



EFFECT OF INVENTORY MANAGEMENT PRACTICES ON FINANCIAL ORGANISATION

BHARAT KUMAR REDDY VAKA

MBA student, Business School,
KL Education Foundation

ABSTRACT

The consistent increase in the demand for products and services in various facets of the economy brought about effective and efficient carrier shipping to shareholders. Inventories represent the greatest part of current asset of large majority of companies. Because of that, a large amount of fund is committed in it by organizations. The General goal of this take a look at was to have a look at the effect of inventory management practices on monetary performance. Descriptive research was considered prior to quantitative research design as it provided an overall overview as to what variables to test quantitatively. The target population of this study was employees involved in accounting, finance, logistics, and procurement departments as shown by the Human Resource Management department. Since the target population of the examiner is a small number, the researcher preferred to use a census by considering the total population as sample. The researcher collected primary and secondary data. Primary Information have been gathered via questionnaires and interview whilst the secondary information have been accrued from the Audited stock statements for the beyond years. The collected records were first tested and checked for completeness and comprehensibility. Means, widespread deviations and frequency distribution have been used to research information. Data presentation became carried out by way of using frequency tables for easy information and interpretations. Management practices is a competitive tool in the organization for knowing its corporate aggressive approach; statistics sharing and a channels courting have an effect on the overall performance of the producing companies and decorate productiveness.

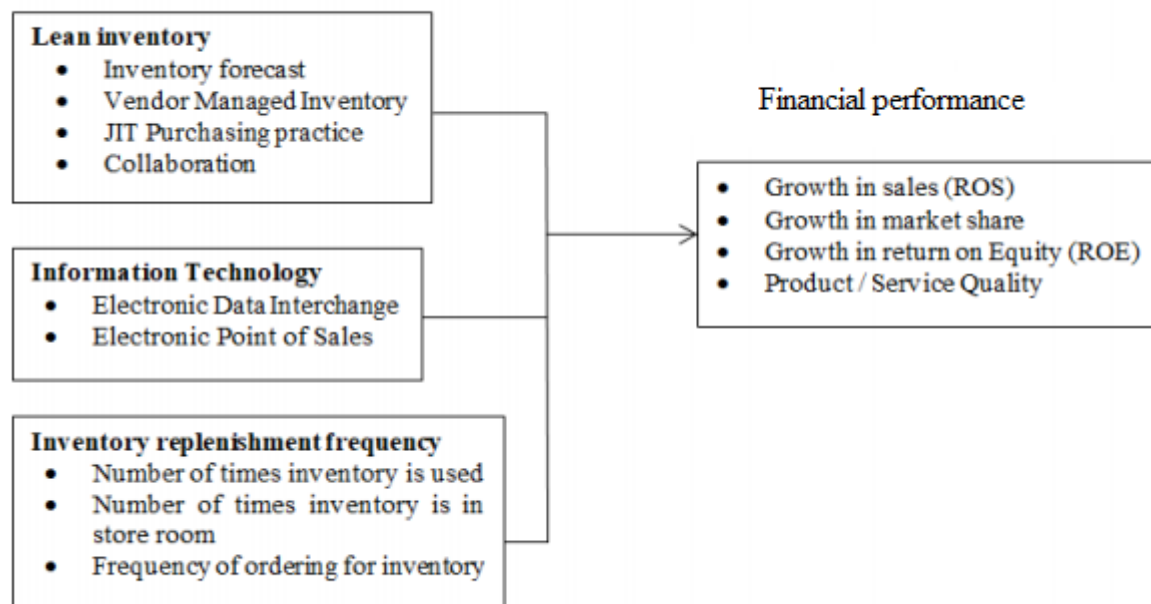
Keywords: Inventory control practices, monetary performance.

INTRODUCTION

Inventory management includes making decisions which are in line with basic change off among company's targets, prices and different constraint. The economic order amount theory indicates that corporations must maintain the amount of stock which affords the lowest total maintaining price and obtaining value. Thus, inventory management is vital to for an powerful and green firm. It is also vital because it enables the firm in determination of the premiere quantity of materials and items a company can maintain at any given time. Mismanagement of Inventories might also lead to large financial problems for a company. Inventory control is of excessive importance in monetary control selection. This is because extra or scarcity of this may carry threat to the organization the objective of inventory management is to maintain a gadget that minimizes overall cost, whilst particularly; it establishes that the quantity of inventory to be ordered is highest quality as well as the length between orders. Excess stock consumes a whole lot of space, can boom possibility of spoilage, ends in a monetary burden and loss even as inadequate inventory has the ability of interrupting business operations.

Inventory management is crucial and wished in numerous areas in the company particularly in a supply network in an effort to guard production towards any disturbance of walking out of manufacturing inputs or substances and items. Management of Inventory is important to a firm since it plays a decisive function to beautify performance and enhance the company's competitiveness potential against the firm's competition. Effective inventory management is all about maintaining the proper amount of stock required with the aid of the commercial enterprise at any factor in time. Inventory control involve advent of a purchasing plan with a purpose to assist to ensure that all gadgets or materials are available when wished as well as and monitoring the prevailing inventories.

Inventory Management Practices



Statement of the Problem

Inventory management refers to maintaining or retaining the firm's stocks at a level that a company will only incur the least value steady with different management's set targets or goals. Inventory control is set ensuring that every one enter materials of manufacturing available to the firm are maintained at a stage in which production isn't always interrupted as well as making sure that operational price is kept at a minimal degree without affecting operation efficiency. Inventory management entails planning, organizing, controlling and directing. All these coordinated efforts are meant to make sure fulfillment of performance in all operations of the company. Such operations may consist of procurement, stocking and transportation. Mismanagement of Inventories may also cause vast economic troubles for a company. In Rwanda to growth nearby home and foreign supply of synthetic items, the authorities has



installed area a made in Rwanda policy a good way to cope with the short comings within the commercial enterprise surroundings through growing infrastructure, streamlining enterprise rules and facilitating speedy shifting buyers, however inventory control turned into ignored even as the maximum of manufacturing companies are newly settled after being relocated which could successfully have an effect on their profitability. Thereafter, some studies have been conducted on how numerous elements of stock control impact monetary performance of manufacturing corporations in. Modern inventory control in alcohol and smooth liquids enterprise make use of new and more delicate techniques that offer for dynamic overall performance of inventories to maximize customer support with decreased inventory and lower prices. This is consequently prompting the researcher to carry out a examine at the impact of inventory control practices on overall performance.

Various Tools and Techniques of Inventory Management

A. Production Inventories: Raw substances, elements and additives which input the company's product within the production process. These may additionally encompass two kinds –unique items synthetic to agency specs and preferred industrial gadgets purchased 'off the shell'.

B. MRO Inventories: Maintenance, Repair, and Operating resources which might be fed on within the manufacturing manner but which do not emerge as the part of the product. (E.G. Lubricating oil, soap, system restore elements)

c. In-procedure Inventories: Semi-finished merchandise found at diverse tiers in the production operation.

D. Finished goods Inventories: Completed products geared up for cargo.

RESULTS & ANALYSIS

Demographic findings therefore provided on this phase included gender and age, training stage, common monthly earnings class of organization and respondents fundamental supply of information approximately the funding marketplace.

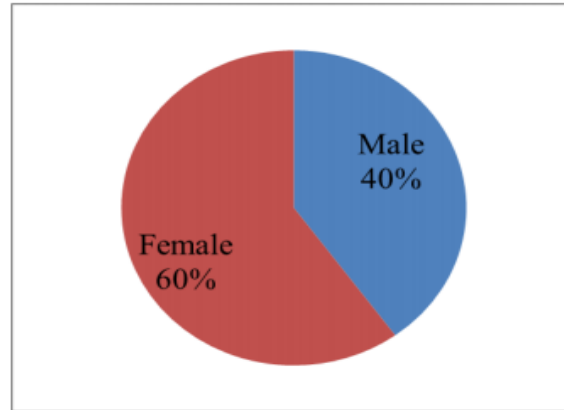


Figure: Gender distribution

They have a look at findings from Figure revealed that majority (60%) of the study participants were woman while male contributors constituted 40 % of the study sample

Table: Distribution of respondents by age

Age group	Frequency	Percentage (%)
<30 years	5	7
31-40 years	45	64
41-50	20	29
Total	70	100.0

The study further sought to establish the distribution of age of the respondents. Data collected under age were presented in the table. Indicates that majority 52% of the respondents have been aged among 31-40years, 25% of the respondents have been aged under 30years, 23% of the respondents were aged among forty one-50 years.

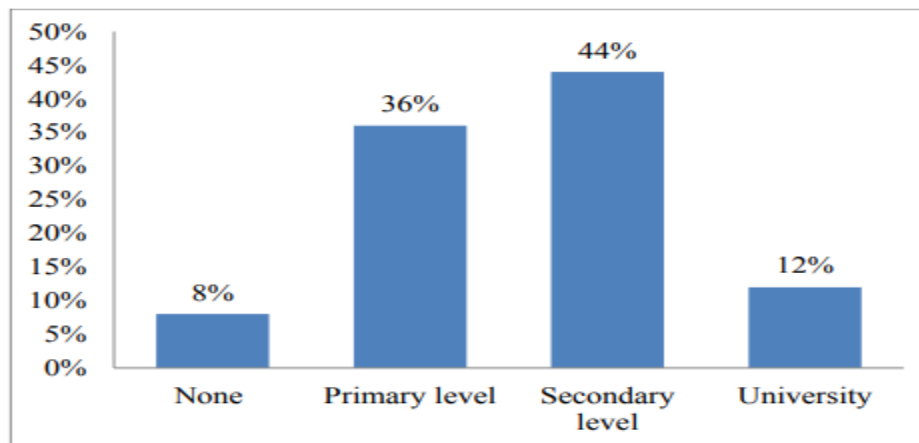


Figure: Distribution of Education level



CONCLUSION

They have a look at concluded that cost discount is necessary for implementation of inventory control for overall performance of manufacturing companies also holding shares and ordering prices may also boom the performance of an company. Cost discount allows in preparing employees towards coping with the inventory ideology and equips agency with sufficient assets and that stock price reduction helps in attaining profitability goal. It additionally concluded that progressed anticipation of destiny developments in production companies in Rwanda will enhance their performance and new technologies are promising to keep costs and for this reason enhancing the overall performance of the manufacturing firms. To in addition concluded that Inventory Management practices is a competitive device in the business enterprise for understanding its company aggressive method; information sharing and a channels relationship affect the overall performance of the producing corporations and enhance productiveness.

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