



ORIGINAL RESEARCH PAPER

Management

EFFECT OF INVENTORY MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN PUBLIC HEALTH INSTITUTIONS

KEY WORDS:

Tushar Bhawnani*	Student, MBA in Hospital Management, Annamalai University, Chidambaram, Tamilnadu, India *Corresponding Author
Anita Kumari	Student, MBA in Hospital Management, Annamalai University, Chidambaram, Tamilnadu, India
Junior Sundresh	Associate Professor of Surgery, Raja Muthiah Medical College, Annamalai University, Chidambaram, Tamilnadu, India

ABSTRACT	Effective inventory management provides a potential system nowadays to improve performance by matching inventory management practices and competitive advantages in the competitive world. Logistics networks, supply chain activities and inventory management practices are seen as a matter of survival and competitive advantage for an organisation. Studied conducted in the area of inventory management practices revealed that improper management may have been caused by various reasons such as the level of management commitment, the costs incurred and also the level of skills that the workers have. Inventory management across the supply chain is a big challenge for improving coordination among the value chain in the organizations. Controlling inventory is the need of the hour as it formulates the future of the business in terms of its success/failure as competition is intense, growing day-by-day. This research conceptualizes and develops the role of inventory management practices in fostering inventory management performance.
-----------------	--

INTRODUCTION

Supply chain management is a cross-functional approach that includes managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end consumer.¹ As organizations strive to focus on core competencies and become more flexible, they reduce their ownership of raw materials sources and distribution channels. These functions are increasingly being outsourced to other firms that can perform the activities better or more cost effectively. The effect is to increase the number of organizations involved in satisfying customer demand, while reducing managerial control of daily logistics operations. Less control and more supply chain partners lead to the creation of the concept of supply chain management. The purpose of supply chain management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and the velocity of inventory movement. In the current competitive scenario supply chain management assumes a significant importance and calls for serious research attention, as companies are challenged with finding ways to meet ever-rising customer expectations at a manageable cost.² To do so, businesses must search out which parts of their supply-chain process are not competitive, understand which customer needs are not being met, establish improvement goals, and rapidly implement necessary improvements.³ An inventory management system is the set of policies and controls that monitor levels of inventory and determine what levels should be maintained, when stock should be replenished, and how large orders should be (Waters, 2003). Inventory is the stock of any item or resource used in an organization. Inventory management involves ordering, receiving, storing, issuing, and reordering limited items. Firms keep a supply of inventory to maintain independence of operations, meet variation in product demand, and allow flexibility in production scheduling, provide a safeguard for variation in raw material delivery time, take advantage of economic purchase order size and anticipation of price changes. In making any decision that affects inventory size, one must consider holding (or carrying) costs which includes the costs for storage facilities, handling, insurance, pilferage, breakage, obsolescence, depreciation, taxes, and the opportunity cost of capital; Setup (or production change) costs; Ordering costs and Shortage costs

AIM

To study the effect of inventory management practices on organizational performance of health institutions

MATERIALS AND METHODS

This study used primary data. For primary data, the researcher focused on procurement managers, clinical users, pharmacy users, technical users, and administrative users to collect firsthand information from the organization selected. The questions were seeking indicators of inventory Management Systems, Supply chain integration, and supply chain performance in public hospitals. The target population for this study included 7 senior stores managers, 11 nurses, 7 pharmacist making a total of 25 respondents. The research study used census method for the study due to the limited number of respondent which allowed for the whole population to be included in the study.

RESULTS

This section presents analysis and findings of the research, from the study population target of 10 respondents, who were the respondents to the questionnaire, constituting 80% response rate. The total number of males is five constituting 62.5% while the females' number is 3 constituting 37.5%. The above table reveals that the majority of the respondents were 20-29 years old as compared to 30-39 and 40-49 years old. The figure below was used to present this information. The table above shows the education level of the respondents. Majority of that number is of the graduate level compared to secondary level of education and the post graduate level of education as represented in the figure below. On the education level of the respondents, the researcher found out that the majority of respondents were graduate compared to post graduate and diploma/college certificate. The above table shows that most of the employees have been at respective Hospital Pharmacy for 3 years and above and also 2 year to 3 years. Only a few have worked for 2 years and below. According to the above table, the entire respondent says that they have inventory management systems in their organization and also have written guidelines on inventory management.

Table 1 Type of inventory management system

Type	Frequency	Percentage
1. Classification system	0	0 %
2. Counting system	2	25 %
3. Internal control systems	3	37.5 %
4. Accounting systems	3	37.5 %

Table 2 Objectives of using inventory management systems

Objectives	Frequency	Percentage
Keep track of available inventory	5	62.5%
Increase sales	1	12.5%
As an internal control tool	1	12.5%
Make a requisition for more inventory	1	12.5%

Table 3 Responsibility of developing inventory management systems

Responsibility	Frequency	Percent
Stores and purchasing manager	2	25%
A project team from within	2	25%
Departmental managers	4	50%
Employees themselves	0	0%

CONCLUSION

The role of inventory management has been consistently increasing in the healthcare industry arena and in pharmacy purchasing and inventory management. It should therefore be understood that proper inventory management starts with an understanding of purchasing rights products in the right quantity at the right price, and the right time from the right vendor. Applying these concepts along with the practices such as the right stock valuation, and ABC results in optimal inventory levels and ensures customer satisfaction. The hospital pharmacy management teams should adopt inventory management practices which have positive effects on the performance of the hospital. Using these key concepts and practices to gain insight will enhance pharmacy inventory record accuracy, inventory investment and inventory turnover in the pharmacy purchasing departments and will go a long way to improve optimal inventory management as well as organizational performance

REFERENCES

1. Miller, R. (2010). *Inventors Control: Theory and Practice*. New Jersey: Prentice Hall.
2. Ogbo, A. I & Onekanma I.V. (2014) "The Impact of Effective Inventory Control Management on Organizational Performance": *Mediterranean Journal of Social Sciences*, MCSER Publishing, Rome-Italy, Vol. 5 No 10 June 2014
3. Coyle.J.J, Bardi.E.J, & Langley. C .Jr, (2003) *The Management of Business Logistics: A Supply Chain Perspective (7th ed.)*.Manson South –Western
4. Child, J., (1972) "Organizational structure, environment, and performance: the role of strategic Choice". *Sociology*
5. Campling, J. T., & Michelson, G. (1998). " A strategic choice–resource dependence analysis of union mergers in the British and Australian broadcasting and film industries". *Journal of Management Studies*, 35(5), 579-600
6. Ketchen Jr., G., & Hult, T.M. (2007). "Bridging organization theory and supply chain management: The case of best value supply chains". *Journal of Operations Management*, 25(2) 573-580
7. Carr, A. S., & Smeltzer, L. R. (1999). "The relationship of strategic purchasing to supply chain management". *European Journal of Purchasing & Supply Management*, 5(1), 43-51.
8. Yin, R. K. (2003). *Case Study Research: Design and Methods (3rd ed.)*. Thousands Oaks: SagePublications
9. Monczka, R. M., Handfield, R. B., Giunipero, L. C., Patterson, J. L., & Waters, D. (2010). "Purchasing & Supply Chain Management". South-Western Cengage Learning