded it. Other possibilities include destruction of the item, its loss or theft, careless handling of the item and organization problems. The longer such a difference is left unrecognized, the harder it will become to trace it.

The risk increases as machines and materials flow between the office, warehouse and various project sites. At each site, materials are handled by employees and contractors alike. When there's no record of who has what, where it was used, and if it's been returned there's no way to assign blame if the equipment goes missing.

This paper explores the issue of inventory control through a case study of Median IT Solutions Pvt Ltd. The information system used by the company indicated the presence of items that, on a physical count, were not present - the most prominent examples being CCTV cameras made by Hikvision, as well as some fire-alarm speakers and memory cards. The paper considers whether this could have occurred and, if so, how improved inventory controls would mitigate the risk of this occurring.

1.1 Problem statement

A company can keep stock records and still lose items if nobody checks how those items actually move and get used. In the case studied here, the physical count fell short of the system quantity for cameras, memory cards and speakers, while the system kept showing the full quantity as available. The concerns raised were workers taking company assets, neglect of equipment and weak supervision at the site. Gaps of this kind can interrupt work, raise replacement costs and make it hard to say who is responsible. The study therefore asks how better inventory control can reduce stock differences and support organisational performance.

1.2 Objectives of the study

1. To understand what inventory control means and why it matters in day-to-day business operations.
2. To identify the stock discrepancies found in the selected case, covering CCTV cameras, memory cards and fire-alarm speakers.
3. To explore the likely reasons behind missing or unaccounted items.
4. To see how stock discrepancies can hurt operational efficiency and cost control.
5. To examine the role of employee accountability and site supervision in protecting company assets.
6. To suggest practical ways to improve inventory records, monitoring and physical verification.

2 Review of literature

The management of inventory is usually classified as a key area of management throughout operations and the entire supply chain. It deals with stock keeping, stockholding and stock movement processes inside the organisation. The goal of inventory management is simple: to have required items available without spending extra funds on surplus items, or losing them due to waste or theft.

Chopra and Meindl claim that inventory management is one of the basic factors influencing supply chain performance in their paper on supply chain management. They note that the amount of inventory a company has on stock and in what quantities would imply a company’s response improvement.

Operations-management literature makes a similar point about processes and resources: work gets done consistently only when it is controlled. Accurate records, clear procedures and regular checks tell managers whether resources are being used as planned. When records and physical stock disagree, at least one step in the process is probably not working.

The literature on inventory management often refers to the practice of taking stock, its accuracy, controls, stocking items, and accountability for goods. Physical verification matters since it compares the records with the actual items, then, through reconciliation, differences can be explained and corrected. Stocktaking done infrequently allows both mistakes and losses to remain undetected while making it advisable to keep control over more valuable and moveable objects. This gives rise to innovations like ABC inventory control or cycle counting.

In this paper, these general principles have been applied to the real situation at the workplace. No formal theories have been verified and no correlation has been established. Instead, the case demonstrates the way in which poor record keeping, negligence, and lack of supervision create operational risks.

3 Research methodology

3.1 Research design

The paper employs a descriptive case-study design. It fits the purpose which is to describe an inventory problem in a single organisational context and what this could mean to operations. The paper focuses on the type of stock differences, the explanations provided for them and the controls which could stop their recurrence.

3.2 Data collection

The data are derived from my internship with Median IT Solutions Pvt. Ltd. At the department Inventory Management & Operations from 8 July to 8 August 2026. During this time I balanced 3 groups of stock keeping units between the System data and the physically 100% counted stock and identified the gap explanations given by the company's employees. General theories from inventory- and operations-management literature are applied to analyze the results. All data are original; no survey results or financial figures have been assumed..

3.3 Organisation and case context

Median IT Solutions Pvt. Ltd. Collaborate on products and systems such as CCTV cameras and software, fire alarm equipment. With this type of work, the goods are received, issued, transported and installed at multiple locations so a close eye needs to be kept on them. Each piece of equipment should be able to be tracked from receipt to installation, use or return.

3.4 Scope of the case information

The case concerns three sets of items – the Hikvision CCTV cameras, 12MP memory cards and fire-alarm speakers. The computer system showed there were 36 of the cameras, 10 of the memory cards and 16 of the speakers on site but the physical count disclosed only 28 cameras, 8 of the memory cards and 14 of the speakers. There was a discrepancy of 8 cameras, 2 memory cards and 2 speakers, which added up to 12. The explanation given was that workers had taken possessions, some of the workers had misused the equipment and there had been insufficient supervision of the site.

3.5 Method of analysis

The analysis is a straightforward comparison of the system quantity and physical count and then qualitative interpretation.

$$\text{Shortage (\%)} = \frac{\text{Shortage}}{\text{System quantity}} \times 100 \quad (1)$$

Results are set out in a table, and the discussion follows into cost, project work, accountability and service delivery. I did not have the full inventory register, verified loss items or a large sample, and this exercise was not an audit so I did not employ any sophisticated statistical techniques.

4 Case details, analysis and interpretation

The case shows a gap between the quantity the system said was available and the quantity that could actually be found. Even a small shortage matters if the missing item is needed to install or run a system, and the table below shows that the gap appeared in every product group checked.

Table 1. System quantity, physical count and shortage by item.

Item	System quantity	Physical count	Shortage	Shortage share
Hikvision CCTV cameras	36	28	8	22.22%
12MP memory cards	10	8	2	20%
Fire-alarm speakers	16	14	2	12.5%

4.1 CCTV camera discrepancy

Hikvision CCTV cameras recorded the largest gap in the study. The system showed 36 units, but only 28 were found, leaving 8 unaccounted for, a shortage of 22.22%. Cameras make up 8 of the 12 missing units across the three groups, which is two-thirds of the total.

Cameras are small, portable and in regular demand on installation sites, which makes them easy to misplace or take and hard to trace once they leave the store. The consequences depend on where the missing units were meant to go. If they were needed for an installation, the work may be held up until replacements arrive; if they were allocated to a customer order, the company may have to buy urgently or revisit the site. And because the system kept showing 36 cameras as available, planners could commit stock that was not really there. The paper does not assume that all eight units were stolen. Some may be installed but unrecorded, issued without a transfer entry or sitting at a site, which is exactly what a reconciliation against movement records would settle.

4.2 Memory card discrepancy

Two out of ten 12MP cards in the sample were missing, a 20% shortfall. Memory cards are used for cameras to contain the recorded film and other data, so they are relevant to the cameras at the beginning of this discussion. If an agent is lacking when a camera is mounted or maintained, workers may have to take some minutes to order a replacement or might have to find one from somewhere else. This costs time, and related procurement activity. 20% is the second-highest shortfall rate, suggesting that similarly sized accessories are as vulnerable as larger equipment.

4.3 Speaker discrepancy in the Fire alarm system

Two of 16 speakers in the fire alarm were absent, a shortfall of 12.5%. (Speakers are legitimate elements of the system, so this shortfall might delay the system's installation, testing or handover until replacements arrive.) The significance of this depends on the system design and the project phase, and the paper does not suppose the complete system was out of action. But fire alarm gear could be protecting the people and property, so a shortfall is significant.

4.4 Reasons identified for the discrepancies

- **Possible removal of assets by workers:** Concerns were raised that some workers may have taken company items without approval or without recording it.
- **Neglect of assets:** Some workers were reported not to have taken proper care of equipment. Items get misplaced, left unattended or put back in the wrong place.
- **Inadequate site supervision:** When equipment goes to a site with little monitoring, it becomes hard to know who is responsible for it and whether it was used, stored or returned.
- **Weak movement records:** If issues, transfers and returns are not noted consistently, management cannot tell when or where a shortage began. Data-entry, counting and storage or access gaps were not identified in the case, but they should be cross-checked.

4.5 Interpretation

It's easy to see from the losses that a firm cannot simply depend on register numbers or screen counts. Records must have physical confirmation and movement documents as well. The three groups of losses, also, demonstrate that discrepancies can encompass all sorts of equipment, from system elements and cameras to access devices. But what makes the losses striking is not just the number missing, but how difficult it is to determine where they went and who was responsible. The most vulnerable points for loss are receiving and storage coding; issue to site and transfers; returns; and physical reconciliation.

4.6 Strategic analysis: SWOT

A simple SWOT perspective, provides the findings in strategic context.

- **Strengths:** Since the system records can be compared with the physical stock, variances can be detected, and they provide management with a base for remedial action.
- **Weakness:** All three product lines were mismatches, and equipment maintenance and site monitoring were found weak.
- **Opportunities:** Regularly recording periodic counts, item and location coding, storage assignments and approved corrections and conducting routine mismatch checks should improve records.
- **Risks:** Wrong balances lead to delays and unnecessary orders, and unproven assumptions might point fingers at the wrong people.

5 Findings and discussion

Hikvision CCTV cameras accounted for the largest gap. Out of 36 cameras, 8 of them (22.22%) were not present in the physical count. In addition, two of ten 12MP memory cards (20%) and two of sixteen fire-alarm speakers (12.5%) were also short, for a total of 12 units.

These items still indicated that they were in stock.

The reasons given were theft of assets, handling of equipment in a careless manner and lack of supervision at work sites.

Without accounting for the movement, there's no indication if the deviation occurred or who caused it.

What the shortages cause: replacement costs, delay of installation or work, and additional time to search accounts.

The management of inventory is not limited to someone in the warehouse, but it requires members of the team and supervisors who manage items at the job sites.

Frequent physical verification and periodic reconciliation should help you identify discrepancies before they snowball.

In all, the case indicates that the differences hurt performance in two ways. There is a direct cost of substituting the missing items.

There are also some less obvious indirect costs of the inconveniences: time spent investigating, rescheduling, retrenching and managing customers.

I am unable to put a number on these costs, given the data, but the operational risk is apparent.

6 Impact on organisational performance

6.1 Operational efficiency

When an item is missing at the moment it is needed, work stops or slows down. Employees search for it, call the store, arrange a transfer or wait for a replacement, and that is time not spent on productive work. With eight cameras unaccounted for, even a single installation schedule could be affected.

6.2 Cost control

Products that are not in stock indicate the need for replacement purchases along with ancillary expenses including transportation, expedited procurement, and return to the site. Accurate data and regular checks help to prevent irrational purchases and harsh losses. Miscalculated inventory works against managers either keeping shortages hidden until the product is needed or making orders that are not essential.

6.3 Project completion and customer service

The unavailability of a necessary component may lead to delays in installation, testing and maintenance. These delays can have a negative impact on project timelines and create issues with customer satisfaction. The business that carries out the installation of CCTV and fire alarms must install the entire system and, if there are not enough cameras in stock, their efficiency will be affected until new ones are received. Availability and traceability of equipment guarantees that quality service will be provided.

6.4 Employee accountability

Clear responsibility matters whenever stock is issued to an employee or sent to a site. If nobody is answerable for confirming receipt, keeping items safe and returning them, a shortage is almost

impossible to investigate fairly. A documented handover process makes expectations clear and also protects honest employees from unfair blame.

6.5 Management planning and decision-making

Inventory information helps managers in buying plans, resource allocation and estimating project requirements. When this information is inaccurate, decision making is therefore based on non-existent inventory, leading to over-ordering, under-ordering or ineffective resource allocation. KPIs such as record accuracy, discrepancy rate, and time taken for closing of a discrepancy are indicators for managers to see whether improvements have taken place.

6.6 Overall organisational performance

A discrepancy can look like a small store-level problem. Repeated, it affects productivity, expenses, delivery timelines and people's trust in internal systems. Good inventory control makes resources visible, cuts avoidable loss and helps teams finish work on time.

7 Recommendations

The recommendations are based on a five-step cycle: verify, reconcile, rectify, avoid, and supervise. The first step is conducting a physical inventory and comparing results with outgoing information, then making adjustments after receiving approval, obtaining stricter record-keeping and access to the equipment, and monitoring for discrepancies using repeats.

- **Make sure there is an up-to-date stock register:** Any time an item is bought, issued, transferred, returned, damaged, or disposed of, this transaction is recorded along with relevant data, including the item name and details of quantity and time of transaction.
- **Issue receipt notes:** A person receiving an item must acknowledge receipt of the equipment and note relevant facts about its condition. Those returned have to be checked and registered.
- **Appoint a person responsible in each location:** An appropriate person has to be appointed for looking after equipment and conducting regular checkups of your inventory.
- **Regular physical verification:** Keep comparing actual stock and register at planned intervals. Carry out cycle counting to have less but frequent counts. Based on ABC analysis, check cameras, etc.
- **Use two men:** Ask two persons to count and sign on important items.
- **Code items and locations:** Assign codes to each item to identify cameras, cards, etc.
- Investigate differences as soon as it is found, record data, check recent movement data, talk to the people involved. Confirm shortage by counting items again, and change balances only after the checking and approval of the change. Investigate in a fair manner because incorrect conclusions may lead to putting blame at wrong person.
- **Improve storage and access control:** Keep small, portable items such as cameras and memory cards in designated, secure storage. Limit access where practical and keep a record of who holds keys.
- **Create awareness among staff:** Explain why company assets need careful handling and why every movement must be recorded. Keep the process simple enough that people actually follow it.

- **Use simple digital tracking:** A shared spreadsheet or inventory application can hold item codes, locations, custodians and movement history. Control access and back up the data. Exception reporting can then highlight any mismatch for review.
- **Review recurring discrepancies and track KPIs:** Look for patterns by item, location, process or period, and measure record accuracy, discrepancy rate and the time taken to close each discrepancy.

8 Conclusion

This research studied inventory surveillance and discrepancies in stocks on the example of Median IT Solutions Pvt. Ltd. The comparison between inventory records and the physical counting of products revealed shortages in all the three product categories: in case of 8 cameras out of 36, 2 memory cards out of 10 and 2 fire alarm speakers out of 16. This makes for 12 units, with cameras missing most units. The issues mentioned were employees stealing equipment, improper use of equipment as well as insufficient supervision over employees working in the field.

The case shows that stock control is not just maintaining a logbook. One needs to implement proper registration of product movement, reliable storage facilities, clear accountability of workers, product arrival checks, and monitoring of items in the field. If there are weaknesses in implementation of these tasks, the company suffers in terms of costs, additional administrative work, and difficulties in planning.

Every organization must define the importance of having a straightforward and stable method to curb contradictions and ensure efficiency. All these elements allow businesses to make informed decisions concerning their assets. The research is based on very scant case information and thus is unable to provide numerical data concerning any loss or impact on the different aspects of productivity. However, the paper implies that it is possible to strengthen control and therefore lessen operational risks.

9 Limitations of the study

- The study rests on limited case information covering three categories of items: CCTV cameras, memory cards and fire-alarm speakers.
- It compares system records with physical counts and is not a full audit. Original ledgers, purchase invoices and movement records were not available for independent verification.
- The monetary value of the missing items and the total financial impact were not calculated.
- The reasons given reflect concerns reported in the case and are not the result of a formal investigation. Data-entry, counting and storage or access gaps were not identified but should be cross-checked.
- The study does not include a large employee survey or statistical testing.
- The findings relate to one organisational case and should not be generalised to every business.

10 Scope for future research

- Gather information from workers in roles related to inventory, operations, procurement, and on-site projects.

- Analyze the variations in inventories of different equipment types in different locations with regard to cameras.
- Establish the trail of the missing cameras by making sure the movements of the eight units have been tracked through the issue, transfer, and recording stages.
- Investigate the correlation between how often inventories are verified physically and how accurate the documentation with respect to day-to-day inventory control is.
- Analyze the effect of digital inventory systems, bar codes, and QR codes on tracking the inventories.
- Estimate the financial implications of discrepancies in terms of purchasing costs, replacement costs, and delay records.
- Analyze the way inventory management systems differ before and after the introduction of more stringent issue, return, and supervision processes.

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