INVENTORY MANAGEMENT PRACTICES AND OPERATIONAL PERFORMANCE IN SELECTED SMALL AND MEDIUM ENTERPRISES (SMES) IN BENIN CITY

BY

OJINEME ASHINEDU PRAISE

MGS2209854

DEPARTMENT OF BUSINESS ADMINISTRATION

FACULTY OF MANAGEMENT SCIENCES

UNIVERSITY OF BENIN

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A RESEARCH PROJECT, WRITTEN AND SUBMITTED TOTHE DEPARTMENT OF BUSINESS ADMINISTRATION, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN, BENIN CITY, EDO STATE. IN ACCORDANCE WITH THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF SCIENCE (B.Sc.) IN BUSINESS ADMINISTRATION.

NOVEMBER, 2025

DECLARATION

I, Ojineme Ashinedu Praise, hereby declare that this project work titled “Inventory Management Practices and Operational Performance in Selected Small and Medium Enterprises (SMEs) in Benin City” was carried out by me in the Department of Business Administration, Faculty of Management Sciences. The information derived from the literature has been duly acknowledged in the text, and a list of references has been provided. No part of this project work has been previously submitted or presented for the award of any degree or diploma in this or any other institution.

_____ _____

OJINEME ASHINEDU PRAISE **DATE**

CERTIFICATION

This is to certify that this research work titled "Inventory Management Practices and Operational Performance in Selected Small and Medium Enterprises (SMEs) in Benin City" by **OJINEME ASHINEDU PRAISE** meets the requirements for the award of the Degree of Bachelor of Science (B.Sc.) in Business Administration, Faculty of Management Sciences, University of Benin, Benin City, Edo State. It is hereby approved and ratified for its contribution to knowledge.

DR MARTINS EHICHOYA	**DATE**
(Project Supervisor)	
DR S. A. ADEKUNLE	**DATE**
(Project Coordinator)	
DR D. OGEIDE	**DATE**
Head of Department (Hod)	

DEDICATION

This research work is dedicated to God Almighty, the creator of the universe, the father of Unconditional love and grace and to my dearest uncle Mr Joshua Ekuke for the love, care and support he showed me from the day I very beginning of this program up until the completion.

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TABLE OF CONTENTS

ABSTRACT

The management of inventory has emerged as an essential operational and strategic element to the survival and development of the small and medium-sized enterprises (SMEs). This research thus explores how inventory management practices impact the performance of SMEs in Benin City, Edo State. The research specifically examines how Economic order quantity (EDOQ), Just in Time (JIT), ABC Analysis and Safety Stock Management affect the operational and financial performance of SMEs. The survey research design was adopted and data gathered by the use of structured questionnaires administered to a sample of 133 SME owners and managers who were chosen via stratified and simple random sampling methods. Descriptive and inferential statistical tools were applied to analyze the data collected with the help of Statistical Package of social sciences (SPSS). The results showed that there are significant and positive impacts on the performance of the SMEs of all the four inventory management practices; EOQ, JIT, ABC Analysis, and Safety Stock. The research also identified that business attributes like firm size and the number of employees have a significant influence on performance, whereas the degree of formal education among the operators does not always translate to better performance, perhaps because of insufficient practical experience and business context. It is consequently suggested that the SME owners and managers need to invest in effective inventory control systems, training of employees, and adopting modern inventory technologies to reduce costs, improve operational efficiency, and profitability. Additionally, in order to enhance the competitiveness and sustainability of the SMEs in Nigeria, the government and other support agencies ought to offer policy and financial assistance in encouraging the good inventory management practices.

CHAPTER ONE

1.1 Background of the Study

Small and Medium Enterprise (SMEs) form a large part of the economy and are the drivers of socio-economic development in any country. These businesses are universally recognized as the backbone of economic growth, innovation, and employment creation. Globally, SMEs account for approximately 90% of businesses, 60-70% of employment, and 50% of GDP (World Bank, 2023). Their agility, capacity to drive industrialization, and role in fostering inclusive economic development make them indispensable in both advanced and emerging economies (Beck & Demirgüç-Kunt, 2021). In developing regions, SMEs serve as critical vehicles for poverty alleviation, income redistribution, and the empowerment of women and youth (Organization For Economic Cooperation Development OECD, 2022).

In Africa, SMEs play an even more critical role due to the limited presence of large-scale industries. The African Development Bank (AfDB, 2019) estimates that SMEs contribute about 80% of employment opportunities on the continent and are pivotal in reducing unemployment and income inequality. Nigeria, as Africa's largest economy, reflects this trend, with SMEs contributing nearly 48% of the national GDP and employing over 84% of the labor force (SMEDAN, 2020).

Within Nigeria, Benin City, the economic hub of Edo State, exemplifies the transformative potential of SMEs. The city's economy thrives on small-scale manufacturing, agro-processing, commerce, and services, driven predominantly by informal and formal SMEs (Eze & Okoye, 2022). However, structural inefficiencies—such as poor electricity supply, high borrowing costs, and multiple taxation impede growth, limiting the sector's ability to maximize its contribution to regional developments. However, SMEs operating in Benin City can boost their operational performance while improving market competitiveness despite the power outages and funding expenses and tax complexities. SMEs can enhance their operational efficiency and competitiveness through improved and properly executed inventory management practices

because proper inventory management enables reduced waste and minimized holding costs and increases product availability (Adeoye & Akinwale 2020). Inventory management involves strategic planning in supply management and effective demand forecasting. A default in correctly managing inventories remains an important yet commonly ignored obstacle which limits SME performance outcomes. Old-fashioned inventory management systems of businesses throughout Benin City create frequent stockouts and overstocking problems along with resource wasting especially in agro-processing where proper food storage demands superior techniques (Okafor *et al*,.2022). These operational weaknesses create financial losses while diminishing competitiveness at the same time they prevent scale-up of operations. The restricted availability of funding combined with high operational expenses creates an opportunity for SMEs to optimize inventory management procedures which will help improve operational performance and profits (Omoregie & Osazevbaru, 2021).

Research indicates that, proven inventory management approaches like Just-in-Time (JIT) systems and lean inventory techniques and digital tracking tools deliver substantial improvements to SME performance across global markets (Uche & Ibrahim, 2020). The adoption rate of modern inventory management practices in Benin City remains minimal due to inadequate understanding and financial barriers together with insufficient infrastructure (Adepoju & Adeleke, 2021). Many small and medium enterprises in Benin City have started using mobile inventory apps and cooperative purchasing models to counter these operational obstacles (Edo State SME Agency, 2022) yet further research is needed about optimizing these strategies for Benin City's specific economic requirements and infrastructure situation.

This study therefore seeks to evaluates the inventory management practices, the impacts that these practices on business performance among SMEs operating in Benin City while assessing which operational efficiency improvement strategies lead to the best results. The analysis of inventory control issues and opportunities in this research contributes knowledge about SME management in Nigeria while delivering concrete recommendations to business owners alongside officials and development organizations.

1.2 Statement of the Problem

SMEs generate a large proportion of the GDP in Nigeria, as well as being responsible for the main source of employment of a majority of the workforce in Nigeria. Their economic performance is reflected through their effective use of local resources, creation of jobs, rural development, growth of entrepreneurship, mobilization of the local savings, interconnection with larger industries and self-employment and skills development opportunities (Taiwo et al., 2012). But with that potential, SMEs are under structural constraints like the unavailable power supply, the high financing cost and exorbitant taxations which limit their growth opportunity in Benin City (CBN, 2023).

One of the central problems of the Benin City SMEs is their use of primitive inventory systems. Most enterprises continue to rely on manual recording practice which is not integrated with current processes and information technology. Such an inefficient system results in regular out-of-stocks, excess stock order, and obsolete inventory and increase in operational cost together with the resulting low customer satisfaction. Although inventory management strategy like Just-in-Time (JIT), Economic Order Quantity (EOQ), and the solution using ICT have been found beneficial, they are not widely practiced by the SMEs in the region. These businesses face barriers such as a lack of specialized skills, budgetary constraints, and inability to embrace change thus not being able to use sophisticated inventory practices that may help in making their operations efficient and competitive.

Research on inventory management in the context of Nigerian SME has been done, but there is not much research on inventory management in Benin City. The literature reviews such as those of Monisola (2016) addressing South-Western Nigeria, notices issue in the shortage of skilled labor and less use of advanced technology, whereas Kareem (2018) singles out Oyo State delivery delays and old storage systems as the problems of the area. These studies however pay limited attention to the retail SME segment which forms a significant part of the economy in

Benin City. Retail SMEs are more exposed to such inventory issues as managing goods that are perishable, to changes in demand that vary by season and product category, and such inventory problems can be strenuous, but little empirical study exists on how these firms approach inventory management in the informal and formal retail sectors in Benin City.

Moreover, although the negative consequences of dysfunctional inventory systems on business performance are globally apparent, specific-sector information on the extent of these effects on business performance of retail SMEs in Benin City is lacking. Lack of specific studies implies that the current models of inventory which are usually focused on manufacturing or large-scale businesses are not necessarily applicable to the actualities of small retailers working in the dynamic market environment in Benin City.

The proposed study aims to fill these gaps by examining the inventory management practices among SMEs (particularly in Retail SMEs) in Benin City, their influence on business performance, and contributions that affect the implementation of effective systems. By targeting the retail section, which is yet to be fully explored in previous studies, the proposed study will be able to offer viable recommendations that can subsequently be implemented to boost inventory management procedures and increase efficiency of operations and competitiveness of the SMEs in Benin City. The results will not only become the part of academic literature but will be also used to elaborate the specific policy recommendations regarding the retail businesses in the region.

1.3 Research Questions

1. How does the implementation of Economic Order Quantity (EOQ) model impact cost reduction for holding and ordering activities in SMEs?
2. To what extent does Just-In-Time (JIT) inventory system help businesses reduce unnecessary stock quantities while improving cash flow?

3. How effective is ABC Analysis in prioritizing inventory management and what is its impact on resource utilization efficiency?
4. What is the impact of the application of safety stock inventory systems on inventory availability and stockout reduction in the chosen SMEs in Benin City?

1.4 Research Objectives

This research intends to explore the connection between inventory practices and operational performance among SMEs in Benin City with an aspiration of finding ways of enhancing business efficiency and competitiveness. Significantly, the study's objectives are

1. To examine the impact of Economic Order Quantity (EOQ) model on cost reduction for inventory holding and ordering activities
2. To assess how Just-In-Time (JIT) system reduces excess stock quantities and enhances cash flow management
3. To evaluate the effectiveness of ABC analysis in inventory prioritization and resource utilization
4. To investigate how safety stock inventory systems affect inventory availability and reduction of stockouts in SMEs in Benin City.

1.5 Research Hypotheses

1. Economic Order Quantity (EOQ) implementation does not significantly reduce holding and ordering costs in SMEs in Benin City.
2. Just-In-Time (JIT) system does not significantly reduce excess stock quantities and improve cash flow in SMEs.
3. ABC analysis does not significantly improve inventory prioritization and enhance resources utilisation efficiency in SMEs.

4. The use of safety stock inventory systems does not significantly affect inventory availability and reduction of stockouts in SMEs in Benin City.

1.6 Scope of the Study

This study aims to analyze the current level of inventory control and how it influences performance of small and medium size enterprises in Benin City in Edo State and specifically on retail SMEs but also paying attention to manufacturing companies and other service companies. It will examine several inventory management mechanisms such as just-in-time systems, ABC analysis, stock-taking and demand forecasting methods and analyze ways in which these systems can impact critical performance indicators, including cost effectiveness, order filling rates, customer satisfaction and general profitability. The samples of 50-100 SMEs will be chosen in various categories of their business and data will be collected through preparation of structured questionnaires, interviews with owners and managers, and analyzing financial and operational records in case it is available.

The study will be done within a span of six months between May to October 2025, and it will start by thorough study of already available literature, design of research tools, collection of information in the field, analysis and interpretation of data and finally, a report with recommendations will be written. Although the study is expected to give significant findings on how to streamline the practice of inventory management in the SME sector in Benin City, there are various limitations that should be noted such as the time-bound aspect of the study, the nature of self-reported business-related information, and voluntary participation that could influence the representative nature of the sample. Retail businesses will be given special consideration since they are the most prevalent in the local economy, although the study has managed to remain relevant to other manufacturing and service enterprises, as the findings will both enhance the current body of academic literature and provide business in the specific area of operation in Benin City with applicable business development strategies.

1.7 Significance of the Study

This research by examining the relationship between inventory management practices and organizational performance among SMEs in Benin City will provide valuable insights with far-reaching implications for business operations and economic development. The study's findings will offer practical solutions to enhance operational efficiency while contributing to the broader understanding of supply chain management in emerging markets.

For SME owners and managers, the research intends to deliver actionable strategies to optimize inventory control systems. By identifying cost-effective techniques to minimize stockouts and reduce excess inventory, the study will help businesses improve cash flow management and working capital utilization. The findings should demonstrate how implementing structured inventory tracking methods, even the basic digital tools, can significantly enhance demand forecasting accuracy and reduce product wastage - particularly crucial for Benin City's agro-processing and retail SMEs dealing with perishable goods.

Financial institutions and investors will benefit from the study's insights into inventory-related financing challenges. The research will highlight opportunities for developing tailored financial products that address SMEs' specific working capital needs for inventory management. By demonstrating the direct correlation between effective inventory control and business profitability.

The academic community will also gain from this study's contribution to operations management literature in developing economies. The research will fill important knowledge gaps regarding inventory optimization in resource-constrained environments, providing a foundation for future studies on supply chain innovations in Nigeria's SME sector.

At the macroeconomic level, improved inventory practices emerging from this research could strengthen Benin City's business ecosystem. More efficient inventory systems would enhance product availability in local markets while increasing SME profitability and sustainability. The

study's practical recommendations have the potential to boost overall economic productivity by reducing operational inefficiencies that currently hinder business growth in the region.

This research stands out for its direct applicability to real-world business challenges while advancing theoretical understanding of inventory management. By bridging academic rigor with practical relevance, the study provides SME operators with immediately implementable solutions while offering researchers new perspectives on operations management in emerging market contexts. The findings ultimately aim to foster more resilient and competitive SMEs that can drive sustainable economic development in Benin City and beyond.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into three broad sections: conceptual review, theoretical review and empirical review. The conceptual review shall discuss concepts related to inventory management practices and organizational performance; the theoretical review shall touch on pertinent theories on the impact of proper inventory management practices on an organization's overall performance. While the empirical review at the concluding part of this chapter will present previous studies conducted in relation to inventory management practices and organizational performance and their findings. This chapter is organized in the important themes: concepts in inventory management, inventory control methods, inventory operating performance measures, and association of inventory management with SME.

2.2 Conceptual Framework

2.2.1 Operational performance

Operational performance is the efficiency and effectiveness in which an organization controls its internal processes to generate goods or services that fulfill customer expectations and strategic objectives (Slack *et al.,* 2010). The given definition underlines two important points: the ability to provide value to the customers and the ability to do it with the optimal resource mobilization and minimisation of waste. it is worth noting that operational performance is no longer measured solely based on financial performance but also consider the efficiency of the process, customer satisfaction, and learning in the organization (Kaplan & Norton, 1996). In current competitive and fast-paced business environment, operational performance has emerged as a key concern of organizations that are looking to gain productivity, lower costs, advance their quality, and make rapid responses to the market conditions. It is key to defining customer satisfaction, profitability,

as well as sustainability of the business as a whole. Therefore, it is a focus of research interest in operations management, strategy management, and performance measurement.

Operational performance is extremely significant to any company that would like to be competitive, maintain growth and sustain success in the long term. Competitive advantage builds upon value that a firm can generate to its buyers that is in excess of the value that it costs the firm to generate it (porter, 1985). Porter and Kramer (2011) point out that operational excellence can generate shared value; that is, it can both enhance business results and achieve benefit to the stakeholders. Their study proves that efficient operations result in improved resource use, and the same cannot be duplicated easily to attain competitive advantages. This approach is compatible with the resource-based view of the firm, in which operations capacity is turned into strategic resources. Kaplan and Norton (1996), using an initiative known as Balanced Scorecard, further commend the need to connect the indicators of operational performance to the overall goals of an organization. They promote a more multidimensional perspective where operational excellence is no longer an end but it is a means to provide customer value, internal efficiency and long-term growth. As stated by Pisano (2015), operational discipline is a prerequisite of effective innovation implementation. This illustrates the fact that organisations with robust operational foundations are able to implement new ideas with ease and can be in a better position to experiment and expand new ideas, since they have the systems and controls in place that enable them to manage change.

Ketchen and Craighead (2020), reported that the value of crisis resilience in operations performance was demonstrated dramatically during the COVID-19 pandemic. Companies that have developed the mature operational measurement systems proved to be more adaptive in case of a disruption and use their performance data to quickly adjust to the new market conditions.

In general, operational performance is a versatile concept with high strategic relevance. Its management and further improvement are critical to the organizations to be considered

competitively advanced, follow market shifts, and be successful in the long run. For SMEs that generally have limited capital, manpower and technology, lean operations can help reduce waste, lower costs and improve productivity. Efficient operations ensure on-time delivery, quality consistency and responsiveness, enhancing customers trust and loyalty and with the appropriate choice of performance dimensions and measurement devices, SMEs will be able to eliminate a lot of the structural disadvantages they have and place themselves into long-term success in markets that are becoming more dynamic all the time.

2.2.2 Inventory management

Every organization keeps inventory in one way or the other. According to Muller (2003) inventory includes a company's raw materials, work in progress, supplies used in operations and finished goods. Inventory can be something as simple as a bottle of glass cleaner, stationaries or something complex such as mix of raw materials and subassemblies used as part of a manufacturing process. In order words inventory is a list of all items held in stock by an organization (Walter 2003). Chopra and Meindl (2023) describe inventory as a buffer between supply and demand that ensures business continuity. It is also important to note that the composition of inventory varies significantly between manufacturing and service-oriented SMEs. Harris (2020) emphasizes that retail SMEs typically maintain a higher proportion of finished inventory compared to manufacturing firms. And SMEs maintain a different level of inventories compared to large organisations. Adeyemi (2022) found that inventory constitute 40-60% of total assets in Nigeria trading SMEs. And since inventory constitute such an important portion of SMEs assets, there is need for it to be properly managed to ensure business continuity and profitability

Inventory management can be discussed as the methodical procedure of ordering, storing, and utilizing goods to safeguard a best stock level with a less cost expenditure (Chandra, 2023). SMEs must apply good inventory management to ensure that they do not run out of stock,

overstock and suffer wastages. According to Heizer and Render (2014), inventory management is a systematic process of sourcing, storing, and selling inventory raw material and finished goods in a manner that is cost effective and that meets the demand of the customers. This is extremely critical to the success of any business since excess and shortage of inventories have consequences on the efficient operation of the business, and that is why there has to be an optimal inventory levels of inventories in order to prevent excess and shortage of inventories.

Inventory management practice refers to the strategies that firms use to maintain the right level of inventory, to reduce costs and to guarantee effectiveness. A non-scientific approach in the determination of a general inventory policy has been observed to be the main factor that causes a stop in production and high cost of production and operational expenses in many companies especially SMEs.

In today's highly competitive business environment, it is therefore crucial that SMEs not only understand inventory management practices but also adopt and implement the most suitable techniques for their specific needs. The different types of inventory management practices are discussed in the Sub sections below

2.2.3.1 Just in Time inventory (JIT)

This is a process in which orders and deliveries of material are placed and received when needed to produce or sell. The main purpose of this is to Save the costs of holding and waste. It is a method of inventory control where the manufacturers need to liaise with the supplier so that raw materials are delivered just before production is set to commence and no earlier. This is meant to place a minimum inventory in order to meet the demand. According to Chase et al. (2006) It is an inventory control approach that maintains minimal inventory levels by coordinating material deliveries to coincide with production schedules. Companies that nail just in time can slash inventory holding costs by up to 75% Kesavan (2024). While looking at the benefits of JIT inventory, SMEs also need to understand that for it to be implemented they have an obligation to

respond faster to what customers actually want. JIT inventory demands serious upfront investment in technology, suppliers' relationship and employee training. It requires two things that must work flawlessly together: accurate forecasting of what customers want and reliable suppliers who can deliver quickly. If either one fails, the whole system might break down.

For SMEs to improve their inventory practices through JIT, they need to always focus on improving the system because aside from cutting costs, JIT inventory management improves efficiency and allows for companies to pivot their brands and products as the needs of their customers change. (Abode Team, 2020). With JIT SMEs operating in Benin City will be able to coordinate production schedules with real-time demand of their customers and also drastically reduce inventory holding costs and improve operational efficiency.

2.2.3.2 Economic Order Quantity (EOQ)

Economic Order Quantity (EOQ) is a mathematical formula which helps determine the optimum order size that will make the total cost of keeping inventory (holding costs and ordering costs) as minimum as possible.

It is applied to Balances procurement and storage costs. This is quite appropriate to SMEs that have the benefit of predictable demand patterns. Economic order quantity (EOQ) is a business ideal order quantity size. According to Heizer & Render (2014) EOQ is a mathematical tool for determining the order quantity that minimizes the sum of annual inventory holding costs and ordering costs. It places a balance between placing orders on demand. It reduces the necessity of unnecessary stocking of products (Nwalu *et al,* 2023) SME however stand to gain fewer payments for storage, security, and insurance, among other costs. Calculating EOQ enables businesses to have equilibrium stock where the quantity of inventory held is neither too much nor little. Excessive stock ties down working capital and for SMEs that are always running on tight budgets this will greatly affect the cash flow of the business while on the other hand limited

stock could cause loss of customers especially in today's competitive environment where buyers have many purchasing options.

In calculating EOQ SMEs need to know or have ability to predict demand for their products, the cost of ordering the products and the cost of holding or storing the goods (Franklin, 2022). The cost gives us the three key variables needed to calculate EOQ, which are ordering cost, holding or carrying cost and annual demand. Thus, the formula for calculating EOQ is: $Q = \sqrt{(2DCo / Ch)}$

2.2.3.4 ABC Analysis

ABC analysis is a technique of grouping inventory items according to their utility and cost which enables the companies to prioritize on how to manage their inventory. It classifies inventory into three groups; A, B, and C where items that are of high value and criticality and needs the most attention are put in A group and least valuable in C category which needs the least attention. According to Jacob and Chase (2014) ABC analysis is a selective inventory control approach where items are ranked by annual consumption value, allowing SMEs to focus on critical stock while reducing expenses of overstocking less important items.

Eneh (2017) posits that since SMEs often lack resources for sophisticated inventory systems. ABC analysis helps them prioritize high-impact items (A) while minimizing costs on low-value stock (C). ABC analysis will help SME in reducing cost by minimising the amount capital tied up in excess stock (C items) and Optimizing procurement spending. SMEs are at liberty to focus on what matters most in their management. Recent research substantiates that this intervention can assist the business in the Benin City to refine the working capital position by trimming expensive lines tied-up in idle stockpiles of the frivolous C items by 30-35 percent (Eze *et al.,* 2023), with sufficient availability of income-generating A items which only comprise 20 percent of inventory capacity, but, drive 80 percent of sales (Omoregbe *et al.,* 2022). These various optimum strategies through differentiation in the system optimize the efficiency of procurement by allowing volume purchase as discounts on essential items of the type "A", and introducing

just-in-time ordering to the items of classification "C", such as in the agro-processing industry in Benin City (Igbinovia & Osahenvemwen, 2023). In the case of the space-limited urban SMEs, ABC analysis will accelerate the storage capacity by liberating as much as 25-30% of the warehousing or store space that was earlier used to store slow-moving products. The approach is also quite risk-efficient, as stock obsolescence decreases by 45 percent among pharmaceutical SMEs (Onyekwelu & Adeleke, 2022) and prevents the wasting of perishable products in the food industry.

Even simple ABC implementation proves to deliver 60 percent of its potential through field evidence, so it is within reach of traditional traders (Eneh, 2017). This is an opportunity that SMEs in Benin City can implement gradually without large initial investments; thus it is the best option that enables the efficient use of scarce resources in competitive markets.

2.2.3.5 Safety Stock Inventory

In its fundamental description, safety stock inventory is characterized as a cushion against uncertainty. According to Waters (2003), it was defined as a buffer stock that absorbs variability such that upon a sudden change in demand, the business will not be affected and keep operating. Its main objective is to eliminate stockouts, and it can be described as an insurance policy that covers the errors in demand prediction and ineffective supply chains (Jacobs and Chase, 2014).

Safety stock maintenance is especially paramount in the case of SMEs in the challenging environments such as Benin City. Delays in transportation, seasonal fluctuations in demand, and problems with supplier reliability are some of the common challenges faced by these businesses. This environment increases the demand of a strong buffer. Infrastructural challenges may also cause considerable variability in lead times as was experienced in the Nigerian manufacturing industry as Ogbadu (2009) noted. Therefore, in the case of Benin City SMEs, the adoption of safety stock is not only an operational decision but also a strategic requirement towards the continuity of operations and performance.

Nonetheless, it is an important issue to identify the most appropriate amount of safety stock. The amount should be large enough to accommodate lengthy supplier delivery times and customer demand variability, but not large enough to give rise to prohibitive carrying costs that impose strain on working capital (Constantine, 2020). The balance is particularly critical to the SMEs that work within limited budgets because stock-outs and over-inventory can be extremely costly. Scientific safety stock management can assist in maximizing this balance, both to avoid lost sales due to shortages as well as to avoid the high cost of emergency purchases, and to ensure that capital is not needlessly tied up in idle inventory. Adeniran (2019) supports the success of a structured approach, as the study of the retail business in Nigeria showed that a decrease of 40% in stockout cases was achieved with the use of safety stock inventory practice.

The effective management of safety stocks can be considered as the key that would allow improving the functioning of the SMEs and their success in Benin City, as it directly addresses such issues as stockouts, supply chain disruption, and misallocation of working capital. It has a direct influence on increased level of service, customer satisfaction and cost-efficiency. Giving the relevance of safety stock inventory, It is thus advisable that SMEs start with simple methods of calculations, that is, concentrating on the historical demands and lead times, and proceed to more sophisticated statistical models.

2.2.4 inventory management practices and operational performance

Inventory management is a key operational performance driver of a small and medium enterprise (SME) as the working capital and a reduced cash flow capacity poses a stronger stock management imperative within a recommended operations setting. Compared to large companies, which have operating warehouse systems, SMEs need to manage inventory with leaner resources but large enough stocks to fulfill customer demand. According to Halachmi and Bouckaert (2005), SMEs especially have to be very careful when balancing inventory levels so as not to have too many funds trapped in stocks due to a high amount of inventory levels, and therefore

affecting their liquidity and growth options. Dobler and Burt (2006) also note that its inefficient practices to manage the inventory or stocks many times make the SMEs face either of the two scenarios: either the existence of shortage in stocks that adversely impact the customer relation or overstocking that inevitably raises the holding cost and the possibility of obsolescence especially to those businesses that have limited storage capacity.

In case of the SMEs, the practice of maintaining buffer stock is no luxury; it is a strategy because these companies usually do not possess any bargaining power to quickly replace their stock by supplier. According to Malcolm (2005), small businesses usually experience a higher level of uncertainty in the supply chain, and hence the importance of using safety stock to dampen the blow that may be the result of a late delivery or a fluctuation in demand. Lyson (1996) goes further to say, unlike large concern with advanced forecasting systems, SMEs often use common sense, instead of data supported models, thus putting them at a higher risk of mismanagement of their inventory. What makes it worse is that most SMEs are working with low IT infrastructure and therefore they cannot be able to track inventories in real time or automate re ordering phases (Schroeder, 2000).

Collection management software can enhance forecasting of demand (and visibility of inventory), without needing much upfront expense (Schroeder, 2000). Moreover, lean stock strategies, like just-in-time (JIT) ordering strategies, enable SMEs to maximize their ability to reduce stock levels, yet continue to cover the demands of customers, but this can only be achieved when there is high coordination of the suppliers involved.

Nevertheless, effective inventory can play a major role in promoting the performance of SMEs, despite these issues. An example is strategic supplier relationships, which ensure smaller companies get better deals and ensure on-time deliveries to minimize large amounts of safety stock (Dobler & Burt, 2006). In the meantime, the implementation of cost-effective digital solutions including cloud-based inventory management software can enhance demand

forecasting and increased stock visibility without being highly capital-intensive (Schroeder, 2000). Also, lean inventory systems, including just-in-time (JIT) inventory, enables SMEs to reduce bulk-stock and nevertheless satisfy customer demands with considerable cooperation with reliable suppliers.

However, effective inventory operations are also about agility of operations at least this is the case with SMEs. Companies achieving the right balance between a balanced stock coverage and capital efficiency will be able to better manage market fluctuations, minimize write-offs, and have a healthier cash flow which are critical drivers of long-term competitiveness in the face of resource limitation environments.

2.3 Theoretical review

The theoretical review is an examination of the current body of research delved into inventory management practices and how these practices affect the operational performance of SMEs in Benin City. The chapter investigates some of the main theories that describe the effects of inventory control on efficiency of businesses, management of costs, and competitive advantage.

2.3.1 Resource-Based View (RBV) Theory

Proposed by Penrose (1959), the theory of Resource-Based View (RBV) holds that the competitive strength of a firm consists in a unique set of resources, both tangible (e.g. inventory, equipment) and intangible (e.g. knowledge, skills). Barney (1991) suggested that to improve the performance of a firm, the resources should be valuable, rare, inimitable and non-substitutable (VRIN).

As far as SMEs are concerned in Benin City, quality inventory management is one of the most crucial resources, which can enhance the efficiency of the operations. According to Aigboduwa and Oisamoje (2013), SMEs that have well-organized inventory control systems record improved stock turnover and less wastage, which goes in line with the RBV which asserts that performance

of organizations depends entirely on the internal resource. Moreover, human resource can be competent in inventory monitoring (e.g utilizing ABC analysis or applying EOQ models) which reveal the importance of decision-making which can be supplemented by the RBV theory that stated in order to be competitive in the long then a firm should possess knowledge and organizational abilities (Wernerfelt, 1984).

2.3.2 Contingency Theory

This perspective suggests that optimal business strategies whether in inventory management, process improvement, or workforce coordination should be tailored to contextual variables rather than relying on universal "best practices. Lawrence & Lorsch, (1967) argues that there is no universal best practice; instead, optimal strategies depend on situational factors (e.g., industry, firm size).

Recent studies indicate how flexibility has become the necessity due to the digital transformation and supply chain challenges. Retail businesses can enjoy the advantages of using Just-in-Time systems, but at the same time, manufacturers are likely to need buffer stocks because of the delays in supply chains (Okeke & Ezeh, 2018).

The challenge of adaptability was also evident in the COVID-19 pandemic, and SMEs that used flexible inventory strategy were able to respond to disruptions better (Ivanov, 2021). The important determinants of inventory are the digital infrastructure, supply chain nature, and market volatility. Mobile applications and cloud computing systems, which are in place now, have made it possible to make real-time adjustments and enable SMEs to take dynamic steps in response to changing circumstances (Wamba *et al*., 2021).

In the case of the SMEs of Benin City, the integration of contingency-based solutions with simple digital tools has the potential to enhance the performance of inventory without raising the associated expenses (Omoregie & Iyamu, 2023). With the speed of the changes in the

technological sphere, Contingency Theory is still a useful context that can be applied to managing the inventory to suit the peculiarities of business and the market.

2.3.3 The Knowledge-Based View (KBV) Theory

The Knowledge-Based View (KBV) has considerably changed since its first emergence; however, its fundamental assumption still is highly pertinent: knowledge is the most strategic asset of organizational prosperity. Although early theorists such as Grant (1996), Nonaka and Takeuchi (1995), and Spender (1996) laid the groundwork of the KBV as a variant of the Resource-Based View, modern studies have enlarged the scope of the theory to reflect the actualities of digitalization, big data, and international business practices. With reference to Benin City SMEs, KBV provides especially valuable insights regarding how effective knowledge management can be in turning the inventory systems into operational essentialities and a source of competitive advantage.

Today, as the scholarship emphasizes, the digital age has transformed the production and distribution of knowledge along with the usage in the organizations. The use of technologies such as artificial intelligence, cloud computing, and the Internet of Things has opened new options based on the capture and distribution of knowledge. According to Mikalef and Gupta (2021), the raw operational data can be transformed into meaningful information that can then be used in making more accurate demand predictions and optimize the inventory with the help of AI-driven analytics. Likewise, Dubey et al. (2021) emphasize that big data analytics enables companies to detect patterns and trends that would have gone unnoticed had traditional record-keeping systems been used. This is because such technological innovations have been able to make knowledge more accessible and implementable than ever before, especially if SMEs are ready to invest in digital transformation.

2.4 Empirical Review

The correlation between inventory management and operational performance of SMEs has been actively researched at a broad macroeconomic level as well as sector- or region-specific studies. Taiwo et al. (2012) asserted the importance of SMEs as a source of employment and contributors to GDP in Nigeria but expressed that poor inventory control is one of the significant internal limitations to growth. This provides the basis that inventory practices are not simply other operational problems but important determinants of SME sustainability.

Empirical evidence is mixed in terms of lean inventory and JIT practices. As shown by Adeyemi and Salami (2010), SMEs in Lagos implementing lean practices saved 27 percent on inventory holding costs, representing obvious financial gains. Likewise, Ohwo (2019) stated that when JIT was successfully employed, Nigerian manufacturers witnessed a 23 percent decrease in supply budgets and a 18 percent decrease in delivery schedules. Nevertheless, Opara (2017) discovered that infrastructural vulnerability, including unreliable power supply and unreliable transportation systems, constrained the effectiveness of JIT in Benin City SMEs, with only one in three reporting success. Balogun (2016) added further sophistication to the retail area of Benin City as it demonstrated that hyper lean implementation created stock out vulnerability in periods of surge demand, resulting in losses of up to 20% of sales. These conflicting results indicate that the potential of lean and JIT systems is possible but the degree of effectiveness strongly depends on the situational variables like the reliability of infrastructure and predictability of the market.

Economic order Quantity (EOQ) has also received academic interest. Onwuka (2018) also established that the EOQ adoption yielded cost savings of 22% in SMEs in Anambra State. Nevertheless, Eze (2020) found out that only eighteen percent of the SMEs in Benin City were able to use the EOQ effectively because of the absence of numerical and accounting abilities, and most of them depended on their intuition. This directs us to the fact that on the one hand, EOQ

has demonstrated efficiency advantages; but on the other, the practical implementation of this tool within Benin SMEs is limited by the human resources.

Another dimension of inventory management that is of critical concern is technology adoption. According to Ogbomo and Ogbomo (2015), SMEs in Benin City that utilized inventory software experienced a 40 percent decrease in stock discrepancies relative to firms that applied manual systems. The same positive effects were also proven internationally, yet Ibrahim (2021) emphasized that only 9 percent of SMEs in the informal sector of Benin were able to use digital tools, primarily because they are more expensive and complex. Monisola (2016) further contributed that in South-West Nigeria the adoption of low technology was also worsened by the lack of skills, which was a common problem in all regions. Kareem (2018) also emphasized that disruption of the supply chain and the old-fashioned storage in Oyo SMEs exacerbated the stock management leading to massive losses in the value of stock.

Therefore, the study is an addition to the pool of available empirical studies, but it fills the gap because it specifically deals with the SMEs in the city of Benin, particularly Retail SMEs and how inventory management practices affect operations performance, in an environment characterized by seasonal demand and low technology adoption coupled with instability of infrastructures.

Author(s) &Year	**Focus of Study**	**Key Findings**	**Identified Gap**
Taiwo et al. (2012)	SME contribution and constraints in Nigeria	SMEs contribute significantly to GDP but face poor inventory control	Macro-level focus; not sector-specific
Adeyemi &Salami (2010)	Lean practices in Lagos SMEs	Lean reduced holding costs by 27%	Regional scope; not focused on Benin City

Author(s) &Year	Focus of Study	Key Findings	Identified Gap
Monisola (2016)	Skills gap &technology in South-West SMEs	Found low adoption of modern inventory tech, reliance on manual methods	Different region; findings may not apply to Benin City
Kareem (2018)	Supply chain disruptions &storage in Oyo SMEs	Identified supplier delays and outdated storage causing stock damage	Localized to Oyo; lacks retail-specific insights
Ohwo (2019)	JIT adoption in Nigerian manufacturing	Reported 23% supply budget savings and 18% faster deliveries	Limited to manufacturing; findings may not apply to retail SMEs
Opara (2017)	Applicability of JIT in Nigerian SMEs	Only one-third of SMEs in Benin City succeeded with JIT due to infrastructure issues	Did not explore alternative/hybrid inventory strategies
Balogun (2016)	Lean inventory in Benin City retail SMEs	Hyper-leanness caused 15–20% sales losses during seasonal demand	Retail-specific focus but lacked comparative analysis
Onwuka (2018)	EOQ in Anambra SMEs	Implementation reduced costs by 22%	Focused outside Benin City
Eze (2020)	Use of EOQ by Benin SMEs	Only 18% could apply EOQ correctly due to low numeracy skills	Did not propose simplified models for SMEs
Ogbomo &Ogbomo (2015)	Tech adoption in Benin SMEs	Inventory software reduced stock discrepancies by 40%	Limited to adopters; barriers to adoption unexplored

Author(s) &Year	Focus of Study	Key Findings	Identified Gap
Ibrahim (2021)	Digital tool use in Benin SMEs (informal sector)	Only 9% adoption due to cost and complexity	Lacked recommendations for cost-effective alternatives

It has been discovered that although the general principles of inventory management in the global context have shown to be beneficial frameworks, they need to be adapted very carefully to local operational contexts and circumstances, available resources, and market attributes in Benin City.

Research Gap

The study research gap lies on a critical but unexplored nexus between inventory management practices and operational performance among small and medium enterprises (SMEs) in Benin City, particularly within the retail sector. Although SMEs have been widely acknowledged as engines of Nigeria's economic growth through their contributions to GDP, employment, and resource utilization (Taiwo *et al.,* 2012), scholarly attention to their inventory management practices has remained uneven.

The current literature available regarding inventory management in the small and medium enterprises of Nigeria exhibits notable sectoral and geographical bias. Although scholars such as Monisola (2016) have examined the reality of technology adoption barriers in the manufacturing SMEs of South-Western Nigeria and Kareem (2018) has studied inefficiencies in supply chain within the context of industrial cluster in Oyo State, both these studies fail to capture the peculiar inventory management practices by retailing SMEs in Benin City. Such neglect is especially striking since retailers have a fundamentally different problem of inventory compared to manufacturers - including both faster stock turnover and greater variety of products, and more seasonal demand cycles (Adebayo & Johnson, 2021). Most significantly, the available literature

still does not explore the process of how retail SMEs in Benin City manage their inventory in the context of a city with a unique mix of modern supermarkets, traditional open markets, and now the increasingly popular e-commerce hybrid markets.

The underlying purpose of this research is to fill these gaps in literature by carrying out an extensive study of inventory management procedures in the SME sector of Benin City. It aims not only to determine the popularity and the weaknesses of contemporary strategies but also to define context-specific breakthroughs that may improve the operational efficiency without the need to invest in new technologies or infrastructure to unreasonable scales. Placing its investigation upon the specific socioeconomic situation of Benin City, but relying on a rich set of inventory management theories, this study intends to provide a contribution not only to academic discourse, but also to practical business enhancement within a region that has not yet been adequately represented in the literature on small and medium-sized enterprises in Nigeria. The results attempt to provide a detailed investigation that may contribute to business practice as well as policy interventions that reflects the peculiar business culture of Benin City.

Though previous researchers offer some information about inventory management, not many have studied the SME sector of Benin City. Also, the existing studies focus primarily on manufacturing companies with developmental leaks on the retail and service-based SMEs (Eneh & Onodugo, 2023). This research will attempt to fill these gaps by evaluating various SMEs in Benin City.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

In this chapter, a description of how the research will be conducted is provided, which includes a description of the methodology that will be used to conduct the research to examine the relationship between inventory management practices and operational performance, among the picked SMEs in Benin City, Edo state in Nigeria. It is subdivided into several sections that give information about the research design, population, sample size, sampling technique, source of data, research instrument and methods of analysis., research approach, research context, research design, population and sampling, research instrument, pilot study, data analysis, and ethical considerations. It also explained the methodology and process of data collection and reasons behind the selection of the methodology applied.

3.2 Research Design

The research design adopted in this study is descriptive survey research design in an attempt to fully explore the inventory management system and its connection with operational performance of the selected Small and Medium Enterprises (SMEs) in Benin City. The selected survey tool allows to collect quantitative information systematically about a variety of SMEs in different sectors, which makes it possible to investigate existing patterns, trends, and correlations between the main variables. The methodology will result in a wide and inclusive coverage of the SME landscape in Benin City, improving the validity of the study and the overall applicability of the results. The design offers a holistic view of the research phenomenon by giving a detailed snapshot of the current practices and the performance outcomes. In summary, the descriptive survey research design is a powerful and practical means of answering the research question and objectives concerning inventory control and operational efficiency in a systematic manner.

3.3 population of study

The target population for this study comprises owners and managers of registered retail Small and Medium Enterprises (SMEs) in Benin City, Edo State. The research population consists of 200 SMEs currently operating in Benin city, Edo state.

The primary criterion for selection was the presence of a well-structured organizational system, including a head office and full-time employees. This criterion was applied to ensure the SMEs had established inventory management practices relevant to the research. The selected businesses, which included both registered and unregistered entities at the time of data collection, were drawn from key sectors such as wholesale/retail trade, distribution, manufacturing, and service industries. The decision to include unregistered SMEs that otherwise met the structural criteria was made to capture a more comprehensive view of the SME landscape in Benin City.

3.4 sample Size

The sample size for this study was determined using the statistical formula developed by Taro Yamane (1967) for finite populations. This formula is appropriate as it provides a representative sample with a known margin of error. The formula is stated as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = required sample size

= Population size (200 SMEs in Benin City)

e = accepted margin of error (0.05 or 5%)

$$n = \frac{200}{1 + 200\ (0.05)^2}$$

$$n = \frac{200}{1 + 200(0.0025)}$$

$$n = \frac{200}{1 + 0.5}$$

$$n = \frac{200}{1.5}$$

n= 133.33

Therefore, based on this calculation, the minimum required sample size for a population of 200 SMEs is approximately 133 enterprises.

3.5 Sampling Technique

The study employed a stratified random sampling technique. The population of 200 SMEs in Benin City was divided into two main strata: Retail SMEs and Other SMEs (wholesale/distribution, manufacturing, and services).

Since the research seeks to primarily investigate inventory practices amongst retail SMEs while also taking into account the practices of other SMEs a disproportionate stratified design was adopted. Retail SMEs were oversampled to ensure stronger insights, while other SMEs were included for comparative purposes.

Within each stratum, simple random sampling was applied to select respondents, ensuring that every SME had an equal and independent chance of inclusion, leading to a more accurate result and conclusion.

3.6 Instrument of Data Collection

The primary instrument for data collection was a structured questionnaire. The instrument was personally administered to respondents through on-site visits to their business premises, with some distributed electronically where physical access was not feasible, to ensure a high response rate on questions that were designed to sample their opinions on the impact of proper inventory management on business operational performance. The questionnaires were however divided into two (2) sections

Section A captured the demographic profile of respondents, including firm size, years of operation, and ownership structure.

Section B described and examined the relationship between inventory management practices and operational performance. The questions in the questionnaire were developed directly from the research questions raised in Chapter One of the study. The responses obtained from this section are expected to provide the data necessary to test the hypotheses and draw conclusions on how inventory management practices influence the operational performance of SMEs.

Opened questions were asked in the demographic section (section A). While responses in Section B were measured using a four-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (4), designed to eliminate neutrality and compel respondents to take a clear position.

Decision Rule:

Reject the Null Hypothesis when $P < a$, test statistics > critical value

Don't reject the Null Hypothesis when P > a, test statistics < Critical value

3.7 Validity of the Instrument

According to Bolarinwa (2015), validity refers to the extent to which a research instrument measures what it is intended to measure. Similarly, Kothari (2004) explains that validity ensures the accuracy and soundness of the data collection tool in capturing the underlying concepts of the study. In other words, a valid instrument produces results that truly reflect the variables being investigated rather than measuring extraneous factors.

To establish content validity, the draft questionnaire was subjected to expert review. Specifically, the research instrument was validated by the researcher's supervisor and one other academic expert in the Department of Business Administration, Faculty of Management Sciences, University of Benin. Their critical feedback and suggestions on the clarity, structure, and relevance of the questionnaire items were incorporated, leading to the refinement and development of the final copy of the questionnaire used for data collection.

3.8 Method of Data Collection

This study relied on the use of a structured questionnaire to collect the data. The questionnaire was designed to include two parts; Section A, which dealt with the demographic data of SMEs, and Section B, which dealt with inventory management practices and its performance.

The questionnaires were personally delivered by the researcher to the sampled SMEs in Benin City by visiting the business premises. This method was used to make the respondents have a clear understanding of questions and give correct answers. Moreover, in cases where physical access was not possible, questionnaires were administered electronically through email and messaging services to improve coverage and adequate response of the target sample.

The respondents were assured of the confidentiality of their responses and explained that the information gathered would only be utilized in academic activities.

The combination of both direct administration and electronic distribution enabled a broader participation, reduced non response bias and ensured that adequate data were collected to make credible analysis.

3.9 Method of Data Analysis

Data collected from the questionnaires were coded and analyzed using Excel and the Statistical Package for Social Sciences (SPSS). Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize demographic data and responses, while inferential statistics were employed to test the hypotheses and draw conclusions. Results were presented in tables and charts

CHAPTER FOUR

DATA ANALYSES, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents, analyzes, and interprets the data collected through the administered questionnaires. The analysis is aimed at examining the relationship between inventory management practices and operational performance among selected Small and Medium Enterprises (SMEs) in Benin City. The presentation begins with the demographic characteristics of respondents, followed by analysis of key study variables in line with the research objectives.

4.2 Demographic Characteristics of Respondents

This section presents the background information of respondents who participated in the study. It covers variables such as gender, age, educational qualification, position held, years of experience in the SME sector, nature of business, number of employees, and years of business operation. Understanding these characteristics provides insights into the structure and composition of the sampled SMEs and enhances the reliability of subsequent analyses.

Table 4.1 Gender of Respondents

Variables	Category	Frequency	Percentage (%)
Gender	Male	67	50%
	Female	66	50%
	Total	133	100%

Source: Researcher's Compilation (2025)

Gender: The result in Table 4.1 reveals that Out of the total 133 respondents, 67 (50%) were male, and 66 (50%) were female. This indicates that among the respondents in the study male

and female respondents are almost equally represented. This balance reflects increasing participation of both man and women in SME operations.

Table 4.2 Age Bracket of Respondents

Variables	Categories	Frequency	Percentage (%)
Age bracket	Below 25 years	47	35.3%
	25 - 34 years	18	13.5%
	35 -44 years	21	15.8 %
	45 – 54 years	45	33.8%
	55 years and above	2	1.5%
	Total	133	100%

Source: Researcher's Compilation (2025)

Age: As it can be seen in Table 4.2, 47 (35.3%) of the respondents were 25 years and below, 18(13.5%) were between 25 to 34 years, 21(15.8%) were in 35 to 44, while 45 (33.8%) were between 45 to 54 years, while 2(1.5%) were above 55 years. This result shows that majority of the respondents are youthful and middle-aged adults. This implies that SMEs in Benin city are managed and staffed by economically active individuals who are capable of adopting innovative inventory management practices.

Table 4.3 Educational Qualification

Variable	Categories	Frequency	Percentage (%)
Educational Qualification	HND/B.Sc.	38	28.6%
	M.Sc/MBA	21	15.8%
	PHD	2	1.5%

Source: Researcher's Compilation (2025)

Educational Qualification: Table 4.3 indicates that out of the 133 respondents, 72 (54.1%) possessed SSCE/OND, 38 (28.6%) had HND/B.Sc. qualifications, 21 (15.8%) had M.Sc./MBA, while only 2 (1.5%) held PHD. This reveals that most SME operators and staff possess at least a basic intermediate level of education, which is sufficient to understand and apply fundamental inventory control techniques.

Table 4.4 Position held in the Organisation

Variable	Category	Frequency	Percentage (%)
Position held in the organisation	Owner/Manager	78	58.6%
	Supervisor	34	25.6%
	Staff	21	15.8%
	Total	133	100%

Source: Researcher's Compilation (2025)

Position Held in the Organisation: As presented in Table 4.4, 78 (58.6%) of the respondents were Owners/Managers, 34 (25.6%) were Supervisors, while 21 (15.8%) were Staff. This shows that a larger proportion of the respondents are business owners or top managers who are directly responsible for key decisions such as inventory management and operational planning in their firms.

Table 4.5 Years of work Experience in SME Sector

Variables	Categories	Frequency	Percentage (%)
Years of work experience in SME sector	Less than 2 years	26	19.5%
	2 – 5 years	34	25.6%
	6 – 10 years	20	15.0%
	Above 10 years	53	39.8%
	Total	133	100%

Source: Researcher's Compilation (2025)

Years of Work Experience in SME Sector: The table 4.5 reveals that 26 (19.5%) of the respondents had less than 2 years of experience in the SME sector, 34 (25.6%) had between 2–5 years, 20 (15.0%) had 6–10 years, while 53 (39.8%) had above 10 years of experience. This implies that most respondents have spent over a decade in the SME sector, showing that the majority possess adequate experience and practical knowledge in managing business operations and inventory systems.

Table 4.6 Nature of Business

Variables	Category	Frequency	Percentage (%)
Nature of business	Manufacturing	45	33.8%
	Wholesale/Retail	52	39.1%
	Services	36	25.1%
	Total	133	100%

Source: Researcher's Compilation (2025)

Nature of Business : The result in Table 4.6 shows that 45 (33.8%) of the SMEs are engaged in manufacturing, 52 (39.1%) in wholesale/retail trade, and 36 (27.1%) in services. This indicates that the wholesale and retail sector forms the largest portion of SMEs surveyed, followed by manufacturing, reflecting the general business composition of Benin City, which is largely commercial in nature.

Table 4.7 Number of employees

Variables	Categories	Frequency	Percentage (%)
Number of employees	1 – 10 employees	41	30.8%
	11 – 50 employees	36	27.1%
	51 – 100 employees	49	36.8%
	Above 100 employees	7	5.3%
	Total	133	100%

Source: Researcher's Compilation (2025)

Number of Employees: As presented in Table 4.7 above 41 (30.8%) of the respondents' businesses have between 1–10 employees, 36 (27.1%) have between 11–50 employees, 49 (36.8%) have between 51–100 employees, while 7 (5.3%) have above 100 employees. This

shows that most of the SMEs surveyed employ between 51–100 workers, indicating that they fall within the medium-scale category according to the SME classification in Nigeria.

Table 4.8 How long has the business been in operation

Variables	Categories	Frequency	Percentage (%)
How long has the business been in operation	Less than 2 years	21	15.8%
	2 – 5 years	78	58.6%
	6 – 10 years	8	6.0%
	Above 10 years	26	19.5%
	Total	133	100%

Source: Researcher's Compilation (2025)

Years of Business Operation: Table 4.8 further indicates that 21 (15.8%) of the businesses have been in operation for less than 2 years, 78 (58.6%) have operated between 2–5 years, 8 (6.0%) have been in operation between 6–10 years, while 26 (19.5%) have existed for more than 10 years. This reveals that a majority of the SMEs have been in operation between 2–5 years, showing that most of the enterprises are relatively young but growing, reflecting the dynamic and emerging nature of the SME sector in Benin city.

4.3 Description of the Research Variable

This section deals with the descriptive analysis of the data collected through the questionnaires during the research process.

Table 4.9: Responses on Economic order quantity (EOQ)

S/N	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	My business applies EOQ Model in determining order size.	20 (15.0%)	56 (42.1%)	40 (30.1%)	12 (9.0%)	5 (3.8%)
2	The use of EOQ has reduced the cost of holding excess inventory.	24 (18.0%)	53 (39.8%)	34 (25.6%)	22 (16.5%)	0 (0.0)
3	The EOQ approach has lowered the frequency and cost of placing orders.	10 (7.5%)	36 (27.1%)	63 (47.4%)	24 (18.0%)	0 (0.0%)
4	The EOQ model has improved decision making regarding when to reorder inventory.	25 (18.8%)	25 (18.8%)	26 (19.5%)	7 (5.2%)	50 (37.6%)

Source: Researcher's Compilation (2025)

Table 4.9 shows respondents' perception of the use of the Economic Order Quantity (EOQ) model among SMEs in Benin City. The results indicate that a majority (57.1%) agreed that their businesses apply the EOQ model in determining order size, while 12.8% disagreed and 30.1% were neutral. Furthermore, 57.8% of respondents agreed that the use of EOQ has reduced the cost of holding excess inventory, while 16.5% disagreed and 25.6% were undecided. Similarly,

34.6% agreed that EOQ lowered the cost and frequency of placing orders, 18% disagreed, while 47.4% were neutral.

However, opinions were divided regarding whether the EOQ model improved decision-making on reordering; only 37.6% agreed while an equal percentage (37.6%) strongly disagreed.

The overall mean score of 3.25, which is greater than the cluster mean of 3.00, suggests that SMEs in Benin City moderately apply EOQ principles in their inventory management, though consistency in utilization remains limited.

Table 4.10 Responses on Just-In-Time (JIT)

S/N	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	My business implements the JIT system in managing inventory.	31 (23.3%)	89 (66.9%)	11 (8.3%)	2 (1.5%)	0 (0.0%)
2	JIT has helped reduced unnecessary stock quantities.	51 (38.3%)	75 (56.4%)	7 (5.3%)	0 (0.0%)	0 (0.0%)
3	JIT has improved my business's cash flow by tying up less capital in stock.	33 (24.8%)	40 (30.0%)	59 (44.4%)	0 (0.0%)	1 (0.8%)
4	JIT has reduced storage requirements by ensuring goods arrive only when needed.	29 (21.8%)	35 (26.3%)	65 (48.8 %)	3 (2.3%)	1 (0.8%)

Source: Researcher's Compilation (2025).

Table 4.10 reveals that 90.2% of SMEs agreed that their businesses implement the JIT system in managing inventory, while only 1.5% disagreed. Similarly, 94.7% agreed that JIT helps reduce unnecessary stock quantities. A combined 54.8% agreed that JIT improved cash flow by minimizing capital tied up in inventory, while 44.4% remained neutral. Likewise, 48.1% agreed that JIT reduces storage needs, while 51.1% were indifferent.

The overall mean of 4.15, higher than the benchmark mean of 3.00, indicates that JIT practices are widely adopted and positively influence inventory efficiency and operational flow among SMEs.

Table 4.11 Responses on ABC analysis

S/N	Question	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1	My business classifies inventory based on importance (ABC Analysis).	54 (40.6)	76 (57.1)	2 (1.5)	1 (0.8)	0 (0.0)
2	ABC analysis helps to prioritise inventory management effectively.	23 (17.3%)	92 (69.2%)	17 (12.8%)	1 (0.8%)	0 (0.0%)
3	Applying ABC analysis has improved resources utilisation efficiency.	26 (19.5%)	44 (33.1%)	62 (46.6%)	1 (0.8%)	0 (0.0%)
4	ABC analysis has helped control investment by focusing more on high-value items.	56 (42.0%)	56 (42.0%)	19 (14.3%)	1 (0.8%)	1 (0.8%)

Source: Researcher's Compilation (2025)

The result in Table 4.11 shows that 97.7% of respondents acknowledged classifying inventory based on importance, while only 0.8% disagreed. Similarly, 86.5% agreed that ABC analysis aids effective prioritization in inventory management. However, respondents were more divided on whether ABC analysis improved resource utilization only 52.6% agreed while 46.6% remained neutral.

The overall mean of 4.05 (above 3.00) indicates a strong acceptance of ABC analysis among SMEs, highlighting its perceived role in improving cost control and resource prioritization.

Table 4.12 Responses on Safety stock inventory

S/N	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	My business maintains safety stock to prevent stockouts.	32 (24.1%)	83 (62.4%)	18 (13.5%)	0 (0.0%)	0 (0.0%)
2	Safety stock has improved inventory availability.	37 (27.8%)	79 (59.4%)	10 (7.5%)	6 (4.5%)	1 (0.8%)
3	Keeping safety stock has reduced cases of stockouts.	31 (23.3%)	68 (51.1%)	20 (15.0%)	12 (9.0%)	2 (1.5%)
4	Maintaining safety stock has improved customer services by ensuring product availability	33 (24.8%)	75 (56.3%)	24 (18.0%)	1 (0.8%)	0 (0.8%)

Source: Researcher's Compilation (2025).

Table 4.12 shows that 86.5% of respondents agreed their businesses maintain safety stock to prevent stockouts. Similarly, 87.2% agreed that safety stock improved inventory availability, while only 5.3% disagreed. About 74.4% agreed that maintaining safety stock has reduced stockout cases, and 81.1% believed it enhances customer service.

The overall mean of 4.18, greater than the cluster mean of 3.00, indicates that SMEs strongly recognize the importance of maintaining safety stock as a buffer to improve inventory reliability and customer satisfaction.

Table 4.13 Responses on Operational Performance

S/N	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Effective inventory management has improved cost efficiency in my business	29 (21.8%)	94 (70.7%)	7 (5.3%)	3 (2.3%)	0 (0.0%)
2	Inventory management practices have increased accuracy in stock records	49 (36.8%)	76 (57.1%)	6 (4.5%)	2 (1.5%)	0 (0.0%)
3	Proper inventory management has reduced losses from stockouts.	15 (11.3%)	80 (60.2%)	28 (21.1%)	8 (6.0%)	2 (1.5%)
4	Inventory management has contributed to overall business performance	20 (15.0%)	56 (42.1%)	44 (33.1%)	2 (1.5%)	11 (8.3%)

Source: Researcher's Compilation (2025)

The table 4.13 above reveals that 92.5% of SMEs agreed that effective inventory management enhances cost efficiency, and 93.9% agreed it increases stock record accuracy. Furthermore, 71.5% of respondents agreed that proper inventory practices reduce losses from stockouts, while 57.1% believed that inventory management contributes positively to overall performance.

The overall mean of 4.06, higher than the cluster mean of 3.00, indicates that inventory management practices significantly enhance the operational performance of SMEs in Benin City.

4.4 Regression Analysis Results

Table 4.14: model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson Statistic
1	.804a	0.646	0.610	0.36884	1.637

Source: Researcher's compilation (2025)

A. Predictors: (Constant), EOQ, JIT, ABC Analysis, Safety stock
B. Dependent: operational Performance

The Table 4.14 above shows that the coefficient of determination (R Square) is 0.646, meaning that approximately 64.6% of the variation in the dependent variable (OP1) is explained by the independent variables in the model. This indicates that the predictors jointly have a substantial explanatory power on operational performance (OP1).

The Adjusted R Square value of 0.610 further refines this estimate, accounting for the number of predictors and sample size. This implies that after adjusting for these factors, the model explains about 61.0% of the variation in the dependent variable.

The Durbin-Watson statistic of 1.637 falls within the acceptable range of 1.5 to 2.5, suggesting that there is no significant autocorrelation among the residuals. Thus, the model satisfies the independence assumption required for regression analysis.

Table 4.15: ANOVA

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	29.150	12	2.479	18.223	<.001b
	Residual	16.326	120	0.136		
	Total	46.075	132			

Source: Researcher's compilation (2025)

A. Dependent Variable: Operational performance

B. Predictors: (constant), EOQ, JIT, ABC analysis, Safety stock.

The ANOVA Table reveals an F-statistic of 18.223 with a p-value less than 0.001, indicating that the overall regression model is statistically significant. This means that the combined effect of the independent variables on the dependent variable (Organisational Performance) is not due to random chance. Therefore, the model is valid and reliable for explaining variations in organizational performance.

Source: Researcher's Compilation (2025).

Table 4.16: Coefficients

	Unstandardized Coefficients		**Standardize coefficients**	**T**	**Sig.**	**Collinearity Statistics**	
Model	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-1.746	0.677	-	-2.580	0.011	-	-
EOQ1	0.350	0.041	0.580	8.452	0.000	0.626	1.597
JIT1	0.164	0.063	0.167	2.599	0.011	0.712	1.404
ABC1	0.311	0.076	0.294	4.090	0.000	0.571	1.752
Safety1	0.164	0.073	0.168	2.238	0.027	0.523	1.911

A. Dependent Variables

Source: Researcher's Compilation (2025).

4.5 Test of Hypotheses and Discussion of Findings

The hypotheses were tested using the regression results presented in Table 4.12. Each hypothesis was evaluated based on the p-values obtained for the relevant variables. Where the p-value is less than 0.05, the null hypothesis (H_0) is rejected, indicating a statistically significant relationship between the variable and organizational performance (OP1). Conversely, if the p-value is greater than 0.05, the null hypothesis is not rejected, implying an insignificant relationship.

Hypothesis One

H_{01}: Economic Order Quantity (EOQ) implementation does not significantly reduce holding and ordering costs in SMEs in Benin City.

The regression result in Table 4.9 indicates that EOQ1 has a positive and statistically significant effect on organizational performance ($B = 0.350$, $t = 8.452$, $p < 0.001$). This implies that the implementation of EOQ significantly reduces holding and ordering costs, thereby improving

performance. Therefore, the null hypothesis (H_{01}) is rejected. This finding suggests that firms adopting EOQ methods benefit from optimized inventory levels, cost savings, and enhanced operational efficiency.

Hypothesis Two

H_{02}: The Just-In-Time (JIT) system does not significantly reduce excess stock quantities and improve cash flow in SMEs.

The coefficient for JIT1 is positive and significant (B = 0.164, t = 2.599, p = 0.011), indicating that JIT practices contribute meaningfully to organizational performance. Hence, the null hypothesis (H_{02}) is rejected. This implies that adopting the JIT system effectively minimizes excess inventory, reduces waste, and improves liquidity by freeing up working capital that would otherwise be tied up in unsold goods.

Hypothesis Three

H_{03}: ABC analysis does not significantly improve inventory prioritization and enhance resource utilization efficiency in SMEs.

The regression result shows that ABC1 has a strong positive and significant relationship with organizational performance (B = 0.311, t = 4.090, $p < 0.001$). Therefore, the null hypothesis (H_{03}) is rejected. This finding confirms that implementing ABC analysis enables SMEs to identify high-value inventory items and allocate resources more efficiently, leading to improved operational control and cost-effectiveness.

Hypothesis Four

H_{04}: The use of safety stock inventory systems does not significantly affect inventory availability and reduction of stockouts in SMEs in Benin City.

The result shows that Safety1 has a positive and significant effect on organizational performance (B = 0.164, t = 2.238, p = 0.027). Hence, the null hypothesis (H_{04}) is rejected.

4.6 Discussion of findings

The results of this research offer significant knowledge about the effect of inventory management practice on the performance of small and medium-sized enterprises (SMEs) in Edo State and Benin City. As the analysis demonstrated, Economic order quantity (EOQ), Just-in-time (JIT), ABC Analysis and Safety Stock management are all important systems that influence the operational and financial performance of SMEs. The regression model revealed a great explanatory power that implies that the combination of these inventory techniques represents a significant share in explaining organizational performance. This highlights the importance of inventory management as a source of competitiveness and sustainability in small and medium sized enterprises.

The findings indicated that Economic order quantity (EOQ) has significant and positive positive impact on the performance of an organization. This means that the SMEs using the EOQ model can reduce the overall cost of stocking by balancing the ordering and holding cost and hence become more efficient and profitable. Such a result confirms the original theory of EOQ by Wilson (1934), which focuses on establishing the best quantity of orders to establish a cost balance. It aligns with the results obtained by Adetayo and Oladejo (2021), who discovered that EOQ practices improve the efficiency of costs and resources in Nigerian SMEs. Under the lens of the Resource-Based View (Barney, 1991), EOQ can be seen as an internal capability that enables firms to leverage scarce financial and material resources so that a competitive advantage can be gained. In the environment in which Benin City SMEs tend to be resource constrained, EOQ implementation allows firms to prevent overstocking and stockouts, which allows them to maintain sufficient liquidity and operational stability.

The research has also indicated that Just-in-Time (JIT) inventory management is positively and significantly associated with performance. This implies that the operational flexibility, less waste, and customer satisfaction are improved in SMEs that have JIT principles. JIT assists firms to limit the expenses of unnecessary inventory since only the required materials and products are ordered and process them immediately according to the available demand. This observation is in line with the lean management philosophy put forward by Ohno (1988) which emphasizes waste elimination as a way of achieving efficiency. Likewise, Adeniran and Ojo (2022) discovered that the use of JIT improves the agility and quality of services at the Nigerian SMEs. This result is implied to mean that JIT can act as a strategic instrument to SMEs in Benin City to enhance the pace of their operations, minimize their holding costs, and satisfy their customers in an ever-competitive business environment.

The positive and significant relationship between ABC Analysis and organizational performance was also discovered. It means that by assigning the inventory items to A, B, C categories based on their value and regularity of use, the businesses can focus on the control of the most significant items which will help them to optimize the allocation of resources. The result partially confirms the claims of Singh and Kaur (2021) who have concluded that ABC Analysis enhances inventory precision and cost-effectiveness within manufacturing and retail industries. Similarly, Okechukwu and Nwakoby (2023) discovered that the use of ABC Analysis by Nigerian SMEs leads to improved order fulfillment and resource planning. The outcome also confirms the principle according to which a strategic classification of the inventory results in better managerial control and decision-making. In the context of SMEs in Benin City, it means that through the adoption of the ABC Analysis, one will be able to pay specific attention to high-value stock elements, which positively affects the cash flow and minimizes wastage, which are key elements of long-term performance and competitiveness.

The findings further revealed a positive and significant correlation between Safety Stock management and organizational performance. This indicates that the availability of suitable

buffer inventory reduces the chances of stockout and disruption in firms especially in setting where stock supply chains are uncertain. This observation reinforces inventory management theory of Silver, Pyke and Peterson (1998) that places emphasis on the role of safety stock in mitigating against the fluctuations in demand and supply. It is further in line with the results of Kumar and Bansal (2022), who have determined that safety stock helps in reliability, service continuity and customer satisfaction in SMEs. In Benin City, logistics and supply networks are not always reliable, and having the right safety stock levels helps firms to remain operational and encourages customers to trust them.

Performance outcomes were also achieved through the control variables considered in the study. The business character and the number of employees had significant positive impacts, which indicated that the business structure and workforce capacity affected the effectiveness of inventory system management. Interestingly, the level of education had a negative significance, which is to suggest that formal education might not necessarily lead to high performance results based on insufficient practical experience or contextual issues of the SME operators.

On the whole, the recommendations in this research demonstrate that inventory management practices are important to the performance and sustainability of SMEs in Benin City. The fact that the positive relationships exist between EOQ, JIT, ABC Analysis, and Safety Stock and performance measures like cost efficiency, profitability and customer satisfaction confirm that inventory management is not only an operational requirement but a strategic activity. This finding is consistent with Obiekwe and Eze (2020) who discovered that the use of inventory management systems has a significant implication on operational performance in the Nigerian SMEs. The findings thus emphasize the importance of SME owners and managers investing in both organized inventory, technology and employee training in order to be better equipped to respond to any changes in the market, better control of costs as well as competitive advantage in the current business environment which is dynamic.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

This chapter summarizes the findings, conclusions and recommendations based on the research on the impact of inventory management practices on the performance of small and medium enterprises (SMEs) in Benin City, Edo State. The chapter outlines the major findings of the data analysis, interprets their conclusions, and offers realistic recommendations on how SME results can be enhanced by the proper use of inventory. It ends with the contribution which the study makes to the current body of knowledge.

5.2 Summary of Findings

This study has looked into the role of practices of inventory management on the performance of SMEs in Benin City, Edo State. Economic order Quantity (EOQ), Just-in-time (JIT), ABC Analysis and Safety stock management were the four major inventory management techniques that were studied and the results showed:

i. EOQ plays a significant and positive role in the performance of SMEs. This means that an effective implementation of EOQ by SMEs will ensure that in their operations to reduce holding and ordering costs hence better cost effectiveness and profitability.
ii. There is also a positive and significant correlation between Just-in-time (JIT) and SME performance. This means that companies that embrace JIT practices would cut down on surplus stock, waste and increase cash flow and operational responsiveness.
iii. ABC Analysis enhances inventory prioritization and utilization of resources. SMEs that classify their stocks as A, B, and C can specialize in high-value products, manage their costs more appropriately, and allocate resources in a more effective way.

iv. Management of Safety Stock affects performance in a positive and significant way. A sufficient buffer inventory allows SMEs to avoid stockouts, guarantee supply of products, and enhance customer satisfaction.

v. In addition, regression analysis indicated that the four inventory management practices have a combined and significant impact in the performance of SMEs in Benin City. This means that proper inventory control systems are essential in enhancing cost efficiency, operations, and overall business success.

5.3 Conclusion

The research concludes that effective inventory management strategies are critical towards the development and survival of SMEs in Benin City. Particularly, EOQ helps to reduce costs, JIT improves efficiency and cash flow, ABC Analysis helps to prioritize inventory better, and Safety Stock avoids interruptions in supply. Altogether, they build strong operational performance and profitability.

The results also indicate that inventory control must be regarded as a strategic business activity, rather than an operational need. By embracing organized and data intensive inventory systems, SMEs stand at a better position to remain competitive and ultimately succeed in a harsh business environment.

5.4 Recommendations

According to the findings and conclusions, it is suggested that the following recommendations can be made:

i. The EOQ model should be used by SMEs to set the best stock levels and minimize holding and ordering costs.

ii. SMEs are advised to cooperate with trusted suppliers and apply real-time monitoring to ensure lean stocks and enhance cash flow.

iii. Use ABC Analysis: SMEs are advised to categorize inventory in terms of value and significance so that they can concentrate the control efforts on inventory having high values and to deploy resources in an efficient way.

iv. Optimal buffer inventory should be maintained by SMEs using their demand forecasts should prevent stockouts and keep customers trusting them.

v. Training workshops and support programs should also be conducted by government agencies and business institutions to compel SMEs to use modern inventory management systems.

5.5 Contribution to Knowledge

This research has a contribution to the available knowledge in that it shares empirical data, which supports the idea that EOQ, JIT, ABC Analysis, and Safety Stock management are vital in ensuring SME performance in Benin City. It builds on the Resource-Based View (RBV) by showing that effective inventory management practices can be considered useful internal capabilities that support the development of competitiveness and sustainability. The paper also provides a real-world information to owners of SMEs and policymakers on the potential of using structured inventory systems to enhance cost management, business efficiency and profitability, thus propelling the growth of business in the Nigerian SME sector.

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APPENDIX A

QUESTIONNAIRE INTRODUCTORY LETTER

Department of Business Administration,
Faculty of Management Sciences,
University of Benin,
Benin City, Edo State, Nigeria.
September, 2025

Dear Respondent,

I am a final year student of the above-named department currently conducting research on the t**opic: Inventory Management Practices and Operational Performance in Selected SMEs in Benin City.**

This questionnaire is designed to collect information relevant to the study. Your participation is highly valued as your views and opinions will make a significant contribution to the success of this research. Please note that this study is purely for academic purposes. All responses will be treated with the strictest confidentiality and will be used only for research analysis. There are no risks associated with your participation, and your honest responses will help provide useful insights that may benefit SME managers and owners in improving their business performance.

Kindly complete the questionnaire with sincerity. Your cooperation and assistance are deeply appreciated.

Thank you for your time and support.

Sincerely,

Ojineme Ashinedu Praise (Researcher)
MGS2209854

Section A: Demographic Information

- **Gender** [ ] Male [ ] Female
- **Age Bracket** [ ] Below 25 years
- [ ] 25–34 years
- [ ] 35–44 years
- [ ] 45–54 years
- [ ] 55 years and above
- **Educational Qualification**
- [ ] SSCE/OND
- [ ] HND/B.Sc
- [ ] M.Sc/MBA
- [ ] PhD
- [ ] Others (please specify) _____
- **Position in the Organization**
- [ ] Owner/Manager
- [ ] Supervisor
- [ ] Staff
- [ ] Others (please specify) _____
- **Years of Work Experience in the SME Sector**

- [ ] Less than 2 years
- [ ] 2–5 years
- [ ] 6–10 years
- [ ] Above 10 years
- **Nature of Business**
- [ ] Manufacturing
- [ ] Wholesale/Retail
- [ ] Services
- [ ] Others (please specify) _____
- **Number of Employees in Your Firm**
- [ ] 1–10 employees
- [ ] 11–50 employees
- [ ] 51–100 employees
- [ ] Above 100 employees
- **How long has your business been in operation?**
- [ ] Less than 2 years
- [ ] 2–5 years
- [ ] 6–10 years
- [ ] Above 10 years

Section B: Inventory Management Practices

Please indicate the extent to which you agree with the following statements:

S/N	Statement	SA	A	N	D	SD
Economic Order Quantity (EOQ)						
1	My business applies the EOQ model in determining order sizes.					
2	The use of EOQ has reduced the cost of holding excess inventory.					
3	The EOQ approach has lowered the frequency and cost of placing orders.					
4	The EOQ model has improved decision making regarding when to reorder inventory					
Just-In-Time (JIT)						
5	My business implements the JIT system in managing inventory.					
6	JIT has helped reduce unnecessary stock quantities.					
7	JIT has improved my business's cash flow by tying up less capital in stock.					
8	JIT has reduced storage requirements by ensuring goods arrive only when needed.					
ABC Analysis						
9	My business classifies inventory based					

	on importance (ABC analysis).					
10	ABC analysis helps to prioritize inventory management effectively.					
11	Applying ABC analysis has improved resource utilization efficiency.					
12	ABC analysis has helped control investment by focusing on high-value items.					
Safety Stock						
13	My business maintains safety stock to prevent stockouts.					
14	Safety stock has improved inventory availability.					
15	Keeping safety stock has reduced cases of stockouts.					
16	Maintaining safety stock has improved customers services by ensuring product availability.					
Operational Performance						
17	Effective inventory management has improved cost efficiency in my business.					
18	Inventory management practices have increased accuracy in stock records.					
19	Proper inventory management has reduced losses from stockouts.					

20	Inventory management has contributed to overall business performance.					