

# Factors Affecting the Inventory Management of Listed Manufacturing Companies in Sri Lanka

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Inventory Management practices is one of the most important and integral components of a manufacturing company since it influences on maximum utilization of resources. The purpose of this study is to examine the factors affecting the inventory management in a manufacturing company with reference to the 36 listed manufacturing companies in Colombo Stock Exchange Sri Lanka, based on convenient sampling method. Data were collected through a structured questionnaire distributed via e-mail and postal mail among store managers, procurement executives, stock keepers and inventory handler as respondents. Descriptive Statistics and Pearson correlation analysis were applied to analyse the data and hypotheses were tested by using multiple regression analysis. The researchers implemented the five-point Likert scale rating method (1= strongly disagree and 5 = strongly agree) for this study on five hypotheses developed to find out whether Procurement Procedure, Planning, Documentation, Funding and Staff Skills significantly influence on inventory management practices in manufacturing companies. The results revealed that that Procurement Procedure, Inventory Planning, Documentation and Funding significantly influenced the inventory management practices, but Staff Skills was not found to have a significant influence on the inventory management practices. Hence this study recommends that a sufficient procurement procedure system with inventory planning and documentation is needed to maintain success in inventory management systems in the listed manufacturing companies in Sri Lanka. The findings of the study hold practical implications for Policy makers, Managers, investors, procurement executives and stock keepers.

**Keywords:** Inventory management, Manufacturing companies, Procurement procedure