Inventory Management Practices and Financial the Performance of Manufacturing Companies in Nigeria

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Abstract
*The study scrutinized the Inventory Management and Financial Performance of Manufacturing Companies in Nigeria. In achieving this aim, the following specific objectives were laid out to determine to what extent the ineffective management of inventory in **Pabod and Palm Nectar Breweries Plc** has caused low productivity in the company and identify the degree to which poor inventory modern used by the company has resulted to low productivity in the company. The motivation that led to embarking on this research work is as a result of ineffective management of inventory in the manufacturing company specifically **Pahod and Palm Nectar Breweries Limited Company** and loss of sales or business of the company as a result of insufficient inventories of finished goods. The research design used in this report is descriptive design, utilizing questionnaire method to obtain information from the respondents for this project. A total of 177 (one hundred and Seventy-seven) respondents were selected for this study to represent the entire population of the study. For null hypotheses were formulated and tested using the one-way ANOVA and the t-test statistical tools at zero point zero five (0.05) level of significance. Primary data were collected from the primary source which questionnaire was used as an instrument of data collection while secondary data were sources from textbooks, journals, newspapers and the internet were employed. The data were presented on a frequency distribution table and analyzed using simple percentage, while hypothesis was tested using chi-square test. The study will be significant to manufacturing companies, firms and businesses as it will enable them keep an adequate inventory control and ensure that they do not run out of stock or have excess stock which can endanger their liquidity position. It is recommended with the suppliers and hold regular meetings with the suppliers to disseminate importance issues relating the inventory procurement.*

Keywords: *Inventory Management, Current Assets, Manufacturing Company, Liquidity position*

Introduction

Inventory is one of the resources that are managed by business organizations and it was first recorded in 1601. The need for inventory control cannot be overemphasized as it is a means for improving the performance of manufacturing industries. Inventory can be defined as a record of a business current assets including property owned, merchandise on hand and the value of work in progress and work complete but not sold and it is classified as a current asset because it can be turned into liquid cash within a short period of time. Inventory has created a great impact on the profitability of the manufacturing firm.

Chase, Jacobs & Aquilano (2004), defined inventory as the stock of any item or resource used in an organization. An inventory system is the set of policies and controls that monitor levels of inventory and determine what levels should be maintained, when stock should be replenished, and how large orders should be Inventories can either be assets as well as items held in the ordinary course of business or they can be goods that will be consumed or used in the production of goods to be sold.

According to Wild (2002), inventory control is the activity which organizes the availability of items to the customers. It coordinates the purchasing, manufacturing and distribution functions to meet marketing needs. This role includes the supply of current sales items, new products, consumables, spare parts, obsolete items and all other supplies. Inventory enables a company to support customer service, logistic or manufacturing activities in situations where purchasing or manufacturing of the items is not able to satisfy the demand. Lack of satisfaction could arise due to the speed of purchasing, protracted manufacturing and because quantities cannot be provided without stocks.

In inventory, there is an optimum level therefore inadequate inventory causes loss of sale and disrupts the production process while excessive stock level leads to unnecessary carrying cost and obsolescence or spoilage risks. Inventory plays a major role in the operation of many businesses and manufacturing companies. In manufacturing, inventories of raw materials allow companies to operate independently of their sources of supplies. Day to day operation are not dependent on deliveries from supplies since stock of the necessary mateials are maintained and used s needed. Without inventory control, millions of naira could be lost year because of non-accountability of stocks and inaccurate checks and balances.

The process of control and management of inventory is a very important factor in the success or failure of any business for example; little stock will result in stock out which will disrupt the production distribution cycle that is crucial to the survival of all manufacturing companies while too much stock will tie down the resources of a company. Poor or inadequate inventory management can present a serious challenge to the productive capacity of a manufacturing organization. In addition to raw materials and finished goods, many companies also maintain items of assets, property, inventories of work in progress, office supplies, business firms and general operation supplies.

Therefore, in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt where the research was carried out, the activities that was conducted is to know the Inventory Management and Financial Performance of Manufacturing Companies in Nigeria.

1.2 Statement of the Problems

Inventory management is a critical aspect of manufacturing operations because it ensures that the right quantity of raw materials, work-in-progress, and finished goods are available at the right time and at the lowest possible cost. Effective inventory management contributes to uninterrupted production, customer satisfaction, and improved profitability. However, many manufacturing companies in Nigeria continue to face significant challenges in managing their inventories efficiently.

In recent years, Nigerian manufacturing firms have experienced increasing production costs, inflation, exchange rate volatility, supply chain disruptions, inadequate infrastructure, and poor inventory control systems. These challenges often result in overstocking, understocking, stock obsolescence, material wastage, production delays, and high inventory carrying costs.

Consequently, these problems negatively affect operational efficiency, profitability, liquidity, and the overall financial performance of manufacturing companies.

Despite the adoption of various inventory management techniques such as Economic Order Quantity (EOQ), Just-in-Time (JIT), Material Requirements Planning (MRP), and computerized inventory systems, many manufacturing firms still struggle to achieve optimal inventory levels. This raises concerns about whether the inventory management practices currently employed by these firms significantly influence their financial performance.

Previous empirical studies have produced inconsistent findings regarding the relationship between inventory management and financial performance. While some studies reported that efficient inventory management improves profitability and return on assets, others found weak or insignificant relationships. Moreover, many of these studies were conducted outside Nigeria or focused on specific sectors without adequately considering the peculiar economic and business environment of Nigerian manufacturing companies.

Given the strategic importance of inventory management and the persistent operational challenges faced by manufacturing firms in Nigeria, there is a need to investigate the extent to which inventory management affects their financial performance. This study therefore seeks to examine the relationship between inventory management and the financial performance of manufacturing companies in Nigeria, with a view to providing empirical evidence that will assist managers, investors, policymakers, and other stakeholders in making informed decisions aimed at improving organizational performance.

1.3 Objectives of the Study

The aim of the study is to scrutinize the Inventory Management and Financial Performance of Manufacturing Companies in Nigeria. In achieving this aim, the following specific objectives were laid out as follows:

1. To determine to what extent effective management of inventory in Pabod and Palm Nectar Breweries Plc support continuous production of goods.
2. To examine the extent to which insufficient inventory does not support high productivity in a manufacturing firm.

Research Hypothesis

H0: Effective inventory control does not ensure continuous production of goods in Pabod and Palm Nectar Breweries

H1: Effective inventory control ensures continuous production of goods in Pabod and Palm Nectar Breweries.

H0: Effective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has not caused continuous productivity in the company

H1; Effective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has caused high productivity in the company

Review of Related Literature

2.1 Conceptual Review of Inventory Management

Inventory management is about specifying the size and placement of stocked goods. Inventory management is required at different locations within a facility or within multiple locations of a supply network to protect the regular and planned course of production against the random disturbance of running out of materials or goods. The scope of inventory management also focuses

on the fine lines between replenishment lead time, carrying costs of inventory, asset management, inventory forecasting, inventory valuation, inventory visibility, future inventory price forecasting, physical inventory, available physical space for inventory, quality management, replenishment, returns and defective goods and demand forecasting. Balancing these competing requirements leads to optimal inventory levels, which is an on-going process as the business needs shift and react to the wider environment. Inventories are the stocks of raw materials, work in progress, finished goods and supplies held by a business organization to facilitate operations in the production process (Pandey, 2005).

Chase, Jacobs & Aquilano (2004), defined inventory as the stock of any item or resource used in an organization. An inventory system is the set of policies and controls that monitor levels of inventory and determine what levels should be maintained, when stock should be replenished, and how large orders should be Inventories can either be assets as well as items held in the ordinary course of business or they can be goods that will be consumed or used in the production of goods to be sold. As noted by Wild (2002), inventory control is the activity which organizes the availability of items to the customers. It coordinates the purchasing, manufacturing and distribution functions to meet marketing needs. This role includes the supply of current sales items, new products, consumables, spare parts, obsolete items and all other supplies. Inventory enables a company to support customer service, logistic or manufacturing activities in situations where purchasing or manufacturing of the items is not able to satisfy the demand. Lack of satisfaction could arise due to the speed of purchasing, protracted manufacturing and because quantities cannot be provided without stocks. Inventories are vital to the successful functioning of manufacturing and retailing organizations. This is because many companies hold inventories as part of their business operation. Inventories make up the most significant part of current assets of most companies especially the manufacturing companies. The need for management to ensure inventory control if properly managed cannot be over emphasized. A firm neglecting inventory management will be jeopardizing its ling run profitability and it may end up failing in its business. The definition of inventory has been defined by many professional bodies and scholars in different ways.
However, Ama (2000:209), inventory is the stock of goods a firm is producing for sale and the components that make up the goods. A key decision in manufacturing and retail is how much inventory to keep on hand. Once an inventory level is established, it becomes an important input to the budgeting system.

2.1.1 Types of Inventories

Vohra (2008) classified inventories according to the purpose for which they are held. He stated that inventories may be held for a variety of purposes, but in general these are five types of inventories that an organization can use for serving these purposes and they include:

1. **Movement Inventories:** This is also called transit inventories. It is due to the fact that transportation time is involved in transferring substantial number of resources for example, when goods are on transit they cannot provide any service to the customers.
2. **Buffer Inventories:** This is also known as reserve stock. This is a stock of basic commodity accumulated by a government when supplies are plenty, and prices low and held for use when supplies are short to establish the price. Buffer inventories are held so as to protect against the uncertainties of demand and supply. An organization generally knows the average and could well exceed it. To be able to handle this kind of situation, inventories may be held in excess of

the average or expected demand. The lead time may be known but atimes unpredictable events could cause the lead time to vary.

3. **Anticipation Inventories:** These inventories are held for the purpose of the future demand for a product. This situation occurs when a company embarks on the production of some specialized items before the season for them set in for example, the production of umbrellas and rain coat before the rainy season sets in.
4. **De-Coupling Inventories:** This is to disengage different parts of the production system. Inventories in-between the various machines are held in order to disengage the processing on these machines. Different machines and people normally work at different rates so that when a machine breaks down the work will not stop. The de-coupling inventories act as a cushioning effect in the face of the varying work rates and machine failures.
5. **Cycle Inventories:** These inventories are held for the purpose of purchases which are usually made in lots rather than for the exact amounts which may be needed at a point in time. If all purchases are made exactly as at when the item is required, these would be no cycle inventories.

2.2 Theoretical Framework

Economic Order Quantity (EOQ) Theory

The Economic Order Quantity (EOQ) Theory, developed by Ford W. Harris in 1913, is the most suitable theory for the study "Inventory Management and Financial Performance of Manufacturing Companies in Nigeria."

The theory explains that organizations should determine an optimal order quantity that minimizes the total cost of inventory, including ordering costs and holding (carrying) costs. By maintaining the right level of inventory, firms can avoid excessive stockholding, reduce storage costs, prevent stock-outs, and ensure uninterrupted production. Relevance to the Study: EOQ Theory is appropriate because it demonstrates how effective inventory management reduces operational costs and improves profitability. Manufacturing companies that apply the EOQ model can optimize inventory levels, enhance operational efficiency, improve cash flow, and ultimately achieve better financial performance. Therefore, the theory provides a sound theoretical foundation for examining the relationship between inventory management and the financial performance of manufacturing companies in Nigeria.

2.3 Empirical Review

Capkun, Hameri, & Weiss (2009) studied the relationship between inventory and financial performance in manufacturing companies. The researchers studied 52,254 businesses for a period of 25 years between 1980 and 2005; they used multiple regressions to determine the correlation between financial performance and various inventory levels. They measured financial performance using gross profits and operating profit results and inventory levels in regard to raw materials, partially manufactured products, and finished products. The results revealed a positive correlation between a company's inventory management and its financial performance. They also noted that degrees of correlation vary depending on the type of inventory and the financial performance reference.

Eneje, Nweze, & Udeh (2012) investigated the effects of raw materials inventory management on the profitability of breweries in Nigeria using a cross sectional data from 1989 to 2008 which were gathered from the annual reports of the sampled firms. Measures of profitability were examined and related to proxies for raw materials inventory management by brewers. The multiple regression models were applied in the analysis. The study revealed that the local variable raw materials

inventory management designed to capture the effect of efficient management of raw material inventory by a company on its profitability is significantly strong and positive and influences the profitability of the firms in Nigeria. They concluded that efficient management of raw material inventory is a major factor to be contented with by Nigerian brewers in enhancing or boosting their profitability. Another study suggesting a positive relationship between inventory management and performance was Eroglu & Hofer (2011), which used the Empirical Leanness Indicator (ELI) as a measurement for inventory management. They argued that inventory leanness is the best inventory management tool. Lean production considers inventory as a form of waste that should be minimized and has become synonymous with good inventory management Their study on USA manufacturing firms covering the period 2003-2008 found that leanness affects profit margins. Mohamad, Suraidi, Rahman & Suhaimi (2016) in a case study of a textile chain store in Malaysia, examined the relation between inventory management and company performance and found that their inventory days was significantly related to return on assets (used proxy for company performance). The study identified that the textile chain store company had unorganized inventory arrangement, large amount of inventory days and lacked accurate stores balances due to unskilled workers. Prempeh (2015) studied the impact of efficient inventory management on the profitability of manufacturing firms in Ghana, using raw material inventory management and profit as variables. Cross sectional data from the annual reports of four manufacturing firms listed on the Ghana Stock Exchange were analysed using Ordinary Least Squares (OLS) and multiple regression techniques. The study found a significantly strong and positive relationship between raw material inventory management and profitability. Lwiki, Ojera, Mugenda & Wachira (2013) examined the impact of inventory management on the financial performance of sugar manufacturing firms in Kenya. Both primary and secondary data were analysed using descriptive statistics and correlation analysis, and they found that inventory management had positive correlation with financial performance. Ogbo, Onekanma & Ukpere (2014) examined the relationship between effective inventory management and organization's performance in Nigeria. This case study of a bottling company using descriptive statistics and Chi-Square non-parametric test found that inventory management enhanced return on investment. Augustine & Agu (2013) studied the effect of inventory management on organizational effectiveness and profitability of manufacturing companies in Nigeria. Using Pearson product moment correlation coefficient and linear regression techniques, the study found positive correlation between inventory management and profitability. Abdulraheem, Yahaya, Isiaka & Aliu (2011) studied the impact of inventory management on the performance of small businesses in Nigeria. Using multiple regression technique the study found that inventory management had a strong positive impact on profitability among small businesses in Nigeria. Olufemi & Olubanjo (2009) used a sample of 50 Nigerian quoted non-financial firms for the period of 1996- 2005. Their study utilized panel data econometrics in a pooled regression where time series and cross-sectional observation were combined and estimated. They found a significant negative relationship between operating profit and the inventory turnover in days for a sample of 50 Nigerian firms listed in the Nigerian Stock Exchange. Raheman & Nasr (2007) studied the effects of inventory turnover in days and current ratio of the net operating profit of Pakistani firms. They selected a sample of 94 Pakistani firms listed on the Karachi Stock Exchange for a period of six years from 1999-2004 and found a strong negative relationship between inventory conversion period and profitability of the firms.

Sekeroglu & Altan (2014) investigated the effect of inventory management on the profitability of firms in the weaving, food, wholesale and retail industries in Turkey from 2003 to 2012. The study employed regression and correlation techniques using the computer software SPSS 20 version to analyse data collected from the income statements of the selected firms. The results showed positive

relationship between inventory management and profitability in the food industry, but no relationship in the weaving, wholesale and retail industries.

Panigrahi (2013) examined the relationship between inventory conversion period and the profitability of cement companies in India for the period 2001 to 2010. The study adopted gross operating profit as the dependent variable and proxy for profitability and inventory conversion period as the independent variable. In addition, current ratio, size of the firm and financial debt ratio were used as control variables. The study found significant negative linear relationship between inventory management and profitability. Deloof (2003) studied the relationship between inventory conversion period and corporate profitability, using a sample of 1,009 large Belgian non-financial firms for a period of 1992-1996. The study employed correlation and regression analysis and found a significant negative relationship between gross operating income and inventory turnover days for the firms.

Lyndon & Paymaster (2016) examined the effect of inventory cost management on the profitability of listed breweries in Nigeria. Inventory cost management proxied by raw materials cost, work in progress cost and finished goods cost was regressed against profitability proxied by gross profit margin. Secondary time series data were collected from the annual reports and accounts of selected breweries from the Nigeria Stock Exchange for the period 2005 to 2014. A multiple regression technique was used to analyze the data obtained from NSE. The study revealed that efficient inventory cost management has positive influence on the profitability of breweries in Nigeria. Based on the findings, the study recommended that breweries should adopt effective and efficient inventory cost management practices; deploy appropriate modern technology for effective inventory cost management; and employ capable and qualified staff who should be trained regularly on proper and efficient inventory cost management.

Methodology

3.1 Research Design

The researcher used descriptive research survey design in building up this project work the choice of this research design was considered appropriate because of its advantages of identifying attributes of a large population from a group of individuals. The design was suitable for the Inventory Management and Financial Performance of Manufacturing Companies in Nigeria. Population of a study is a group of persons or aggregate items, things the researcher is interested in getting information to assess the relationship that exists between the surveys of the language of newspaper advertisement. A total of three hundred twenty-eight (328) respondents formed the population of the study. Sample is the set people or items which constitute part of a given population sampling. Due to large size of the target population, the researcher used the Taro Yamani formula to arrive at the sample population of the study.

$$n = \frac{N}{1+N\,(e)^2}$$

n: describes the sample size.

N: describes total number of population of the area

e: describes maximum variability or margin of Error = 0.09.

1: describes the probability of the event occurring.

$$n = \frac{328}{1+328(0.05)^2}$$

$$n = \frac{328}{1+328(0.0025)}$$

n= 328 / (1+0.5) = 200 / 1.5 = 180. Data were collected from two main sources namely primary source and secondary source

Primary source: These are materials of statistical investigation which were collected by the research for a particular purpose. They can be obtained through a survey, observation questionnaire or as experiment; the researcher has adopted the questionnaire method for this study.

Secondary source: These are data from textbook Journal handset etc. they arise as byproducts of the same other purposes. Example administration, various other unpublished works and write ups were also used.

3.2 Method of Data Collection

The data collected was not an end in itself but it served as a means to an end. The end being the use of the required data to understand the various situations it is with a view to making valuable recommendations and contributions. To this end, the data collected has to be analyzed for any meaningful interpretation to come out with some results. It is for this reason that the following methods were adopted in the research project for the analysis of the data collected.

Questionnaire

Due to resource and time constraint, the research could not entertain large number of people in case studies, in depth interviews and wider focus group discussions. Therefore, questionnaires were used to fill the gap and support the representative sample to address as many individuals as possible to help gather relevant firsthand information. Two different sets of questions were prepared: close-ended and open-ended questions (see Appendix-A).

For those respondents who could not understand English, the questionnaire was prepared and translated in to Amharic while asking them, so that the respondents could easily understand. The items of the questionnaires were classified based on the objectives of the study.

Interview

The researcher used semi-structured interview in order to gather data from, administrative bodies or government officials, key informants and experts (see Appendix-A). This was preferred because it is flexible, allowing new questions to be brought up during the interview and also it gives equal chances for both interviewers and interviewees. This was aimed at obtaining background information regarding the affordable housing problem in the study area.

3.3 Validation of Research Instrument

The major research instrument used is the questionnaires. This was appropriately moderated. The respondents were administered with the questionnaires to complete, with or without disclosing their identities. The questionnaire was designed to obtain sufficient and relevant information from the respondents.

The primary data contained information extracted from the questionnaires in which the respondents were required to give specific answer to a question by ticking in front of an appropriate answer, the questionnaires were administered to the respondents, however, some respondents were asked the questions orally and their responses were noted in the questionnaire. The questionnaires contained about 15 structured questions which were divided into sections A and B.

3.4 Model Specification

For a comprehensive analysis of data collected, emphasis was laid on the use of absolute numbers frequencies of responses and percentages. Answers to the research questions were provided

through the comparison of the percentage of workers response to each statement in the questionnaire related to any specified question being considered.
Frequency in this study refers to the arrangement of responses in order of magnitude or occurrence while percentage refers to the arrangements of the responses in order of their proportion.
The simple percentage method is believed to be straight forward easy to interpret and understand method. The researcher therefore chooses the simple percentage as the method to use.
The formula for percentage is shown as.
% = f/N x 100/1
Where f = frequency of respondents response
N = Total Number of responses of the sample, 100 = Consistency in the percentage of respondents for each item contained in questions.

3.5 Method of Data Analysis

Demographic study of the Inventory Management and Financial Performance of Manufacturing Companies in Nigeria was described using descriptive statistics including percentages, and frequencies. All analysis was conducted using SPSS version 11 software.
The statistical method was chosen to help in the interpretation of the data collected during the investigation the null hypothesis (H0) stated in the first chapter was verified to determine it accountancy or other wish the acceptance of the alternative hypothesis (H1) The chi-square (X^2) distribution was chosen and this tested at 5% level of significance. Decision for the acceptance or rejection of the hypothesis as stated are as follows:

1. If X^2 which is the critical value calculated less than the critical value tabulated accept the null hypothesis (H0) But if critical value calculated is greater than critical value tabulated you reject null hypothesis and accept the alternative hypothesis. Chi-square test is the goodness of fit test used to determine whether a significant number of object or responses falling in each category and an expected number based on the null hypothesis.

Chi-square is applied in the following situations.

a) When there are two variables drawn from independent samples each of which is categorized in two ways e.g. Yes or No responses.
b) When the data are non-numeric, that is when the data are expressed in frequencies.

Chi-square is noted with X^2, it is defined as

$$X^2c = \frac{\sum Co-E)^2}{E}$$

Where X^2c = chi-square calculated
O = observed frequency
E = expected frequency.

Data Presentation and Analysis

4.1 Presentation and Analysis of Data

The data collected from the respondents were analyzed in tabular form with simple percentage for easy understanding.
A total of three hundred twenty-eight (328) questionnaires were distributed and 177 questionnaire were returned.

4.2 Test of Hypothesis 1

Hypothesis One

H0; Effective inventory control does not ensure continuous production of goods in Pabod and Palm Nectar Breweries

H1; Effective inventory control ensures continuous production of goods in Pabod and Palm Nectar Breweries

Table I: Effective inventory control does not ensure continuous production of goods in Pabod and Palm Nectar Breweries

nse	Observed N	Expected N	Residual
Agreed	42	45	-3
strongly agreed	55	45	10
Disagreed	45r	45	1
strongly disagreed	36u	45	-8
Total	**178**		

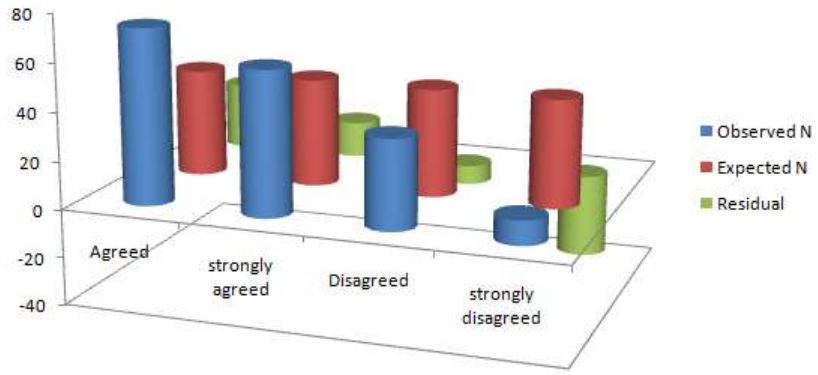


Figure I: Effective inventory control does not ensure continuous production of goods in Pabod and Palm Nectar Breweries

Test Statistics

	Effective inventory control does not ensure continuous production of goods in Pabod and Palm Nectar Breweries
Chi-Square	19.321[a]
Df	3
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 45.0.

4.3 Test of Hypothesis 2

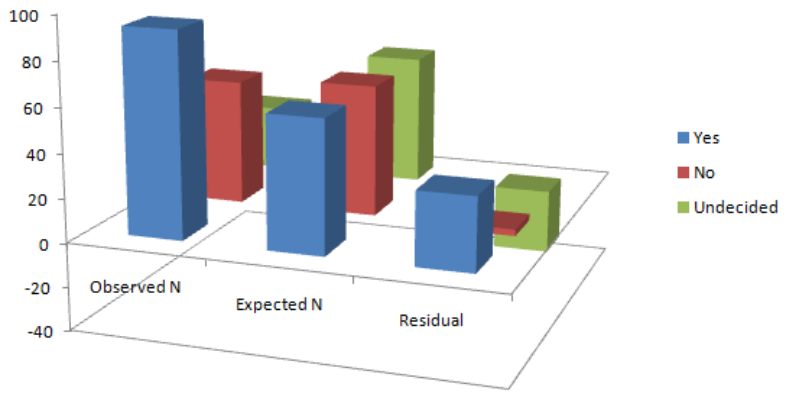
Hypothesis Two

H0; Ineffective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has caused low productivity in the company

H1; Ineffective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has caused high productivity in the company

Table II: Ineffective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has caused low productivity in the company

Response	Observed N	Expected N	Residual
Yes	87	60	33
No	57	60	-3
Undecided	30	60	-30
Total	177		



Decision rule:

The researcher therefore rejects the null hypothesis which states that Ineffective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has caused low productivity in the company, as the calculated value of 6.4454 is greater than the critical value of 5.99.

Therefore, the alternate hypothesis is accepted which states that Ineffective management of inventory in Pabod and Palm Nectar Breweries Limited Company in Port Harcourt has caused high productivity in the company.

Summary of Findings, Conclusion, and Recommendation

5.1 Summary of the Findings

Firm financial performance is generally defined as a measure of the extent to which a firm uses its assets to run the business activities to earn revenues. It examines the overall financial health of a business over a given period of time and can be used to contrast the performance of identical firms in similar industries or between industries in general (Ajirole, 2009). The main source of data for determining firm financial performance is the financial statements, the product of accounting, which consist of the statement of financial position which shows the assets, liabilities and equities of a business; the income statement records the revenues, expenses and profits in a particular period; the cash flow statement which exhibits the sources and uses of cash in a period; and the statement of changes in the owners' equity which represents the changes in owner's wealth.

The motivation that led to embarking on this research work is as a result of ineffective management of inventory in the manufacturing company specifically Pabod and Palm Nectar Breweries Limited Company and Loss of sales or business of the company as a result of insufficient inventories of finished goods. The study scrutinized the Inventory Management and Financial Performance of Manufacturing Companies in Nigeria. In achieving this aim, the following specific objectives were

laid out to determine to what extent the ineffective management of inventory in Pabod and Palm Nectar Breweries plc has caused low productivity in the company and identify the degree to which poor inventory modern used by the company has resulted to low productivity in the company.

The research design used in this report is descriptive design, utilizing questionnaire method to obtain information from the respondents for this project. A total of 180 (one hundred and eighty) respondents were selected for this study to represent the entire population of the study. For null hypotheses were formulated and tested using the one-way ANOVA and the t-test statistical tools at zero point zero five (0.05) level of significance. Primary data were collected from the primary source which questionnaire was used as an instrument of data collection while secondary data were sources from textbooks, journals, newspapers and the internet were employed. The data were presented on a frequency distribution table and analyzed using simple percentage, while hypothesis was tested using chi-square test. The study will be significant to manufacturing companies, firms and businesses as it will enable them keep an adequate inventory control and ensure that they do not run out of stock or have excess stock which can endanger their liquidity position. It will also help to meet consumer's demands or quest. It is recommended that Management should improve in their communication with the suppliers and hold regular meetings with the suppliers to disseminate important issues relating the inventory procurement.

5.2 Conclusion

In Essence, The Research Work Was Successfully Researched to meet the objectives set at the beginning of the project work. While one cannot completely rule out one form of limitation or the other, it was a success to a greater extent. On the whole, the research has been a worthwhile exercise. It has afforded the researcher the opportunity to really appraise the situation on the ground and allow one to bring out areas that might need attention for the improvement of the research work.

5.3 Recommendation

The following are recommendations for further study on this research work;

1. Management should improve in their communication with the suppliers and hold regular meetings with the suppliers to disseminate important issues relating the inventory procurement.
2. The management should strive to maintain good suppliers' chain management of inventory to avoid pilferage; and the management should ensure that adequate security is in place to enforce restrictions on unauthorized access to the inventory.
3. The company should employ the economic order quantity method when placing orders. The economic order quantity model puts into account the relevant costs associated with ordering and carrying inventory. Every business organization aims at reducing cost to the barest minimum and one of the avenues by which this could be achieved is adopting the economic order quantity method of placing order.

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