

ABSTRACT

This study was set out to establish the extent to which inventory management and company's profitability of selected manufacturing company in Mogadishu, Somalia. The study wanted to establish the following:-(i) The different types of inventory management (Inventory policy, documentation and physical inventory control) (ii) the methods, problems of inventory management (iii) the level of profitability of selected manufacturing companies. The study was done by developing a conceptual frame relating inventory management and profitability.

The study employed a descriptive research design; data were collected from 80 respondents using self administered questionnaires and interview guide as the main data collection instruments. Data were analyzed at uni-variate level using frequency counts and summary statistics and Pearson Linear Correlation coefficient at bi-variate level. The study revealed that inventory policy, documentation, physical inventory control, and prevention inventory theft, affect profitability, in significant relationships with $r\text{-value} = 0.952$.

From the above findings appropriate conclusions and recommendations including those for further research were made. Recommendations from the study were (i) The selected company should maintain record system involves making profit. (ii) The selected company should attempt to implement a perpetual inventory system that includes a reconciliation process.(iii) The selected manufacturing company should protect fraud, theft, mismanagement of inventories and high levels of inventories.(iv) the 9 selected company should use the Economic Order Quantity (EOQ) Model, and material requirement planning system