

Factors influencing on effective inventory management in SMEs in Nuwara Eliya district

M.G.S.D. Masalagedara and C.T. Gamage

*Department of Accountancy and Finance, Faculty of Management Studies,
Rajarata University of Sri Lanka, Mihintale*

Corresponding author: shyamalideepika20@gmail.com

Abstract

Effective inventory level is a vital part of the manufacturing organizations. Therefore, they pay more attention towards the effectiveness of inventory management with the intension of gaining competitive advantage. The previous studies concluded that several factors influencing on effective inventory management in organizations. However, there is a lack of research studies carried out in the field of inventory management in small and medium enterprises in the Sri Lankan context. Therefore, the purpose of this study is to examine the factors that influence effective inventory management in small and medium enterprises (SMEs) in Nuwara Eliya district. Convenient sampling method was employed, and 100 SMEs have been selected as the sample of this study. This research is based on primary data collected using a structured questionnaire that was distributed directly among owners, manager and stores keepers as respondents. Descriptive statistics and inferential statistics were considered to analyze the data and hypotheses were tested based on regression results. This study was conducted on four hypotheses, which were constructed to test the impact of Inventory Control Planning, Documentation, Funding and Employee Skills on effective inventory management of SMEs in Nuwara Eliya District. The findings of this study revealed that Inventory Control Planning and Skills of Employees have a significant impact on Effective Inventory Management, while Documentation and Funding have not significant impact on Effective Inventory Management. Findings support to the practical implications of owners and storekeeper's role how to maintain successful inventory management process in an organization and build up future planning as well as adapt skills of the staff are important in managing practical issues in inventory management.

Keywords: *Documentation, effective inventory management, funding, inventory control planning, skills of employees.*