ANALYSING EFFECT OF INVENTORY MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF DEPARTMENTAL STORES IN SOUTH-EAST, NIGERIA

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Abstract: *The consistent increase in the demand for products and services in various facets of the economy brought about effective and efficient service delivery to shareholders. The aim of the study is to ascertain the effect of effective inventory management system in organizational performance of departmental stores in South East, Nigeria. The specific objectives are to ascertain the effect of inventory management on organizational growth, organizational profitability and sales turnover of departmental stores in South East, Nigeria. Descriptive survey research design was adopted in the study. The population of the study was 27 departmental stores staff in the South East Region of Nigeria comprising those that belong to Stores, Finance and Management. Questionnaire instrument was adopted in obtaining data from the staff. The instrument shows Cronbach's alpha coefficient of .856. The data collected for the study were presented in tables, while the hypotheses were tested using simple linear regression with the aid of statistical package for social sciences (IBM, SPSS version 23) software. The result of the study shows that inventory management has a positive effect on organizational growth of departmental stores in South East, Nigeria. (r = 730; t= 17.214; F = 296.311; p = .000 < 0.05); inventory management system has a positive effect on profitability of departmental stores in South East, Nigeria (r = .899; t= 33.161; F = 1099.647; p = .000 < 0.05) and inventory management system has a positive effect on sales turnover in departmental stores in South East, Nigeria (r = .730; t= 17.214; F = 296.311; p = .000 < 0.05). It was concluded that inventory management system affects organizational performance in departmental stores in South East, Nigeria. The study recommended that the systematic management of inventory in any organization should be seen as a pre-requisite to the success of the organization hence, the management should design and develop inventory systems that could enable adequate sales turnover and management should*

ensure a constant review of various inventory system in the organization to enable them maintain profitability and consistently remain afloat in the economy.

Keywords: Inventory Management, Organizational Performance, Profitability and Sales Turnover

BACKGROUND OF THE STUDY

With the consistent increase in the demand for products and services in various facets of the economy, different management practices have been recognised in easing the process of effective and efficient service delivery to both customers as well as stakeholders. One of such management practices is the utilization of inventory management system in maintaining adequate stock in an organization. Inventory management is increasingly regarded as a tool for optimal use of resources in achieving overall organizational efficiency across industries (Akindipe, 2014). Inventory in organisations today, is a key area that has attracted scholars from the business world. Ballou (2000) opines that worldwide inventory is vital to the successful functioning of any manufacturing firm as it is the lifeblood and the heart of any manufacturing system.

Lysons (2006) therefore says that, inventory management involves a process of efficiently overseeing the constant flow of units into and out of an existing inventory. This process usually involves controlling the transfer of units in order to prevent the inventory from becoming too high, or dwindling to levels that could put operation of the company into jeopardy. Inventory system in the words of Ali, Madaan, Chan, and Kannan (2012) is used for analysing product sales, detect popular item in stock and ready to instantly fulfill any customer's order. Ali et al., (2012) further revealed that inventory management system enable organization to detect special orders, sell on occasion and available products in a limited quantity to keep inventory costs down and to develop a positive reputation for quickly filling special orders. Ali et. al (2012) state that a good inventory system implies that organisations have an accurate information on inventory count at all times, giving good customer service, giving accurate information to customer and improving image of the organisations. Meanwhile, Roy (2012) points out that an effective inventory management will always give a competitive advantage to the business over its competitors.

Globally, inventory management remain an important aspect of every company as poor inventory system could result in loss of customers and sales while an effective inventory

management is able to generate more sales for the company which directly affects the performance of the company (Mohamad, Suraidi, Abd. Rahman & Suhaimi, 2016). Oliveira and Rodrigues (2008) argue that inventory management has direct and significant effects on organisational efficiency (performance) and company finances. Sumil and Sameer (2007), conclude that it is vital for an organisation to have a sound, effective and well-coordinated inventory control management procedures to help it perform and to have a competitive advantage in the current competitive business environment

In consistent effort to ensure optimal customer and shareholders satisfaction, available evidence suggested that modern management recognize that a constant review of inventory can reduce capital tied up without hampering cost and customers' goodwill (Kareem, 2007). Efficient management of inventory concerns most managers of marketing and supply businesses, whether they are retail, wholesale, or service oriented (Weele, 2000). Successful and well-organized businesses rely heavily on inventory management systems to make certain that adequate inventory levels are available to satisfy their customer's demand (Awatey, 2014). Every company has its own inventory where each company manages its stocks using different ways, but the purpose of the inventory system is the same which is to reduce cost.

Inventory management systems are however described as complex systems to develop (Jones & Riley, 1985). This is attributed to the fact that inventory management spans through most of the departments within an institution each having its own heterogeneous functions (Angulo, 2009). Power (2005) similarly notes that developing integrated inventory systems is one of the challenges that organisations face as they develop inventory systems. Cagliano, DeMarco, Rafele and Volpe (2011) point out that the adoption of inventory management systems has huge initial cost implications for the firm but the firm stands to benefit in the long run. Some of the benefits cited in the study include: increased operational efficiency, lower institutional and operational costs, shorter lead-times and reduced inventory (Cagliano et al. 2011).

Eneje, Nweze & Udeh, (2012) hold that a firm which neglects its inventory management will be jeopardizing its long-run profitability and may subsequently fail. They further posit that it is possible for a company to reduce its levels of inventories to a considerable degree without

it having any adverse effect on production and sales. Panigrahi, (2013) identifies that when poor management of working capital occurs, funds may be unnecessarily tied up in idle assets which will reduce liquidity and make the company not to be in a position to invest in productive assets like plant and machinery. Famurewa and Orekoya (2009) opine that it is imperative to manage inventories efficiently and effectively in order to avoid unnecessary investment as success or failure of any business depends on its inventory management system. The study was undertaken to ascertain the effect of inventory management on business performance of departmental stores in South East Nigeria.

STATEMENT OF THE PROBLEM

The relevance of efficient management of inventory cannot be over emphasized. Inventory management plays an important role in every company as inventory management system positions the firm to gain more customers and sales. An effective inventory management is able to generate more sales for the company which will directly affect the performance of the company. Efficient inventory management system provides information to efficiently manage the flow of materials, effectively utilize people and equipment, coordinate internal activities and communicate with customers.

Inventory management system has come to be recognised as a vital problem area needing attention in Nigeria due to increased demand from customers and shareholders. With the expanding change in customer life style, the use of inventory management system becomes even more complex as organisation fight intensely to meet the expectation of the customer. By so doing, organisations engage in designing different inventory management patterns which often are rendered worthless due to customer change of life style. Meanwhile redesigning a new system is a complex process today that involves time and other resources like the human capital which its process of redesigning might result to ineffective inventory management thereby influencing the growth possibility of organizations. In addition to the changing life style of customer is a consistent demand on the part of shareholders on incremental expansion of the organisation through gaining higher market shares and improved profitability. Shareholders, in a bid to see high performance of the organisation regardless of the state of competition, install various inventory systems which might be inefficient in creating higher profitability in the long run. This invariable could result to poor

sales turnover, low profitability as well as stalled growth of the organisation. The importance of these departmental stores makess it imperative to study the impact of inventory management in Roban Stores, Enugu, South East, Nigeria.

OBJECTIVES OF THE STUDY

The broad objective of the study is to assess the effect of efficient inventory management system on organisational performance of departmental stores in South East Nigeria.

. The specific objectives were to:

1. Ascertain the effect of efficient inventory management practices on organisational growth of departmental stores in South East Nigeria.

2. Examine the effect of efficient inventory management practices on organisational profitability of departmental stores in South East Nigeria.

3. Identify the effect of efficient inventory management practices on sales turnover of departmental stores in South East Nigeria.

RESEARCH QUESTIONS

The study sought answers to the following questions:

1. What is the effect of efficient inventory management practices on organisational growth of departmental stores in South East Nigeria?

2. What is the effect of efficient inventory management practices on organisational profitability of departmental stores in South East Nigeria?

3. What is the effect of efficient inventory management practices on sales turnover of departmental stores in South East Nigeria?

RESEARCH HYPOTHESES

The following research hypotheses guided the study:

1. Efficient inventory management practices positively affect growth of departmental stores in South East Nigeria.

2. Efficient inventory management practices positively affect profitability of departmental stores in South East Nigeria.

3. Efficient inventory management practices positively affect sales turnover of departmental stores in South East Nigeria

REVIEW OF RELATED LITERATURE

Concept of Inventory Management

In some firms, inventories constitute the second largest category of assets shown on the balance sheet exceeded only by physical facilities and equipment (Armstrong, 1985). Jessop (1999) states that inventory management is the art and science of maintaining stock levels of a given group of items while incurring the least cost consistent with other relevant targets and objectives set by the management. Inventory is a quantity or stock of goods that is held for some purpose or use. Therefore, inventory management or inventory control, is an attempt to balance inventory needs and requirements with the need to minimize costs resulting from obtaining and holding inventory (Eneje, Nweze and Udeh, 2012). Eneje, Nweze & Udeh (2012) define inventory management as the activities involved in bringing raw materials and supplies to the point of production and moving in process inventory through the firm.

Panigrahi (2013) sees inventory as the stockpile of the products a firm is offering for sale and the various components that make up these products. Other definitions of inventory management abound in extant literature, for example, George (1985) define it as a scientific act of controlling the amount of stock level held in various firms within a business to meet economically the intervals and external demand priced upon that business. Inventory management refers to all the activities involved in developing and managing the inventory levels, whether the inventory is raw materials, semi-finished material or finished goods, so the adequate supplies must be always available and the form must make sure the cost of over or under stocks are always low (Kotler, 2002). Similarly, Gerald (2006), sees inventory management systems as processes of managing inventory in order to meet customers' needs by maintaining the lowest possible cost of investment.

Management of inventory typically represents 45-90% of all expenses for business and is therefore needed to ensure that the business has the right goods at hand to avoid stock-outs, shrinkage (spoilage/theft), and to provide proper accounting (Khan & Thomas, 2007).

Fried, Lovell, and Schmidt, (2008) opined that a successful business relies on many factors, one of which is a reliable inventory management system. Inventory management consists of everything from accurate record-keeping to shipping and receiving of products on time. An Inventory management that is properly maintained can influence the company level of

customer satisfaction, organisational growth and profitability (Wambua, Okibo, Nyang'Au & Ondieki, 2015).

Organizational Performance

Organizational performance is one of the most important constructs in management research. Past studies reveals a multidimensional conceptualization of organizational performance related predominately to stakeholders, heterogeneous product market circumstances, and time (Pierre, Timothy & George, 2009). Organizational performance, meanwhile, has not been frequently defined and has been used differently according to the context, as well as being difficult to define and measure (Erbisch, 2004 in Norashikin, Amnah Fauziah and Noormala, (2013). A general definition of organizational performance by Stankard (2002) noted that it is the product of interactions of different parts or units in the organization. Norashikin, et al. (2013) opined that m organisational performance refers to the outcomes of various organizational processes which occur in the course of its daily operations. Pierre, Timothy & George, 2009) proposed that organisational performance is represented by various dimensions such profitability, growth, sales turnover.

Organisational Growth

Organizational growth is better explained using the organizational life cycle. The organizational life cycle according to Bess (1984) refers to the expected sequence of advancements experienced by an organization, as opposed to a randomized occurrence of events. Researchers have described the stages of growth in organisations like that of a life cycle of a living organisms (Lester, Parnell, and Carraher, 2003).

Scholars have suggested that there is a relationship between inventory control and business growth (Elsayed and Wahba, 2016; Anichebe, 2013). A study by Elsayed and Wahba (2016) shows that while inventory to sales ratio affects organisational performance negatively in the initial growth stage and the maturity stage, it exerts a positive and significant coefficient on performance in either the rapid growth stage or the revival stage. Anichebe (2013) holds that efficient inventory management is very vital to the success and growth of organisations.

Profitability

Profitability is the ability of a business to earn profit. A profit is what is left of the revenue a business generates after it must have paid all expenses directly related to the generation of the revenue (Grimsley, 2017). Eroglu and Hofer (2011) found that leanness positively affects

profitability of a business firm. Similarly, Koumanakos (2008) holds that lean inventory management leads to an improvement in a firm's financial performance, he maintained that the higher the level of inventories preserved by a firm, the lower the rate of return.

Companies successfully optimize inventory through lean supply chain practices and systems to achieve higher levels of asset utilization and customer satisfaction leading to improved organisational growth, profitability and market share (Green & Inman, 2005). According to Richard, Devinney, Yip and Johnson (2009) organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). It encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.).

Sales Turnover

Sales turnover is the quantity or number of products sold or services provided by a company in a particular period of time. Higher product variety and inventory levels at retail stores are associated with higher sales. Having more products at a store increases the probability that customers will find what they want (Baumol and Ide 1956). Also, having more inventory of a particular product increases sales (Cachon and Terwiesch 2006). Also in studies by Dubelaar, Chow and Larson (2001), show the relationship between inventory, sales and service in a retail chain store operation. Inventory management systems curb the challenge of productive inventory management to support an upward trend in sales while keeping the investment cost at the lowest level consistent with adequate customer service (Ellram, 1996). Similarly, Mohamad, Suraidi, Abd. Rahman and Suhaimi (2016) opine that inventory management plays an important role in every company as any ineffective inventory system will result in loss of customers and sales.

Theoretical Review

Theories such as lean theory, constraint theory, contingency theory, etc. could be used to explain the effect of efficient inventory management system on organizational performance of firms. However, we shall adopt the lean theory and contingency theory for this study.

Lean Theory

Wangari (2015) notes that the theory proposes that inventory management act as a major component of any supply chain. Irrespective of whether it is a product or a service supply chain, lean theory is an extension of ideas of just-in-time. The theory elaborates on how manufacturers gain flexibility in their ordering decisions, reduce the stocks of inventory held on site and eliminate inventory carrying costs.

Lean theory is an organizational change method that is implemented with the objective of increasing profit, the theory originated in Japan by Taiichi Ohno of Toyota Production System. Constraints placed on the Japanese manufacturing sector after the second world war lead Taiichi Ohno to set up a new type of production system that was different and much better, than mass production that was earlier in existence (Rattner, 2006). The system involves utilizing half the effort, space, inventory, and product development time of that of mass production. It also achieves fewer defects, and larger product variety. The author noted that these improvements are expected to result in increased sales, which is the key to re-deploying freed-up resources. The objective of lean thinking is to increase profit (Rattner, 2006).

Inventory management plays a very important role in matching demand and supply within each and every partner in the entire supply chain, ultimately providing flexibility in coping with external and internal events of contemporary globalized business environment. Ineffective inventory control remains a major problem faced by industries in developing countries and that even the very basic inventory control concepts and techniques are not used by the majority of the companies studied (Wangari, 2015). As a result of the reliance on imported industrial raw materials and parts, and the endemic bureaucratic delays and associated communication problems in developing countries, order lead times cannot be computed with any degree of accuracy (Chen, Frank, & Wu, 2007). The criticisms leveled against the theory is that it can only be applicable when there is a close and long-term collaboration and sharing of information between a firm and its trading partners (Floyd, 2010)

Contingency Theory

A contingency theory is an organizational theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal

course of action is contingent (dependent) upon the internal and external situation. The theory was developed during the 1950s, by researchers at Ohio State University, when they administered extensive questionnaires measuring a range of possible leader behaviors in various organizational contexts. The theory was further developed by Fred Fiedler in his contingency model.

Morgan (2007) describes the main ideas underlying the theory as:

- Organizations are open systems that require careful management to satisfy and balance internal needs and to adapt to environmental circumstances

- There is no one best way of organizing. The appropriate form depends on the kind of task or environment one is dealing with.

- Management must be concerned with achieving alignments and good fits

- Different types or species of organizations are needed in different types of environments

Contingency theory is of the belief that the best practices depend on the contingencies of situation (Wangari, 2015). Following Wangari's hypothesized relationship, inventory management practices are determinants of changes in organizational competitiveness of firms. In this respect changes in inventory management practices will represent organizational competitiveness. The essence of organizational competitiveness is creation of value. Value creation may be a combination of financial and non-financial objectives (Ketchen & Hult, 2007).

Each firm has a unique set of circumstances making operational performance measurement inherently situational. The contribution of inventory control system in operational performance of the organization is focused on financial and non-financial benefits, efficiency of procedures and effectiveness of procurement activities (Wangari, 2015). Wangari (2015) argue that the amount of the inventory held by the organization may therefore be a pointer towards the effectiveness of the inventory management practices.

In supermarkets and departmental stores, the importance of inventory management includes ascertaining the present and future requirements for all types of inventory to avoid overstocking while avoiding "bottleneck" in production and at the same time ensuring the safety, security of supplies, the avoidance of deterioration, theft, waste and obsolescence. Inventory management is not limited to documenting the delivery of raw materials and the

movement of those materials into operational process. The movement of those materials as they go through the various stages of the operation is as well important.

Empirical Review

Padachi (2006) carried out study on Trend in Working Capital Management and its Impact on Firms using 58 small manufacturing firms in Mauritius from 1998 to 2003. The regression result of his study indicated that high investment in inventories and receivables is associated with lower profitability. The key variables he used in the analysis were inventories days, accounts receivables days, accounts payable days and cash conversion cycle.

Another study which suggested a positive relationship between inventory management and performance was that of Eroglu and Hofer (2011) in which their study focused on US manufacturing firms covering the period of 2003-2008. They found that leanness positively affects profit margins. They further opine that firms that are leaner than the industry average generally see positive returns to leanness.

Panigrahi (2013) in a study conducted on the relationship between inventory management and profitability, five top Indian cement companies within the period 2001-2010 were assessed. The study utilized the dependent variable 'gross operating profit' as a measure of profitability and current ratio, size of the firm, financial debt ratio as control variables using regression analysis. The findings indicated that inventory conversion period has an inverse relationship with firms' profitability. It was revealed that, the firms' profitability as measured by gross operating profit has a negative relationship with financial debt ratio

Thogori & Gathenya (2014) carried out an investigation on the role of inventory management on customer satisfaction among the manufacturing firms in Kenya. The research was carried out at Delmonte Kenya since the company has a well laid down supply chain inventory information sharing system that is linked to the customers in real time to enhance inventory management. A census was carried out on all the 50 employees at Delomonte Kenya who were involved in the supply chain management activities. Questionnaire, interview guide and observation guide were used to collect the data. Response rate of 90% was obtained. The result revealed that all the respondents (100%) indicated that the company experienced shortages in inventory. They therefore concluded that manufacturing firms had poor inventory management systems and that had greatly

impacted on their ability to satisfy their customer needs thus resulting to a lower sales turnover.

Anichebe (2013) conducted a study on the impact of proper inventory management on organisational performance in Emenite, Hardis & Dromedas and the Nigeria Bottling Company all in Enugu, Enugu State. Descriptive research methods, in the form of survey and case study, were employed. The population of the study was six hundred and fifty eight (658). A sample size of two hundred and forty eight (248), was derived using the Taro Yamene formula. The findings indicate that: there is significant relationship between efficient inventory management and organisational effectiveness, inventory management had a significant effect on organisational productivity, there was a high positive correlation between efficient inventory management and organisational profitability. The study concluded that inventory management is very vital to the success and growth of organisations.

Elsayed and Wahba (2016) in their study on 'reexamining the relationship between inventory management and firm performance: An organisational life cycle perspective'. The sample of the study was drawn from the lists of the most active firms trading on the Egyptian Stock Exchange published by the Egyptian stock market authority. The lists included firms that constitute around 45 percent of the total market capitalization. Published lists from 2005 to 2010 were examined excluding firms from financial industries. The required data existed for 84 firms covering eighteen industrial sectors with total number of observations of 504.The results show that while inventory to sales ratio affects organisational performance negatively in the initial growth stage and the maturity stage, it exerts a positively on organisations' performance in either the rapid growth stage or the revival stage.

Kairu (2015) conducted study to assess the role of strategic inventory management on performance of manufacturing firms in Kenya. He focused on 155 employees in the supply chain department at Diversely Eastern and Central Africa (DECAL). The population sample was 51 respondents and stratified sampling technique was adopted. Structured questionnaire containing both open ended and closed ended questions was used to collect primary data. 48 copies of the questionnaire were filled and returned for analysis. Data collected were analyzed using both qualitative and quantitative data analysis approaches

with the aid of Statistical Package for Social Science (SPSS) version 20. Analysis of variance (ANOVA), correlation and regression analysis were also used. The results revealed that manufacturing firms face myriad of problems including poor inventory control, poor strategies in order fulfillment, reduced consumer effective demand due to poor forecasting and lack of proper ICT application systems leading to poor performance. This invariably results to reduced sales turnover.

Summary of Empirical Review

Inventory is seen as the quantity or stock of goods that is held for some purpose or use. Inventory management is seen as the art and science of maintaining stock levels of a given group of items while incurring the least cost and at the same time maintaining organizational sets objectives. It was seen by various authors as an attempt to balance the inventory needs of organisations. Different scholars noted that the importance of efficient inventory management to organizational performance cannot be over emphasized. They opine that all over the world, it is vital to the successful functioning of any manufacturing firm as it is the lifeblood and the heart of any manufacturing system. It enabled organizations to detect special orders and develop a positive reputation for quickly filling special orders. Different studies have suggested that efficient inventory management has a positive correlation with organistional growth, profitability and increased sales turnover. However, previous studies have given attention to manufacturing sector with few studies focusing on department stores despite the relevance in a nation's development.

METHODOLOGY

Cross sectional descriptive research design was used in carrying out this study. Cross sectional descriptive research design utilized in the study results from the nature of this study. This method was adopted because of the relatively large population of the study from which the information was collected. The population of the study comprised of accountants, management and stock controllers of departmental stores in South East Nigeria. That gave a total population of two hundred and ten..

Due to the nature of this study and the population of the organization under study, the researcher adopted the entire population of the study. Structured questionnaire was used as the primary instrument for obtaining data used for the study. The questionnaire covers

work safety stock and organizational efficiency in departmental stores in South East Nigeria. The researcher adopted face and content validity for the instrument.

Also to determine the reliability of the instrument, the researcher engaged in a test—retest administration. This involves the administration of the 83 questionnaire to a pilot group from the population at different intervals. The reliability coefficient of .718 was obtained using Cronbach's alpha coefficient. The data collected for the study were presented in tables, while the hypotheses were tested using simple linear regression and Pearson correlation at 5% level of significant. All analysis was done using statistical package for social sciences (IBM, SPSS version 23) software.

Data Presentation, Data Analysis and Discussion of Findings, Summary, Conclusion and Recommendations

Tables, simple percentages and Pearson product moment correlation coefficient and Simple linear regression were used in presenting and analyzing the data generated. Furthermore, brief explanatory discussions were attached to tables for clarity purposes

Descriptive Analysis

This section deals with the presentation of results obtained from the field study. The results were presented based on the objectives of the study.

Summary of Field study

The entire administered questionnaire were returned and properly filed.

Table 1. Effect of Inventory Management Practices on Organisational Growth

Options	SA Freq(%)	A Freq(%)	U Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std
Effective inventory system enhances the chances of creating new outlet.	100 (47.6%)	78 (37.1%)	9 (4.3%)	10 (4.8%)	13 (6.2%)	4.15	1.12
The use of Barcode helps in proper monitoring of branch inventory operations.	104 (49.6%)	79 (37.6%)	4 (1.3%)	12 (5.7%)	11 (5.2%)	4.20	1.08
Availability of customers favourite product leads to increase in market share	121 (57.6%)	65 (31.0%)	12 (5.7%)	8 (3.8%)	4 (1.9%)	4.38	0.90
The use of barcode helps in maintaining the right quantity of inventory for optimal productivity	103 (49.0%)	80 (38.1%)	13 (6.2%)	5 (2.4%)	9 (4.3%)	4.25	0.98

Source: Field survey, 2016

Table 1 shows the participants responses towards ascertaining the effect of inventory management system on organisational growth. The result revealed that 100(47.6%) of the participants strongly agree that effective inventory system enhances the chances of creating new outlet. 78(37.1%) agreed while 9(4.3%) are undecided. However, 10(4.8%) and 13(6.2%) disagreed and strongly disagree. The inference that effective inventory system enhances the chances of creating new outlet is therefore accepted with a mean of 4.15. Also 104(49.6%) strongly agreed that the use of barcode helps in proper monitoring of branch inventory operations and 79(37.6%) agreed meanwhile 4(1.3%) of the participants are undecided. 12(5.7%) disagreed while 11(5.2%) of the respondents strongly disagreed. The use of barcode helps in proper monitoring of branch inventory operations is accepted with a mean score of 4.20. Similarly, 121(57.6%) of the participants and 65(31.0%) strongly agreed and agreed respectively that the availability of customers' favourite product leads to increase in market share while only 12(5.7%) were undecided. 8(3.8%) of the respondents and 4(1.9%) disagreed and strongly disagreed that the availability of customers favourite product leads to increase in market share. With a mean score of 4.38, the assertion that the availability of customers favourite product leads to increase in market share is accepted. In addition, 103(49.0%) strongly agreed that the use of barcode helps in maintaining the right quantity of inventory for optimal productivity and 80(38.1%) agreed. However, 13(6.2%) were undecided, 5(2.4%) disagreed and 9(4.3%) strongly disagreed. This implies that the use of barcode helps in maintaining the right quantity of inventory for optimal productivity with a mean score of 4.25.

Table 2. Effect of Inventory Management Practices on Organisational Profitability

Options	SA Freq(%)	A Freq(%)	U Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std
Availability of product varieties increases profitability.	84 (40.0%)	108 (51.4%)	11 (5.2%)	3 (1.4%)	4 (1.9%)	4.26	0.78
The effective use of inventory management brings about cost reduction.	102 (48.6%)	83 (37.0%)	5 (2.4%)	5 (2.4%)	15 (7.1%)	4.20	1.10
The use of barcode help in proper inventory record keeping.	95 (45.2%)	109 (51.9%)	-	2 (1.0%)	4 (1.9%)	4.37	0.72
The use of barcode helps in preventing pilferage.	146 (69.5%)	50 (23.8%)	2 (1.0%)	9 (4.3%)	3 (1.4%)	4.55	0.83

Source: Field survey, 2017

Table 2 shows the respondents responses towards examination of the effect of inventory management system on organizational profitability. Above average 84(40.0%) and 108(51.4%) of the respondents strongly agreed and agreed, that availability of product varieties increases profitability, while 11(5.2%) were undecided. However, 3(1.4%) of the respondents and 4(1.9%) disagreed and strongly disagreed. The result of the study shows that availability of product varieties increases profitability with a mean score of 4.26. The study also shows that 102(48.6%) and 83(37.0%) strongly agreed and agreed that the effective use of inventory management brings about cost reduction. While 5(2.4%) are undecided. On the contrary, 5(2.4%) and 15(7.1%) respondents disagreed as well as strongly disagreed respectively. This result indicates that the effective use of inventory management brings about cost reduction with a mean score of 4.20. In addition, the result of the study identified that 95(45.2%) strongly agreed and 109(51.9%) agree that use of barcode help in proper inventory record keeping. None of the respondents is undecided meanwhile 2(1.0%) and 4(1.9%) disagreed as well as strongly disagreed. With the mean score of 4.37, it implies that the use of barcode help in proper inventory record keeping. Furthermore, the study shows that above average 146(69.5%) strongly agreed that the use of barcode helps in preventing pilferage and 50(23.8%) agreed. While 2(1.0%) were undecided, 9(4.3%) and 3(1.4%) disagreed and strongly disagreed respectively. This infer that the use of barcode helps in preventing pilferage with a mean score of 4.55.

Table 3. Effect of Inventory Management Practices on Sales Turnover

Options	SA Freq(%)	A Freq(%)	U Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std
Effective use of inventory increases sales turnover	95 (45.2%)	98 (46.7%)	5 (2.4%)	7 (3.3%)	5 (2.4%)	4.29	0.86
Product availability enhances customer loyalty	99 (47.1%)	98 (46.7%)	4 (1.9%)	7 (3.3%)	2 (2.1%)	4.35	0.76
The effective use of inventory system ensures timely services.	113 (53.8%)	88 (41.9%)	5 (2.4%)	1 (0.5%)	8 (3.8%)	4.45	0.69
Meeting customer demand encourages customer patronage	141 (67.1%)	57 (27.1%)	6 (2.9%)	4 (1.9%)	2 (1.0%)	4.57	0.73

Source: Field survey, 2016

Table 3 shows the participants responses towards the identification of the effect of inventory management on sales turnover. About 95(45.2%) of the participants strongly agreed that the effective use of inventory increases sales turnover while 98(46.7%) agreed

and 5(2.4%) are undecided. Meanwhile 7(3.3%) disagreed and only 5(2.4%) strongly disagreed. This finding implies that the effective use of inventory increases sales turnover with the mean score of 4.29. Similarly, the result shows that 99(47.1%) strongly agreed that product availability enhances customer loyalty while 98(46.7%) agreed. However, 4(1.9%) of the participants are undecided with 7(3.3%) disagreeing and 2(2.1%) strongly disagreeing. Going by the findings, product availability enhances customer loyalty with the mean score of 4.35. In addition, the study revealed that 113(53.8%) of the respondents strongly agreed that the effective use of inventory system ensures timely services. Also 88(41.9%) agreed and 5(2.4%) are undecided. The result also identified that 1(0.5%) of the participants disagreed and 8(3.8%) strongly disagreed. With a mean score of 4.45, it therefore implies that the effective use of inventory system ensures timely services. In same vein, the result shows that 141(67.1%) strongly agreed that meeting customer demand encourages customer patronage while 57(27.1%) agreed. Meanwhile 6(2.9%) of the participants are undecided with 4(1.9%) disagreeing and 2(1.0%) strongly disagreeing. Going by the findings, meeting customer demand encourages customer patronage with the mean score of 4.57.

Test of Hypotheses One to Three

The three hypotheses postulated in chapter one were tested with various test statistics aided by computer through the application of Statistical Package for Social Sciences (SPSS 23 version) of Microsoft environment. All hypotheses were tested with linear regression analysis.

Hypothesis one

H1: Efficient inventory management Practices positively affects organisational growth

Results

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.868[a]	.753	.752	.50600	.530

a. Predictors: (Constant), Inventory Management **Practices**
b. Dependent Variable: Organisational growth

Table 5:   Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.209	.061		3.444	.001
	Inventory management System	.767	.027	.868	28.147	.000

a. Dependent Variable: Organisational growth

Result Summary

R =.868

R^2=.753

t = 28.147

DW =.530

Interpretation of the Result

A linear regression analysis conducted to ascertain the effect of inventory management system on organisational growth. Table 4-5 shows that there is strong positive relationship between inventory management system and organisational growth (R- coefficient = .868). The R square, the coefficient of determination, shows that 75.3% of the variation in organisational growth can be explained by inventory management system with no autocorrelation as Durbbin-Watson (.530) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .50600. The extent to which inventory management system affect organisational growth with .868 value indicates a positive coefficient between inventory management system and organisational growth which is statistically significant (with t = 28.147) and p = 0.000 < 0.05. Therefore, the null hypothesis is rejected and the alternate hypothesis accepted accordingly.

Hypothesis Two

Efficient inventory management Practices positively affects organisational profitability

Table 6: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.727[b]	.529	.527	.97848	.298

a. Predictors: (Constant), Inventory Management Practices

b. Dependent Variable: Organizational profitability

Table 7: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.517	.169		-3.059	.002
Inventory management system	.754	.044	.727	17.090	.000

a. Dependent Variable: Organizational Profitability

Result Summary

R   =   .727

R^2 =   .529

t   =   17.090

DW   =   .298

Interpretation of the Result

A linear regression analysis conducted to ascertain the effect of inventory management system on organizational profitability. Table 6-7 shows that there is strong positive relationship between inventory management system and organizational profitability (R-coefficient = .727). The R square, the coefficient of determination, shows that 52.9% of the

Table 8: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.774[a]	.599	.598	.38809	.522

a. Predictors: (Constant), Inventory Management Practices
b. Dependent Variable: Sales turnover

Table 9: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.837	.048		17.576	.000
Inventory management System	.424	.022	.774	19.714	.000

a. Dependent Variable: Sales turnover

variation in profitability can be explained by inventory management system with no autocorrelation as Durbbin-Watson (.298) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .97848. The extent to which inventory management system affect profitability with .727 value indicates a positive coefficient

between inventory management system and organizational profitability which is statistically significant (with t = 17.090) and p = 0.000 < 0.05. Therefore, the null hypothesis is rejected and the alternate hypothesis accepted accordingly.

Hypothesis Three

Efficient inventory management Practices system positively affects sales turnover

Result Summary

R = .774

R^2 = .599

t = 19.714

DW = .522

Interpretation of the Result

A linear regression analysis conducted to ascertain the effect of inventory management system on sales turnover. Table 8 - 9 shows that there is strong positive relationship between inventory management system and sales turnover (R- coefficient = .774). The R square, the coefficient of determination, shows that 59.9% of the variation in sales turnover can be explained by inventory management system with no autocorrelation as Durbin-Watson (.522) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .034. The extent to which inventory management system affect sales turnover with .774 value indicates a positive coefficient between inventory management system and profitability which is statistically significant (with t = 19.714) and p = 0.000 < 0.05. Therefore, the null hypothesis is rejected and the alternate hypothesis accepted accordingly.

Discussion of the major findings

Inventory, as quantity or stock of goods that is held for some purpose or use is a unique aspect of all organisations that deal on retail stock, management remains a veritable tool that will bring about organisational success. The result of the study shows that inventory management significantly affects organisational growth. The result of the study agrees with a previous study by Anichebe (2013). In his study on the impact of proper inventory management on organisational performance in Emenite, Hardis & Dromedas and the Nigeria Bottling Company all in Enugu, Enugu State, Nigeria, it was found that inventory management is very vital to the success and growth of organisations. The study further

agrees with the views of Green and Inman (2005). They contend that companies successfully optimize inventory through lean supply chain practices and systems to achieve higher levels of asset utilization and customer satisfaction which leads to improved organisational growth, profitability and market share. The finding of the study is predicated on the premise that when retail shops maintain a proper inventory management, not only that it will reduce a high inventory holding costs, it will also result to a reduced 'wait time' in attending to the customers' needs. This will make the customers happy, thus increase customer loyalty and patronage resulting to organizational expansion and growth.

Another finding by the study revealed that efficient inventory management practices enhance organizational profitability. The finding supports earlier findings (Padachi, 2006; Eroglu & Hofer, 2011; and Panigrahi, 2013). In a study carried out by Padachi (2006) on 'Trend in Working Capital Management and its Impact on Firms', he reported that high investment in inventories and receivables results to lower profitability. The reason for this finding could be that high inventories tied up the financial capital of the firm resulting to lower profit. Eroglu and Hofler (2011) in their study on inventory management using US manufacturing firms within the period 2003-2008, they found that leanness positively affects firms' profit margin. This study suggested a positive relationship between an efficient inventory management system and firms' profitability. Panigrahi (2013) in the study on the 'relationship between inventory management and profitability' using five top Indian cement companies within the period 2001-2010, found that inventory conversion period had an inverse relationship with firms' profitability. The implication of this finding is that maintaining a high inventory could add to the conversion period days of the inventories, thus resulting to lower profitability. The study further agrees with the finding of Koumanakos (2008) that efficient inventory management through lean inventory management led to an improvement in a firm's financial performance. Panigrahi (2013) posited that the higher the level of inventories preserved by a firm, the lower the rate of return. The significance of the finding is that maintaining a high inventory could tie up capital which could lead to lower profitability while maintaining low inventory could result to the inability of firms to meet customer demands resulting to lower profitability.

Subsequent finding by the study showed that efficient inventory management practices positively affected sales turnover. The result agreed with the findings of Dubelaar, Chow

and Larson (2001), Thogori & Gathenya (2014) and Kairu (2015). Dubelaar etal in their study on the 'Relationship between inventory, sales and service in a retail chain store operation' reported that efficient inventory management supports an upward trend in sales while keeping the investment cost at the lowest level consistent with adequate customer service. Thogori and Gathenya in their study in 2014 found that companies who maintains poor inventory management system find it difficult to satisfy their customers resulting to a lower sales turnover. Kairu (2015) in a study on the 'role of strategic inventory management on performance of manufacturing firms in Kenya found that poor inventory control maintained by manufacturing firms resulted to a reduced sales turnover. The study also corroborated the submission of Baumol and Ide (1956) and Cachon and Terwiesch (2006). Baumol and Ide (1956) as found that higher product variety and inventory levels at retail stores were associated with higher sales. They maintained that having more products at a store increased the probability that customers would find what they wanted. Cachon and Terwiesch (2006) were of the view that maintaining more inventory of a particular product increases sales. The reason for the finding could be that customers are motivated to buy more upon sighting products that will add value to them.

Summary of Findings (to be revisited)

Based on the hypotheses of the study, the following summary is arrived.

1. Efficient inventory management practices positively affect organisational growth of firms.
2. Efficient inventory management practices positively affect profitability of firms
3. Efficient inventory management practices positively affect sales turnover of firms

CONCLUSION

Organisations are nowadays taking a great look at inventory being the asset that provides a sustained competitive advantage in the business environment. Changes in business environment have led to increased importance of managing inventory. The changes that have brought great concern in the business environment include an increase in globalization, changing demographic patterns, diversified cultures, changes in the economic variables, changes in sociology and the influx of technology in the global scene. The interest of the study was on the effect of inventory management on organisation. Specially, the study was interested on the effect of inventory management system on organisational

growth, profitability and sales turnover. Based on the findings, it is concluded that, inventory management system affects organisation. Global competition faced by organisation has made it imperative for adequate inventory management. In this discourse, the success of many organisations today is directly related to the smooth management of inventory. In this regards, efficient management of inventory concerns most managers of marketing and supply businesses, whether they are retail, wholesale, or service oriented; successful, well-organized businesses rely heavily on inventory management systems to make certain that adequate inventory levels are available to satisfy their customer demand. The study concluded that companies with proper inventory management system are likely to grow and satisfy customers and shareholders.

RECOMMENDATIONS

The following recommendations were made;

- The systematic management of inventory in any organisation should be seen as a pre-requisite to the success of the organisation hence, the management should design and develop inventory systems that could enable adequate sales turnovers.

- Management should ensure a constant review of various inventory management practices in the departmental stores to enable them maintain profitability and consistently.

- The management of various organisations, especially the departmental stores should see the need to install inventory systems that will enable business success, which will thereby bring about organisational growth

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