

Influence of Inventory Management on Sales Growth of Food and Beverage Manufacturing Companies in Nigeria

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ABSTRACT

The study investigated the influence of inventory management on the sales growth of selected food and beverage companies in Nigeria. Cross-sectional survey research design was used. The target population comprised 2027 top, middle and lower-level managers within the selected food and beverage companies in Lagos State, Nigeria. A stratified random sampling technique was used to select the sample size of 434. A structured closed-ended questionnaire was used to collect data. Cronbach's alpha coefficients for the constructs ranged from 0.709 to 0.867. Hypotheses were tested using inferential statistics with the aid of SPSS V 25.0. The findings revealed that inventory management had significant effect on sales growth of selected food and beverage manufacturing companies in Nigeria ($Adj R^2 = 0.390$, $F(4, 351) = 57.779$, $p < 0.05$). There were significant influence of inventory turnover, information technology, and inventory reorder point on sales growth of selected food and beverage manufacturing companies in Nigeria. However, inventory forecasting did not significantly influence sales growth of selected food and beverage manufacturing companies. The study concluded that inventory management significantly influence sales growth of selected food and beverage manufacturing companies in Nigeria. The study therefore recommends that management of the food and beverage manufacturing companies in Nigeria should ensure adequate implementation inventory management mechanisms in order to enhance high level of sales growth.

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Keywords: Inventory forecasting, Inventory reorder point, Information technology, Inventory turnover, Sales growth

1. INTRODUCTION

The food and beverages (F&B) firms are the major producers of consumer goods in Nigeria. Scholars and practitioners regard this sector as the strongest in the manufacturing industry, it represents 22.5% of Nigeria's manufacturing sector and 66% of total consumer expenditure, and thus, food and beverages remain the largest sector in the industry (Nwulu&Nwoka, 2018). Irrespective of the presence of various players within the manufacturing sector, the food and beverage industry is a very competitive industry where the various manufacturers compete to develop similar alternative products for their various consumers. While some companies struggle to beat the competition so as to stay ahead in the competition, they also are pressured by the consumers and other manufacturers to lower their price which as well

hinders the performance of most companies. A lot of problems have been encountered all of which serves as a challenge to the performance of food and beverage manufacturing sector. The major problem is decrease in the inventory forecast accuracy which increases overstocking and decrease in customer service resulting to low sales growth and decline in the general performance of the sector. For instance, Dangote sugar refinery forecasted sugar production and sales volume growth of about 15% and 8% to 661,616 metric ton and 629,216 metric ton respectively, the company also retained a capacity utilisation forecast of around 45% for the year and project sales and EPS growth of 5% and 15% to ₦158.1 billion and ₦2.10 respectively. During the first quarter (Q1) sales of 2019, the company

encountered a decline of sales of around -7% to ₦38.2 billion, which is believed to have been driven by weaker finished sugar sales which have been negatively impacted by smuggling activities in the northern markets (Proshare, 2019).

In order to improve the performance of the industry, adequate inventory forecasting techniques should be installed or carried out by the firms that are constantly dealing with materials or inventories, this will enable them increase sales and to maximize the sales growth of the companies. Inventory should be available in proper quantity at all times, neither more nor less than what is required. Inadequate inventory adversely affects smooth running of business, whereas excess of it involves extra cost, thus reducing profits. Inventory establishes a link between production and sales. Studies such as Aju, Somasekaran, and Jenson (2013); Sukhia, Khan, and Bano (2014), indicated that inventory management have a positive effect on sales level particularly when efficient techniques for inventory management are implemented in order to help boost the performance level of firms. Agu, Obi-Anike, and Ozioma (2016) propose that careful management of inventory reduces depreciation, pilferage, and wastages while ensuring availability of the materials as at when required. According to Jaber, (2009) a firm, which neglects the management of inventories, will have to face serious problems relating to long-term profitability and may fail to survive. Efficient inventory management system provides information to efficiently manage the flow of materials, effectively utilize people and equipment, coordinate internal activities, and communicate with customers (Orga&Mbah, 2017). The objective of the study, therefore, is to investigate the influence of inventory management on sales growth of selected food and beverage companies in Nigeria. The research question for the study is: - How does inventory management influence sales growth of selected Food and beverage companies in Lagos State, Nigeria?

2. Literature Review

2.1. Inventory Management

Inventories are physical stocks of things that a manufacturing service keeps in hand for efficient running of its workplace or manufacturing activities. They consist of raw material, component parts, tools, spares, suppliers, and finished goods (Mohopadkar&Patil, 2017). Since inventory constitutes a major segment of total investment, it is crucial that good inventory management be practiced to ensure organizational growth and profitability. Inventory management therefore has been defined in many ways by many authors. According to Atnafu

and Balda (2018), inventory management can be defined as framework used in firms in controlling its interest in inventory. It includes the recording and observant of stock level, estimating future request, and settling on when and how to arrange (Atnafu&Balda, 2018). GodanaandNgugi (2014) stated that inventory management refers to all or any action involve in developing and handling the inventory levels of raw materials, semi-finished materials and finished good so that sufficient supplies are available and the costs of over or under stocks are low. Nwandu(2006) however, argue that it is a form of administration control that is particularly essential in all manufacturing, wholesale, and retail organizations. The philosophy of this concept is that the organization neither suffers a stock-out situation nor tie down large capital in form of heavy stock carrying (Gbadamosi, 2013). Inventory control, a similar term, is the area of inventory management that is concerned with minimizing the total cost of inventory while maximizing the ability to provide customers with product in a timely manner (Margaret, 2016). Both excessive and inadequate inventories are not desirable. These are two danger points within which the organisation should avoid. The aim of inventory management, thus, should be to avoid excessive and inadequate levels of inventories and to maintain sufficient inventory for the smooth production and sales operations. Chandra and Kumar (2001) suggest that organisation should made efforts to place an order at the right time with the right source to acquire the right quantity at the right price and quality.

Solayman-Hoque, Biswas and Wazed (2015) propose that inventory management consist of three factors namely inventory planning, financing inventory, and inventory control. These three dimensions of inventory management vary independently with each other depending on the organizational context. This study, however, conceptualized inventory management as a uni-dimensional construct comprising of inventory forecasting, inventory reorder point, information technology and inventory turnover. Inventory forecasting is the activity of estimating the quantity of a product or service that consumers will purchase (Ezeliora, Umeh, Mbeledeogu, & Okoye, 2014). Early demand forecasting of inventories allows for limitation of costs generated as a result of storage of excessive number of unsold products. Inventory reorder point is the quantity that reflects the level of inventory that triggers the placement of an order for additional units (Gonzalez &Gonzalez, 2010). Determining the reorder point can help in minimizing the chance of stock out, also reducing the amount of cash tied up in

inventory (Al-Tarawneh& Al-Juboori, 2016). Information technology reflects technologies that enable recording, processing, retrieving and the transmission of information or data (Apulu& Latham, 2011). The use of IT enables orders to be tracked throughout the entire manufacturing or distribution points. IT can help stock control in figuring the ideal measure of stocks to hold and dispatch so as to fulfil the clients' requirements. Inventory turnover indicates how many times the inventories are turnover, sold and reproduced over the observation period. In the retail companies, it is the relative ratio of the purchase price, which is, cost of goods sold to the average amount of inventories over a period, in most cases a year. Proper inventory turnover is maintaining optimum inventory and proper marketing to sell inventory and in time order.

2.2. Sales Growth

Sales growth is an important construct of firm performance, and business productivity by implication. The use of sales growth as a substitute for firm performance is to gauge firm performance in the long run. Ateke and Nwulu (2017) argue that sales growth is an incremental change in the sales of a business's product over a given time frame, often expressed as a %age which serves as an important indicator of business' productivity, sustainability, and competitiveness. Farooq (2018) opines that sales growth ratio offers comparison of sales growth between two years and can indicate the %age by which the current year's sale increases as by previous year. A company's sales growth involves the increase in amount of revenue by a firm over a distinct period which could be as a result of increase in product prices, selling of more products, or both. Increase in the number of products sold also represents sales growth which could be as a result of geographical expansion, growth in new branches or an increase in the number of products and service (Omondi, 2017). According to Yousefi (2016), sales growth performance is an integrated framework that enables organisations to plan and model sales strategies and ensure timely execution of sales initiatives while ensuring both front line salespeople and decision-makers have visibility into performance. It is also referred to as a firm's output sold to the market especially on a monthly or yearly basis, which is affected by factors such as customer relationship, marketing management of the firm as well as sales force skills and even the pricing of goods.

2.3. Inventory Management and Sales Growth

The importance of inventory management and its influence on sales growth has been highlighted in both theoretical discussion and empirical research. At

the theoretical level, inventory management practices such as inventory forecasting, inventory reorder point, information technology and inventory turnover are such internal capabilities that can be used by manufacturing firms to obtain competitive advantage thus performance. Peteraf (2015) posit that to obtain competitive advantage, firms require resources that cannot be duplicated, and strategic inventory management concept is a resource that can be customized to give retail firms a competitive edge in the industry through reduction of cost of operation, improved customer service and effective stock control (Peteraf, 2015). According to Ganorakis and Love (2010), inventory flexibility and efficiency was considered to be a source of competitive advantage for entrepreneurial firms. Ownership of firm-specific assets enabled a company to develop a competitive advantage. They also found out that a company's competitive advantage was derived from the company's ability to assemble and exploit an appropriate combination of resources (Ganotakis& Love, 2010). Empirically, inventory management leads to better performance in terms of sales and employee growth, profitability, product, and customer satisfaction (Etale& Bingilar, 2016; Farzaneh, 2012; Munene, Muhwezi, & Eyaa, 2012). Shin, Ennis, and Spurlin (2015) examined the effect of inventory management efficiency on profitability: current evidence from the U.S manufacturing industry. The results show that a lower ratio of inventory to sales for a firm is associated with higher profit margin for the firm. Similarly, Odalo, Njuguna, and Achoki (2016) examined the relationship between sales growth and financial performance in agricultural firms listed in the Nairobi securities exchange in Kenya. They found that sales growth had a positive influence on ROA and that the variations in ROA could be explained by sales growth. In addition, the findings revealed that sales growth had a positive and significant relationship with return on equity (ROE) while it was negative and insignificant to earnings per share (EPS). A study by NdiranguKung'u (2016) on effects of inventory control on profitability of industrial and allied firms in Kenya, found out that that when a firm maintain good inventory control system, the firm's sales' level are high. Etale and Bingilar (2016) found out that efficient inventory cost management have significant positive influence on firm performance of brewery companies in Nigeria, in terms of sales, profits and cost reduction. On the basis of these findings, the following hypothesis is proposed:

H₀₁: Inventory management has no significant influence on the sales growth of selected Food and beverage companies in Nigeria.

3. Methodology

3.1. Sampling and Data Collection

The research study adopted a cross-sectional survey research design. The study was undertaken on selected food and beverage manufacturing companies in Nigeria. The food and beverage sector comprises of companies that are engaged in the production and manufacturing of final goods. In general, these are products classified for personal use, specifically intended for the mass market. The chosen companies for the study were selected from the list of companies on the Nigerian Stock Exchange (NSE) with headquarters in Lagos State. The target population was 2027 staff of the three selected food and beverage companies namely Cadbury Nigeria Plc, Dangote Sugar Refinery Plc and Nestle Nigeria Plc. These companies were chosen because of their years of operation within the sector being in existence for the past decade (10 years) with the production of various product of consumer goods across the country. A sample size of 434 using Taro Yamane (1967) method for sample size calculation. The study adopted a stratified sampling technique. A total of 434 copies of questionnaire self-administered on the top-level management, middle management level and the lower-level management of the three chosen food and beverage manufacturing companies who were considered capable of answering the questions knowledgeably and accurately due to their experience and insight about their enterprises and the industry (Lyon, Lumpkin, & Dess, 2000). A total of 356 usable questionnaires were received out of 434 copies of questionnaire. The results revealed a response rate of 82% which was considered to be very good. As recommended by Mugenda and Mugenda (2012), that a response rate of 50% was adequate for analysis and reporting while a rate of 60% was good and above 70% was excellent (Nkatha, 2018).

3.2. Measures

Primary data on inventory management and sales growth was collected over a period of six months by

means of an adapted structured questionnaire. The measures in this paper were adapted from previous literature. Items on Inventory Forecasting were adapted from Sukhia, Khan and Bano, (2014); Inventory Reorder Point question items were adapted from Castellano, (2016); Information Technology were adapted from Mukopi, and Iravo, (2015), Charles, Olanrewaju, and Anyuabaga, (2018); while Inventory turnover were adapted from Agu, Obi-Anike and Eke, (2016), and Hyz and Ganas, (2015). The sales growth items were adapted from Hamidzadeh, (2015). All the variables were measured using a six-point Likert scale ranging from 6 (very high degree) to 1 (very low degree). The questionnaire was pretested for reliability and validity on 43 employees at Top Fruit Multiservice Company comparable to members of the study population. The results of the reliability analysis were as follows: inventory forecasting had alpha scores of 0.725, Inventory reorder point, Information technology, Inventory turnover, and Sales growth had alpha scores of 0.709, 0.820, 0.867 and 0.853 respectively. Alpha values measure the level of internal consistency of the constructs. These values were above 0.70 threshold as recommended by Malhotra (2008) who asserted that Cronbach Alpha's should be in excess of 0.70 for the measurement intervals. After the pilot test, items that were not clear, confusing or could cause bias were modified and omitted. Inferential statistics including linear regression analysis was used to test the influence of independent variables on the dependent variable. The multiple regression equation applied in this study was modelled as follows:

$$Y = \beta_0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + \varepsilon$$

Where: Y = Dependent variable (Sales growth)

χ_1 = Inventory Forecasting

χ_2 = Inventory reorder point

χ_3 = Information technology

χ_4 = inventory turnover

ε = Error Term

4. Research Findings and Discussion

4.1. Descriptive Analysis

4.1.1. Inventory Forecasting

Table 1 Descriptive Statistics for Inventory Forecasting

ITEMS	Very high	High	Moderately high	Moderately low	Low	Very low	Mean	Standard deviation
Seasonal forecasting	7.9%	71.1%	21.1%	0.0%	0.0%	0.0%	4.87	.522
Active Demand Forecasting	8.1%	62.6%	17.1%	7.9%	4.2%	0.0%	4.63	.900
Short-term Demand Forecasting	23.6%	47.2%	25.0%	4.2%	0.0%	0.0%	4.90	.804

Long-term Demand Forecasting	23.6%	34.3%	33.1%	9.0%	0.0%	0.0%	4.72	.924
Sales Forecasting	11.8%	57.6%	16.6%	9.3%	4.8%	0.0%	4.62	.972
Grand Mean							4.75	0.824

Source: Field Survey Result (2020)

Table 1 presents the results of descriptive statistics for inventory forecasting. Overall Likert findings indicate that inventory forecasting had an overall mean score of 4.75 and standard deviation of 0.824 in the Likert scale, which indicates that majority of the respondents agreed with statements regarding inventory forecasting manufacturing firms. This indicates that that inventory forecasting is highly implemented in selected food and beverage manufacturing companies in Nigeria. inventory forecasting was measured by whether seasonal forecasting, active demand forecasting, short-term demand forecasting, long-term demand forecasting, and sales forecasting are implemented. This variable also considered the performance of selected food and beverage manufacturing companies based on the use of the techniques and whether such performance as acceptable.

4.1.2. Inventory Reorder Point

Table 2. Descriptive Statistics for Inventory Reorder Point

Items	Very high	High	Moderately high	Moderately low	Low	Very low	Mean	Standard deviation
Lead Time	8.1%	16.9%	3.9%	9.0%	61.2%	0.8%	2.99	1.449
Safety Stock	9.0%	15.7%	43.3%	16.3%	11.8%	3.9%	3.82	1.216
Rate of Demand	8.7%	19.9%	66.6%	4.8%	0.0%	0.0%	4.33	.701
Stock Out	4.2%	42.4%	24.2%	29.2%	0.0%	0.0%	4.22	.917
Order Cost	0.0%	13.5%	16.0%	13.5%	40.7%	16.3%	2.70	1.293
Grand Mean							3.61	1.115

Source: Field Survey Result (2020)

Table 2 presents the results of a descriptive statistics for inventory reorder point. From Table 2, it was observed that surveyed food and beverage manufacturing companies moderately use inventory reorder point in managing their stocks. This is due to the value of the mean score (3.61) which falls in the moderately high scale in regard to whether the food and beverage manufacturing companies implement inventory reorder point. Inventory reorder point was operationalized using lead time, safety stock, rate of demand, stock out, and order cost. The study established that lead time is Low (mean, 2.99, Standard deviation=1.449) in the food and beverage manufacturing companies. The study also established that safety stock is moderately high (mean=3.82, standard deviation=1.216). Similarly, rate of demand (mean= 4.33, standard deviation= 0.701) and stock out mean= 4.22, standard deviation=0.917) are moderately high in the food and beverage manufacturing companies. Moreover, it was established that order cost is moderately low (mean=2.70%, standard deviation=1.293) in the companies. In overall, the average score for inventory reorder points is moderately high indicating moderate utilization of inventory reorder point by the companies in managing stocks.

4.1.3. Information Technology

Table 3 Descriptive Statistics for Information Technology

Items	Very high	High	Moderately high	Moderately low	Low	Very low	Mean	Standard deviation
Connect with Suppliers	3.7%	59.8%	24.4%	12.1%	0.0%	0.0%	4.55	.751
Tracking Inventory(materials)	11.5%	47.2%	21.1%	8.1%	12.1%	0.0%	4.38	1.165
Product Designing	11.2%	32.6%	43.8%	0.0%	12.4%	0.0%	4.30	1.087
Use Internet to Communicate with Customers	7.6%	46.1%	29.2%	13.2%	0.0%	3.9%	4.36	1.059
Use Information Technology in placing orders	0.0%	30.6%	39.0%	18.3%	8.1%	3.9%	3.84	1.071
Grand Mean							4.29	1.027

Source: Field Survey Result (2020)

Findings in Table 3 show that each aspect of information technology of the food and beverage manufacturing companies had a mean Likert scale greater than 3.5. The average score was 4.14, which shows that the use of information technology inventory management is moderately high in the selected Food and beverage manufacturing companies. This indicates that on average the respondents revealed that information technology/computerized inventory management usage is moderately high in food and beverage manufacturing companies in, Nigeria.

4.1.4. Inventory Turnover

Table 4 Descriptive Statistics for Inventory Turnover

Items	Very high	High	Moderately high	Moderately low	Low	Very low	Mean	Standard deviation
Number of times Materials sold	19.4%	44.1%	32.6%	0.0%	3.9%	0.0%	4.75	.902
Number of days for placing new orders	7.9%	66.3%	13.5%	4.2%	8.1%	0.0%	4.62	.985
Number of days Inventory sell	22.2%	34.0%	23.3%	16.3%	4.2%	0.0%	4.54	1.129
Recorded number of low turnover	11.8%	50.3%	34.0%	3.9%	0.0%	0.0%	4.70	.725
Number of high turnover	15.2%	27.2%	36.5%	12.6%	8.4%	0.0%	4.28	1.126
Grand Mean							4.58	0.973

Source: Field Survey Result (2020)

From Table 4, it was observed that food and beverage manufacturing companies turn their inventory into receivables through sales decidedly. This indicates that the companies replenish their inventory regularly. This is due to the value of the mean score (4.58) which falls in the high scale in regard to whether the Food and beverage manufacturing companies are efficient at managing their inventory and generating sales from it. Inventory turnover was operationalized using number of times materials sold, number of days for placing new orders, number of days inventory sell, recorded number of low turnovers, and number of high turnovers. As for number of times materials sold, number of days for placing new orders, number of days inventory sell, recorded number of low turnovers, the mean and standard deviation for the first four question shows that the data is properly concentrated around the mean. The standard deviations show same. The last question gives a different result indicating that the data is not properly concentrated around the mean.

4.1.5. Sale Growth

Table 5. Descriptive Statistics for Sale Growth

Items	Very high	High	Moderately high	Moderately low	Low	Very low	Mean	Standard deviation
Increase in local market sales	15.7%	66.6%	13.8%	0.0%	3.9%	0.0%	4.90	.801
Decrease in local market sales	22.8%	17.4%	55.6%	4.2%	0.0%	0.0%	4.59	.885
Increase in sales due to higher price	19.1%	55.1%	16.9%	4.8%	4.2%	0.0%	4.80	.945
Increase in sales due to new product development	11.5%	12.9%	59.3%	8.1%	8.1%	0.0%	4.12	.993
Increase sales due to exchange rate	15.7%	35.1%	24.2%	16.9%	8.1%	0.0%	4.33	1.169
Grand Mean							4.55	0.959

Source: Field Survey Result (2020)

Findings in Table 5 show that sales growth is high in the Food and beverage manufacturing companies. This is owed to the value of the mean score (4.55) which falls in the high scale in regard to the sales growth in the companies. Majority of the respondents concurred that increase in local market sales and sales due to higher price are above average among the Food and beverage manufacturing companies whereas the increase in sales

due to new product development as well as exchange rate are fairly high. The study established that the companies enjoyed growth in sales due to higher price and local market sales.

Regression Analysis Results

In addition, the researchers conducted a multiple regression analysis so as to test the influence of the inventory management (independent variables) on sales growth of Food and beverage companies in Nigeria. The researcher applied the statistical package for social sciences (SPSS V 25.0) to code, enter and compute the measurements of the multiple regressions for the study.

Table 6: Regression Coefficients of Sales Growth of Food and beverage Companies against Inventory Management

Variables	B	T	Sig.	Adj. R ²	F(4, 351)	F(Sig.)
(Constant)	14.232	6.757	0.000	0.390	57.779	0.001
Inventory turnover	0.577	9.876	0.000			
Inventory reorder point	0.039	0.860	0.391			
Inventory forecasting	-0.433	-4.508	0.000			
Information technology	0.228	3.346	0.001			

Dependent Variable: Sales Growth

Source: Researcher's Field Survey Results (2020)

The results in Table 6 shows the regression coefficients of inventory management (Inventory turnover, Inventory reorder point, Inventory forecasting, and Information technology) on sales growth of selected food and beverage manufacturing companies in Nigeria. According to the result presented, the constant is 14.232, inventory turnover, inventory reorder point, inventory forecasting, and information technology had coefficients of 0.577, 0.039, -0.433, and 0.228 respectively. The results show that inventory turnover ($\beta = 0.577$, $t = 9.876$, $p = 0.000$) and Information technology ($\beta = 0.228$, $t = 3.346$, $p = 0.001$) had positive and significant effect on sales growth. Thus, the higher the Inventory turnover and Information technology, the higher the sales growth. Inventory forecasting had a negative and significant effect on sales growth of selected food and beverage companies in Lagos State ($\beta = -0.433$, $t = -4.508$, $p = 0.000$). Hence, the higher the inventory forecasting the lower the sales growth. The regression results revealed that inventory reorder point had positive and insignificant effect on sales growth ($\beta = 0.039$, $t = 0.860$, $p = 0.391$). The model's coefficient of determination value, R^2 was found to be 0.390 indicating that 39% of sales growth of selected Food and beverage manufacturing companies was explained by inventory management. The results from table 6 show that the predictor equation for Food and beverage companies' sales growth (Y) versus independent factors (Xi) takes the form:

$$\text{Sales Growth} = 14.232 + 0.577 (\text{Inventory turnover}) + 0.039 (\text{Inventory reorder point}) - 0.433 (\text{Inventory forecasting}) + 0.228 (\text{Information technology})$$

This implies that sales growth increases by 0.577 when Inventory turnover goes up by 1 index unit, increases by 0.039 when inventory reorder point

increases by 1 index unit, reduces by 0.433 when inventory forecasting increases by 1 index unit, and increase by 0.228 when Information technology increases by 1 index unit. The study findings further indicate that Inventory turnover has the greatest influence on sales growth at 57.7 percent followed by Information technology at 22.8 percent, Inventory forecasting at 43.3 percent and the least is Inventory reorder point at 3.9 percent. Therefore, since some of the techniques of inventory management were statistically significant; and based on the F ratio and Adjusted coefficient of determination with p-value less than conventional probability of 0.05, the null hypothesis (H_{01}) which states that inventory management has no significant influence on sales growth of selected food and beverage companies in Nigeria was hereby rejected

Discussion of the Results

The study investigates the influence of inventory management on sales growth of selected food and beverage manufacturing companies in Nigeria. The results of the regression analysis for the effect of inventory management with sales growth of selected food and beverage manufacturing companies in Lagos State, Nigeria provided an overall significant view. The study showed that inventory turnover, inventory forecasting and information technology have positive and significant effect on sales growth of selected food and beverage companies in Lagos State, Nigeria. The result is consistent with the findings by Duru, Okpe and Udeji (2014) focused on inventory positioning and firm performance in engineering companies. Evidence from Nigeria; the aim of the paper was to examine the impact of inventory management practices on the financial performance of engineering firms in Nigeria. The findings of the study indicated

that inventory management practices have significant correlations with return on sales. Likewise, Moridipour and Mousavi (2014) in their research relationship between inventory forecasting with gross profit and sales shocks indicates significant inverse correlation between sales growth. NdiranguKung'u (2016) conducted a study on effects of inventory control on profitability of industrial and allied firms in Kenya, in his study, the results of the study show that when a firm maintain good inventory control system, the firm's sales' level are high. He further suggested that firms should also be able to put in place an effective stock management system that ensures reliable sales forecast to be used in order purposes like stock ordering.

Conclusion and Recommendations

This study examines the influence of inventory management on sales growth of selected food and beverage manufacturing companies in Nigeria. Descriptive statistics show that food and beverage manufacturing companies implemented inventory management largely and this coincided with observed high sales growth of these companies. However, orders of food and beverage manufacturing companies is moderately low as observed in the study. Furthermore, food and beverage manufacturing companies in Nigeria moderately implement tracking inventory (materials), use internet to communicate with customers, and use information technology in placing orders in managing and controlling their stocks or inventories. Inferential statistics show that inventory turnover, information technology, and inventory reorder point implemented by food and beverage manufacturing companies significantly influence sales growth. However, inventory forecasting negatively and insignificantly influence sales growth. The study thus concludes that inventory management influence sales growth of selected food and beverage manufacturing companies in Nigeria through inventory turnover, information technology, and inventory reorder point. The implication of this conclusion is that inventory turnover, information technology, and inventory reorder point inventory management factors could explain the inherent significant variations in the sales growth of selected food and beverage manufacturing companies in Nigeria. Therefore, this study recommends that the management of the food and beverage manufacturing companies in should ensures adequate implementation inventory management mechanisms in order to enhance high level of sales growth. Also, the management should create a re-order level policy for their companies that will create an enabling environment for them to request for the supply of moderate and high-quality stocks.

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