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Impact of Inventory Management Practices on Organizational Performance: A Case Study on Vishal Mega Mart

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Abstract- Inventory management is one of the most important operational functions in the retail industry because it directly affects product availability, customer satisfaction, profitability, and organizational performance. Effective inventory management enables organizations to maintain optimum stock levels, reduce inventory-related costs, and improve operational efficiency. The present study examines the impact of inventory management practices on organizational performance in Vishal Mega Mart. A descriptive research design was adopted, and primary data were collected from 200 employees through a structured questionnaire using convenience sampling. Secondary data were collected from books, journals, company reports, and websites. The collected data were analysed using percentage analysis, correlation analysis, and regression analysis. The findings revealed that inventory management practices such as inventory control, stock monitoring, demand forecasting, inventory audits, inventory turnover management, and technology adoption positively influence organizational performance. Correlation analysis showed a moderate positive relationship between inventory management practices and organizational performance (r = 0.489). Regression analysis indicated that inventory management practices significantly affect organizational performance (R^2 = 0.239, p < 0.001). The study concludes that effective inventory management contributes significantly to operational efficiency, customer satisfaction, and organizational success.

Keywords- Inventory Management, Organizational Performance, Retail Industry, Vishal Mega Mart, Inventory Control, Operational Efficiency, Retail Management.

I. INTRODUCTION

Inventory management is a critical business function that ensures the availability of products while minimizing inventory-related costs. In the retail sector, inventory represents one of the largest current assets and directly influences profitability and customer satisfaction. Effective inventory management helps organizations maintain optimum stock levels, reduce stock-outs, avoid overstocking, and improve operational efficiency.

Vishal Mega Mart is one of India's leading retail chains, offering groceries, apparel, household products, personal care products, and consumer goods. Due to its extensive product range and large-scale operations, inventory management plays a crucial role in ensuring smooth business operations. The company adopts inventory management practices such as stock level monitoring, demand forecasting, inventory audits, FIFO practices, stock loss prevention, and technology-enabled inventory systems. This study examines how these practices influence organizational performance.

II. LITERATURE REVIEW AND RESEARCH GAP

Several researchers have highlighted the importance of inventory management in improving organizational performance. Sharma and Gupta (2022) found that effective inventory management practices improve operational efficiency and profitability in retail organizations. Kumar and Singh (2021) reported that inventory control systems contribute significantly to stock availability and customer satisfaction. Reddy and Rao (2020) emphasized the role of inventory accuracy in improving operational performance.

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Although previous studies have examined inventory management practices in various industries, limited research has focused specifically on the relationship between inventory management practices and organizational performance in organized retail stores such as Vishal Mega Mart using primary employee data. Therefore, this study attempts to bridge this research gap.

III. RESEARCH OBJECTIVES AND HYPOTHESES

Objectives

- To study the inventory management practices adopted by Vishal Mega Mart.
- To analyse the impact of inventory management practices on organizational performance.
- To examine the effectiveness of inventory control systems.
- To identify challenges associated with inventory management.
- To provide suggestions for improving inventory management practices.

Hypotheses

H_0: Inventory management practices do not have a significant relationship with organizational performance.

H_1: Inventory management practices have a significant relationship with organizational performance.

IV. RESEARCH METHODOLOGY

The study adopted a descriptive research design. Primary data were collected through a structured questionnaire from 200 employees working in different departments of Vishal Mega Mart. Convenience sampling was used for selecting respondents. Secondary information was collected from books, journals, company reports, and authentic websites.

The collected data were analysed using percentage analysis, correlation analysis, and regression analysis. These statistical tools were used to examine the relationship between inventory management practices and organizational performance.

V. RESULTS

The study revealed that 74% of respondents were male and 26% were female. Most employees belonged to the age group of 24–28 years. The majority of respondents were Associates (71.5%), followed by Management staff (24%). Most respondents possessed four to six years of work experience.

Correlation analysis showed a moderate positive relationship between inventory management practices and organizational performance ($r = 0.489$). Regression analysis revealed that inventory management practices explain 23.9% of the variation in organizational performance ($R^2 = 0.239$). The significance value ($p < 0.001$) confirmed that inventory management practices have a statistically significant impact on organizational performance.

VI. DISCUSSION

The findings indicate that inventory management practices significantly contribute to organizational success. Effective inventory control helps maintain product availability, reduce stock-outs, and improve customer satisfaction. Demand forecasting supports better inventory planning, while inventory audits improve inventory accuracy. Technology-enabled inventory systems enhance inventory visibility and operational efficiency.

The positive correlation and regression results confirm that organizations with efficient inventory management systems are more likely to achieve better operational performance and profitability.

VII. MANAGERIAL IMPLICATIONS

- Strengthen inventory control systems to improve inventory accuracy.
- Improve demand forecasting techniques to reduce stock shortages and excess inventory.
- Conduct regular inventory audits to ensure inventory reliability.

- Enhance the use of technology-based inventory management systems.
- Provide periodic employee training on inventory management practices.
- Improve coordination between inventory, warehouse, procurement, and sales departments.
- Encourage data-driven inventory decision-making.

VIII. CONCLUSION

The study concludes that inventory management practices significantly influence organizational performance in Vishal Mega Mart. Effective inventory management improves operational efficiency, customer satisfaction, inventory utilization, and profitability. The statistical analysis confirmed a moderate positive relationship between inventory management practices and organizational performance ($r = 0.489$). Regression analysis further confirmed that inventory management practices significantly affect organizational performance ($R^2 = 0.239$, $p < 0.001$). Therefore, inventory management should be considered a strategic function for achieving long-term organizational success in the retail industry.

IX. LIMITATIONS AND FUTURE RESEARCH

Limitations

- The study was limited to 200 respondents.
- Convenience sampling was used.
- The study focused only on Vishal Mega Mart.
- Responses were based on employee perceptions.

Future Research

- Increase the sample size.
- Compare multiple retail organizations.
- Examine the impact of advanced technologies on inventory management.
- Conduct comparative studies across different retail sectors.

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