

## Effect of Inventory Management on Financial Performance: Evidence from Nigerian Conglomerate Companies

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**Abstract :** Inventory management is the determinant of effective and efficient work for any manager. This study looked at the relationship between inventory management and financial performance. The population of the study comprises all conglomerate quoted companies in the Nigerian Stock Exchange market as at 31<sup>st</sup> December 2010. The scope of the study covered the period from 2010 to 2014. Descriptive, Pearson correlation and multiple regressions are used to analyze the data. It was found that inventory management is significantly related to the profitability of the company. This entails that an efficient management of the inventory cycle will enhance the profitability of the company. Also, lack of proper management of it will hinder the financial performance of organizations. Based on the results, it was recommended that a conglomerate company should try to see that inventories are kept to a minimum, as well as make sure the proper checks are maintained to make sure only needed inventories are in the store. As well as to keep track of the movement of goods, in order to avoid unnecessary delay of finished and work in progress (WIP) goods in the store and warehouse.

**Keywords :** finished goods, work in progress, financial performance, inventory

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