EFFECT OF INVENTORY MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF TEXTILE FIRMS IN PAKISTAN

BY

FAIZAN LIAQUAT

30976

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APPROVAL FOR EXAMINATION

Candidate's Name: FAIZAN LIAQUAT Registration No.: 30976

Thesis Title: EFFECT OF INVENTORY MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF TEXTILE FIRMS IN PAKISTAN.

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Supervisor's Name: Dr. DANISH IQBAL

HoD's Signature: _____ Date: 8 July 2019

Dedication

I would like to dedicate my thesis work to my parents, family and friends. Also I want to dedicate this to my favorite football goalkeeper Marc-Andre Ter Stegen, favorite women football player Alex Morgan and The Greatest Footballer of all time Lionel Messi.

Acknowledgement

I would like to thank Almighty ALLAH who gave strength to complete this MBA program and then my supervisor Dr. Danish Iqbal who have guided me throughout this process. I would also like to thanks my friends Maryam Dhedhi, Shariq Ahmed and my sister Dr. Laraib Liaquat for their constant support.

ABSTRACT

Purpose: Inventory management is the most essential function of manufacturing firms. Textile firms in Pakistan functioning are fronting difficulties of defining what is the appropriate level of inventory they should keep in order to meet customers' needs and continue the manufacturing without any disturbance. To find a balance between going out to stock and keeping inventory more than required is a puzzling task for manufacturing firms in Pakistan. The consequences like shrinkage of inventory, lack of control of inventory management directly effects and create dissatisfaction and ultimately decreases the productivity of the firm. This research tried to find the relation between Inventory Management Practices and Operational Performance of Textile Firms in Pakistan.

Methodology/Sample: The population in this research is mainly the textile companies in Pakistan. There are in total 174 textile companies registered in Pakistan Stock Exchange (PSE). Questionnaire was distributed in all textile firms in Pakistan while the response rate was only 62%. The study adopted cross-sectional survey and causal research design.

Findings: The study settled that Inventory Management has a significantly affect Operational Firms in Textile Firms in Pakistan. Inventory shrinkage had a negative effect on customers' satisfaction in Textile firms in Pakistan ($b= -0.278$, $t=-2.360$, $p<0.05$). Inventory investment had positive relation with competitive advantage in Textile firms in Pakistan ($b= 0.963$, $t=50.485$, $p<0.05$).Inventory control had positive impact on cost effectiveness of Textile firms in Pakistan ($b= 0.433$, $t=5.038$, $p<0.05$). Inventory turnover had a positive relation with operational efficiency of Textile firms in Pakistan ($b= 0.405$, $t=6.017$, $p<0.05$). Inventory record accuracy had negative impact on customers' service delivery in Textile firms of Pakistan ($b= -0.354$, $t=-2.146$, $p<0.05$).Automated inventory system had a positive relation with productivity in Textile firms of Pakistan ($b= 0.669$, $t=6.228$, $p<0.05$).

Recommendation.

Researcher put a suggestion that Textile Firms should keep adequate raw material to meet manufacturing requirement. Avoid to keep extra or un-desired inventory because it might increase the holding cost which could affect financial position of the organization. By performing all these activities there is a possibility that customer satisfaction can be enhanced.

Keywords: Inventory management practices, Operational performance, Cost effectiveness, Textile Firms, Automated inventory system

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