

The Relationship between Inventory Management and Profitability: A Comparative Research on Turkish Firms Operated in Weaving Industry, Eatables Industry, Wholesale and Retail Industry

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Abstract : Working capital is identified as firm's all current assets. Inventories which are one of the working capital elements are very important among current assets for firms. Because, profitability is an indicator for firms' financial success is provided with minimum cost and optimum inventory quantity. So in this study, it is investigated as comparatively that the effect of inventory management on the profitability of Turkish firms which operated in weaving industry, eatables industry, wholesale and retail industry in between 2003 - 2012 years. Research data consist of profitability ratios and inventory turnovers ratio calculated by using balance sheets and income statements of firms which operated in Borsa Istanbul (BIST). In this research, the relationship between inventories and profitability is investigated by using SPSS-20 software with regression and correlation analysis. The results achieved from three industry departments which exist in study interpreted as comparatively. Accordingly, it is determined that there is a positive relationship between inventory management and profitability in eatables industry. However, it was founded that there is no relationship between inventory management and profitability in weaving industry and wholesale and retail industry.

Keywords : profitability, regression analysis, inventory management, working capital

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