

**THE IMPACT OF INVENTORY MANAGEMENT ON  
LIQUIDITY OF MANUFACTURING COMPANY LISTED IN  
COLOMBO STOCK EXCHANGE**

By



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## ABSTRACT

In present era competitive world having business is very important to control various costs to sustain in the market. To sustain in the market, inventory management plays an important role to make a control over the financial statement of the organization. Effective inventory management is effect for the liquidity of the manufacturing company. Main objective is this report finds out the Impact of Inventory Management on Liquidity of Manufacturing Company Listed in Colombo Stock Exchange. This study employed a descriptive research design and used quantitative method. All relevant data get from the secondary sources such as annual report and published articles. The target population was manufacturing firms who are listed in CSE in Sri Lanka. The data was analyzed by use of statistical package for social science (SPSS 23.00) regression and correlation. Data was then presented using tables and figures. The empirical results revealed using descriptive statistics to test the impact of inventory management practices and Correlation analysis was used to determine the nature and magnitude of the relationship between inventory management and liquidity variables. The results indicate that there exists a positive correlation between Inventory Turnover, Inventory Conversion Period and Liquidity ratio. Result showed that Inventory management had a significant effect on liquidity with a beta coefficient of 0.415 in model 1, 0.219 in model 2 and 0.178 in model 3. Some variation can identify in inventory management and liquidity of manufacturing company. Furthermore, the finding of the study can be considered as helpful for managers and users.

**Keywords:** Inventory Management, Liquidity, Manufacturing Company

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