

THE RELATIONSHIP BETWEEN INVENTORY MANAGEMENT PRACTICES ON PROFITABILITY OF EXHILLAC TRADING COMPANY MOGADISHU - SOMALIA

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ABSTRACT

The study was conducted on the effect of inventory management on profitability in Exhillac Trading Company Mogadishu-Somalia. The data of the study was collected from line managers, sale departments and purchase department of Ex-hillac Trading Company.

The study was based on three objectives;

(i) To examine relationship between the inventory control and profitability in Ex-hillac trading company.

(ii) To establish relationship between the inventories planning and profitability in Ex-hillac trading company.

(iii) To investigate relationship between the inventory ordering and

Profitability in Ex-hillac trading company. The study was carried out using correlational

research design to determine whether there is a relationship between inventory management on Profitability in Ex-hillac Trading Company Mogadishu-Somalia. Census Sampling, Stratified Random Sampling and Stratified Random Sampling were employed to select the respondents. Questionnaire and interview guide were used as data collection tools and were distributed to a sample of 97 of Ex-hillac Trading Company Mogadishu-Somalia comprising the line managers, sale departments and purchase department.

Quantitative and qualitative data analyses were employed. In order to test for the reliability of the research instrument cronbach's Alpha Coefficient was used. The reliability of the questionnaire was 0.978 this indicated that the questionnaire was reliable. The validity of the study was 0.821 which implied that content validity index is accepted because ($CVI \geq 0.5$). Based on Study Finding it was found that inventory control had positive and significant relationship to the Profitability [$R(97) = 0.972, P < 001$].

Secondly, Inventory Planning had a strong and significant relationship to the profitability

by [R (97) = 0.925, P<001]. Finally Inventory ordering also had a positive relationship to the profitability in Ex-hillac Trading Company Mogadishu –Somalia[R (97) = 0.833, P<001]. In conclusion the researcher recommends to the management of Ex-hillac Trading Compnay Mogadishu –Somalia should consider inventory management more than variables because it is the most contributing variable to the Profitability in Ex-hillac Trading Company Mogadishu-Somalia.