African Journal of Procurement, Logistics & Supply Chain Management
AJPLSCM 2026, Volume 9, Issue 02, Page 14-26
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Journal Impact Factor (JIF): 6.782
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Internal Standard Serial Number (ISSN): 2676-2730
DOI: https://dx.doi.org/10.4314/ajplscm.v9i2.2
Web: https://damaacademia.com/index.php/ajplscm/

Inventory Management and Financial Performance of Listed Consumer and Industrial Goods Companies in Ghana and Kenya: Mediating Role of Liquidity

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Abstract

This study compares inventory management and financial performance among listed consumer and industrial goods companies in Ghana and Kenya. The study collects secondary data from fourteen consumer and industrial goods companies in Ghana and twenty-five in Kenya from 2010 to 2025.

The study employs panel data regression techniques, specifically a structural equation model, to estimate relationships among the variables. The findings show a positive association between inventory management and liquidity, suggesting that better inventory management is associated with stronger liquidity among consumer and industrial goods companies. The findings also show a significant positive association between liquidity and financial performance. The study finds a significant and negative association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. The study establishes that liquidity, as a mediating variable, significantly influences the relationship between inventory management and financial performance.

The study explains how inventory management indirectly affects performance through liquidity. In making strategic plans for inventory levels, inventory-holding companies are required to adopt strategies that give them optimal inventory levels. This study's findings can inform an entity's inventory management decision-making process.

This study examines liquidity's mediating role in the relationship between inventory management and financial performance. It also compares the relationship between inventory management and financial performance among listed consumer and industrial goods companies in Ghana and Kenya.

Keywords: *Inventory Management, Financial Performance, Liquidity*

Citation: *Appiah, T., Appiah, O. L., & Kwakye, M. (2026), "Inventory Management and Financial Performance of Listed Consumer and Industrial Goods Companies in Ghana and Kenya: Mediating Role of Liquidity", African Journal of Procurement, Logistics & Supply Chain Management. 2026, 9(2): pp.14-26. DOI: https://dx.doi.org/10.4314/ajplscm.v9i2.2*

Submitted: 10 October 2026 | Accepted: 26 October 2026 | Published: 30 October 2026

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1.0 INTRODUCTION

Inventory management is a core operational function for firms that manufacture, distribute, or trade in physical goods. Inventory supports production continuity, protects firms against supply interruptions, and enables them to meet customer demand within expected delivery periods (Alam et al., 2024). However, inventory also absorbs funds that could otherwise have been used to settle liabilities, finance expansion, invest in productive assets, or distribute returns to shareholders (Deloof, 2003; Eroglu & Hofer, 2011; Baños-Caballero et al., 2014).

For consumer and industrial goods companies, inventory is often a substantial component of current assets. Adequate stock availability can prevent production stoppages, delayed deliveries, and lost sales. In contrast, accumulating inventory can increase storage, insurance, handling, deterioration, obsolescence, and financing costs. The strategic concern, therefore, is to maintain an inventory level that supports reliable operations without creating an excessive financial burden (Eroglu & Hofer, 2011; Hofer et al., 2012).

Inventory efficiency is commonly assessed through inventory turnover and days inventory outstanding. Inventory turnover indicates how frequently a firm sells and replenishes inventory within a period, whereas days inventory outstanding estimates the average time inventory remains in the firm before being sold. A lengthy inventory holding period may reflect slow-moving goods, weak demand forecasting, inefficient procurement, or excess purchasing. Consequently, the financial implications of high or low inventory levels are influenced by the firm's industry, product characteristics, and operating environment (Eroglu & Hofer, 2011; Koseoglu et al., 2021).

Research has frequently linked shorter inventory holding periods with stronger financial performance. Deloof (2003) noted that profitability could be improved by reducing the periods for which accounts receivable and inventories are held. This argument rests on working capital logic. This logic suggests that inventory represents cash committed to operations, and that holding stock longer delays recovering that cash through sales. Recent evidence from listed enterprises also suggests that inventory days outstanding and other working capital components may negatively affect returns on assets and equity, indicating that prolonged cash conversion cycles can undermine profitability (Huynh et al., 2025).

Existing literature does not provide a settled conclusion on the effect of inventory management on financial performance. Deloof (2003) found evidence consistent with the view that reducing inventory holding periods can improve profitability. Studies undertaken in the United States restaurant industry also indicate a positive association between inventory turnover and financial performance, although the relationship is influenced by exposure to commodity price risk (Koseoglu et al., 2021). More recent evidence from listed Vietnamese manufacturing firms similarly reports that efficient inventory management strengthens the entity's financial position and that longer inventory holding periods reduce profitability (Nguyen et al., 2025).

Other studies point to a more conditional relationship. Eroglu and Hofer (2011) showed that inventory leanness can be beneficial, neutral, or harmful depending on the industry and the degree of inventory reduction. Baños-Caballero et al. (2014) found that corporate performance is associated with an optimal level of working capital investment, implying that excessively low and excessively high investment can both reduce performance. These findings suggest that inventory holdings should be analysed as a strategic working capital decision rather than treated as a cost to be reduced under all conditions (Eroglu & Hofer, 2011; Baños-Caballero et al., 2014).

Evidence from Ghana remains inconsistent. Bawa et al. (2018) found no significant effect of inventory management on the performance of listed manufacturing firms in Ghana. Conversely, Amponsah-Kwatiah and Asiamah (2021) found positive effects of inventory management, the current ratio, and other working capital variables on both asset returns and equity returns among listed Ghanaian manufacturing firms. Prempeh (2015) also reported a positive association between raw material inventory management and profitability among Ghanaian manufacturing firms. The coexistence of insignificant and positive findings shows that the direct inventory–performance association remains unresolved in the Ghanaian setting (Bawa et al., 2018; Amponsah-Kwatiah & Asiamah, 2021; Prempeh, 2015).

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The ambiguity is also evident in Kenyan evidence. Mwaniki et al. (2014) reported a positive association between the number of days inventory is held and profitability in Kenyan firms. In contrast, evidence on listed commercial and services firms in Kenya indicates that inventory conversion periods can have a negative and statistically significant effect on financial performance. These contradictory findings may arise from sectoral distinctions, alternative profitability measures, different study periods, and differences in firms' operating and financing conditions (Mwaura, 2023; Mwaniki et al., 2014).

This study proposes that liquidity may help explain these divergent results. Inventory is part of current assets, but it differs from cash and near-cash assets because demand, product quality, market conditions, and the firm's selling capacity influence its speed and value of conversion. High inventory may improve service continuity while reducing cash immediately available for short-term commitments. Efficient inventory turnover can free up funds, improve cash conversion, and reduce the need for costly borrowing. Liquidity can therefore mediate the relationship between inventory management and financial performance (Deloof, 2003; Baños-Caballero et al., 2014; Amponsah-Kwatiah & Asiamah, 2021).

However, the inventory management literature has paid limited direct attention to liquidity's mediating role, especially in African listed-firm contexts. Many studies assess the direct relationship between inventory measures and profitability, or examine liquidity as an independent determinant of financial outcomes. This approach does not adequately establish whether inventory management affects financial performance because it changes a firm's ability to finance short-term obligations and sustain daily operations. Research on Ghanaian non-financial listed firms confirms liquidity's importance for firm viability, while other Ghanaian evidence suggests that the specific proxies used for liquidity and performance can influence liquidity effects (Amoah, 2020; Owusu, 2024).

Another limitation is the scarcity of comparative evidence on listed consumer and industrial goods firms in Ghana and Kenya. The two countries offer related but distinct institutional and business environments. Differences in supply chain infrastructure, trade logistics, inflation, exchange rate exposure, financing costs, market depth, and industry structures may shape firms' inventory financing decisions and their ability to convert inventory into cash. A study restricted to one country cannot establish whether the observed relationships are context-specific or broadly comparable across African listed firm environments.

This study addresses the limited and inconclusive evidence on whether inventory management influences financial performance among listed consumer and industrial goods firms in Ghana and Kenya through liquidity. The study examines the relationship between inventory management and liquidity, liquidity and financial performance, the direct association between inventory management and financial performance, and liquidity's mediating role. It also examines whether inventory management, liquidity, and financial performance differ between listed firms in Ghana and Kenya.

2.0 MATERIALS AND METHODS

2.1. Inventory management and liquidity

Inventory management affects an entity's liquidity position. Existing research has established a positive association between inventory management and liquidity (Kipkemoi, 2019). Ahmad and Shafie (2016) stated that inventory management indicates how efficiently a company controls its inventories. Inventory management practices such as keeping excess inventory ensure inventory availability at all times, shorten delivery times, and enhance customer satisfaction (Alam et al., 2024). However, excess inventory ties up capital and leads to inventory damage and waste (Smith, 2024). Inventory leanness, another way of managing inventory, focuses on keeping less inventory to eliminate waste and costs such as storage and insurance (Barker et al., 2022).

However, lean inventory can lead to stockouts, resulting in loss of sales (Mabunda & Amadi-Echendu, 2026). Just-in-Time ensures inventory is available to meet demand. It minimises inventory holding periods (Munyaka & Yadavalli, 2022). It also reduces storage costs, waste, and improves operational efficiency and cash flows. Prudent inventory management can

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enhance competitive advantage and improve liquidity (Atnafu & Balda, 2018). Liquidity, on the other hand, reflects a firm's ability to honour its immediate financial commitments and sustain normal operations without experiencing cash-flow distress.

The study employs resource-based theory to explain the relationship between inventory management and liquidity. The theory explains that organisations need to focus on resources and capabilities that enable them to enhance their performance and value. Thus, effective resources and capabilities enable organisations to achieve a sustainable competitive advantage (Wernerfelt, 1984). Resource-based Theory suggests that efficient inventory management strengthens customer relationships by increasing customer satisfaction, loyalty and retention. Improved customer relationships may enhance organisational reputation and customer loyalty, thereby positively influencing liquidity.

Based on this premise, this study argues that: *H_1- Inventory management has a significant relationship with the liquidity of listed industrial companies in Ghana and Kenya.*

2.2. Inventory management and financial performance

Inventory management affects an entity's financial performance. Existing research has established a positive association between inventory management and financial performance (Kipkemoi, 2019). Inventory management indicates how efficiently a company controls its inventories (Ahmad & Shafie, 2016). Inventory management techniques include keeping excess inventory, Inventory leanness, just-in-time, etc. However, the economic order quantity technique establishes the optimal inventory quantity, aiming to reduce ordering and inventory holding costs (Aprilianti & Ishak, 2023). Inventory days are used to measure inventory. Inventory days indicate how frequently inventory is sold and replenished within a period, whereas days inventory outstanding estimates the average time inventory remains in the firm before being sold. Inventory days indicate operational effectiveness (Oliva and Watson et al. 2011).

Deloof (2003) noted that profitability could be improved by reducing the periods for which accounts receivable and inventories are held. Control theory is an influential theoretical perspective in inventory management and performance research. Theory explains how systems in an organisation are regulated through monitoring of the organisation's activities, feedback and taking corrective measures to achieve the entity's objective. Inventory management enables organisations to implement various forms of control to achieve the organisation's objectives (Flamholtz, 1996).

Based on this premise, this study argues that: *H_1- Inventory management has a significant relationship with the financial performance of listed industrial companies in Ghana and Kenya.*

2.3. Liquidity and Financial Performance

Liquidity affects the financial performance of an entity. Existing research has established a positive association between liquidity and financial performance (Kipkemoi, 2019). According to Brunnermejer and Pedersen (2009), liquidity is the availability of cash or assets that can be changed into cash without a substantial loss in value to settle immediate liabilities and financial commitments. Liquidity reflects a firm's ability to honour its immediate financial commitments and sustain normal operations without experiencing cash-flow distress. Firms with sufficient liquidity are better positioned to pay suppliers, settle wages and taxes, finance working capital needs, and respond to unforeseen disruptions.

Financial performance is an organisation's ability to utilise its resources to increase profitability, create value and maintain financial sustainability. It reflects the financial position by evaluating assets, liabilities, shareholders' equity, expenses, and profitability. Knight and Bertoneche (2000) stated that financial ratios such as return on investment, profit margin, and return on assets provide objective indicators for evaluating organisational performance and comparing firms in the business environment.

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Working Capital Theory can be employed to explain the association between liquidity and financial performance. The theory enables organisations to implement several control mechanisms to achieve their objectives. Working capital helps determine the optimal level of liquidity.

Based on this premise, this study argues H1: Liquidity is significantly related to *the financial performance of listed industrial companies in Ghana and Kenya.*

3.0 METHODOLOGY

3.1 Data Collection

The study relied exclusively on secondary data from audited annual reports of listed consumer and industrial goods companies on the Ghana and Kenya Stock Exchanges from 2010 to 2025. Secondary data are preferred because they are objective, verifiable, and externally audited, making the study's results more credible (Bougie & Sekaran, 2025). Financial data on inventory management, liquidity, financial performance, and firm size were extracted from audited financial statements of listed consumer and industrial goods companies listed on both the Ghana Stock Exchange and the Kenya Stock Exchange. The study used multiple documentary sources because they enhance triangulation, reduce measurement bias, and improve the validity of the constructed variables (Bryman, 2012).

3.2. Measurement of Variables

3.2.1 Dependent Variable: Financial Performance

According to Knight and Bertoneche (2000), financial performance is an organisation's ability to utilise its resources to increase profitability, create value and maintain financial sustainability. Thus, it reflects the financial position by evaluating assets, liabilities, shareholders' equity, expenses, and profitability. Financial performance is the dependent variable and is measured using both accounting-based and market-based indicators to ensure robustness. The study uses Return on investment as its performance measure. Return on investment is used to ascertain the cost and economic benefit an entity derives from a program. According to Friedlob and Plewa (1996), return on investment is determined when net profit is divided by the cost of investment.

3.2.2 Independent Variable: Inventory Management

Inventory management is an independent variable and is measured using accounting-based indicators to ensure robustness. Inventory management is represented by inventory days. Inventory days are determined when average inventory is divided by cost of goods sold (Vas & Mansori, 2017). Days of inventory provide insights into working capital utilisation. Days of inventory also indicate operational effectiveness (Oliva and Watson et al., 2011). In their study, days of inventory is calculated as

$$Days\ of\ Inventory = \frac{Ending\ inventory\ in\ sales\ units}{Annual\ sales\ units\ ordered}\ X\ 365\%$$

The above measure the number of days finished goods remain in storage on average.

3.2.3 Mediating Variable: Liquidity

According to Oladeji (2022), liquidity is the availability of cash or assets that can be converted into cash without substantial loss in value to settle short-term liabilities and financial commitments. Liquidity refers to a firm's ability to honour its short-term financial commitments and sustain normal operations without experiencing cash-flow distress. Firms with sufficient liquidity are better positioned to pay suppliers, settle wages and taxes, finance working capital needs, and respond to unforeseen disruptions. Liquidity is a mediating variable. It is measured using accounting-based indicators to ensure robustness. Liquidity is represented by the current

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ratio (Acikgoz et al., 2018). The current ratio is determined when current assets are divided by current liabilities (Bhattacharya, 2014).

3.2.4 Control Variables

The control variables used in the study included firm size. Firm size captured resource availability and visibility. The variable is consistently identified in the literature as a determinant of both inventory and financial performance (Busch & Friede, 2018). It is measured as the natural log of total assets.

3.3. Estimation

The study adopts regression techniques, specifically a structural equation model, to estimate relationships among the variables. Panel estimators are appropriate because they control for time-invariant unobserved heterogeneity and improve estimation efficiency (Baltagi, 2021). The study specifies panel regression models to examine direct and indirect relationships as follows

$$FP_{it} = \beta_0 + \beta_1 IM_{it} + \beta_2 LQ_{it} + \beta_3 FS_{it} + \varepsilon_{it}\text{-direct effect}$$

(IM→LQ) X (LQ→FP) -indirect effect

Table I. Summary of Variables

Variables	Notation	Formula
A. Dependent Variable		
Return on Investment	ROI	Operating Profit/Total Assets × 100%
B. Independent Variable		
Inventory Management	IM	Average Inventory/ Cost of Sales × 365
C. Mediator		
Liquidity	LQ	Current Assets/Current Liabilities
D. Control Variable		
Firm Size	FS	Natural logarithm of total Assets

Source: Stata Output, 2026

β_0 = Constant term
ε_{it} = Error Term
$\beta_1, \beta_2, \beta_3$= Regression Coefficient

4.0 RESULTS AND DISCUSSIONS

This section presents the results of the empirical analysis of inventory management's impact on financial performance, with liquidity as a mediator. It includes descriptive statistics, a correlation matrix, and the structural equation model. Table 2 summarises statistics for the key variables used in the study. The table presents statistics on the total number of observations, mean, standard deviation, and minimum and maximum values for all variables used in the study. Table 2 below shows a mean Return on Investment (ROI) of 3.4352 for listed Ghanaian industrial and consumer goods companies, compared with 4.326 for listed Kenyan industrial and consumer goods companies. The results show that listed Kenyan industrial and consumer goods companies earn a slightly higher return on investment than their Ghanaian counterparts.

The mean Inventory Day (Inv D) for listed Ghanaian industrial and consumer goods companies is 89.03 days, compared with 192.9 days for listed Kenyan industrial and consumer goods companies. The results show that listed Ghanaian industrial and consumer goods companies manage inventory more efficiently than listed Kenyan industrial and consumer goods companies. Liquidity of listed Ghanaian industrial and consumer goods companies has a mean value of 2.638, compared with 2.71 for listed Kenyan industrial and consumer goods companies. The results show that listed Kenyan industrial and consumer goods companies' liquidity position is slightly higher than that of their Ghanaian counterparts.

The mean firm size of listed Ghanaian industrial and consumer goods companies is 17.13 c, compared with 21.71 c for listed Kenyan industrial and consumer goods companies. The

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results show that listed Kenyan industrial and consumer goods companies are larger than their Ghanaian counterparts.

Table II Descriptive Statistics

Ghana						**Kenya**				
Var.	Obs.	Mean	Std Dev.	Min	Max	Obs.	Mean	Std Dev	Min	Max
ROI	176	3.435	13.669	-42.07	54.83	288	4.326	23.10	-200	159.1
InvD	176	89.037	143.91	0	1551	288	192.9	809.2	0	.9992
LQ	176	2.638	7.495	-1.062	80.74	288	2.71	2.79	.006	18.76
FS	176	17.130	3.508	8.402	26.14	288	21.79	2.50	13.94	25.76

Source: Stata Output, 2026

Table 3 presents the correlation analysis of the variables employed in the study. The analysis confirms no multicollinearity concerns. Additionally, the average VIF results of 1.45 for listed Ghanaian industrial and consumer goods companies and 1.09 for listed Kenyan industrial and consumer goods companies are below the accepted threshold of 5, as shown in prior studies (Amponsah-Kwatiah & Asiamah, 2020).

Table III. Correlation between variables

Ghana					**Kenya**			
Variables	ROI	InvD	LQ	FS	ROI	InvD	LQ	FS
ROI	1.0000				1.0000			
Inv. Days	-0.1395	1.0000			0.0731	1.0000		
LQ	0.0711	0.6269	1.0000		0.1422	0.2000	1.0000	
FS	0.0775	0.0400	-0.0649	1.0000	0.1668	-0.0524	-0.2996	1.0000

Source: Stata Output, 2026

This section tests the hypotheses about the direct effects of inventory management on liquidity (H1), liquidity on financial performance (H2), and inventory management on financial performance (H3). The subsection also presents liquidity's mediating effect on the relationship between inventory management and financial performance (H4). Table 4 shows the SEM results for hypothesis H1, indicating that the association between inventory management and liquidity among listed Ghanaian and Kenyan consumer and industrial goods companies is significant.

The table also shows that H2 indicates a significant association between liquidity and return on investment among listed Ghanaian and Kenyan consumer and industrial goods companies. The table also shows that H3 indicates a significant association between inventory management and return on investment among listed Ghanaian and Kenyan consumer goods companies, but finds no relationship between listed consumer and industrial goods companies in Kenya.

This level of significance is required in order to investigate the mediation effect. It is shown in Table 5 that, after the inclusion of the mediator, liquidity (LQ) in the structural equation model path c', the results show that liquidity partially mediates the relationship between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. The results show liquidity fully mediates the relationship between inventory

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management and financial performance among listed Kenyan consumer and industrial goods companies.

Table IV. Results of Direct Effect Test

Ghana				**Kenya**		
Pathways in the model	Path Coefficient	p-value	Conclusion	Coefficient	p-value	Conclusion
InvD→ LQ	0.0325902	0.000	Significant	0.0006878	0.000	Significant
LQ→ROI	.5083315	0.004	Significant	1.680269	0.001	Significant
InvD→ ROI	-.0302689	0.001	Significant	.0012795	0.441	Insignificant
Control Variable						
FS→ ROI	.4396711	0.148	Insignificant	2.125857	0.000	Significant

Source: Stata Output, 2026

Table V. Results of Indirect Effect Test

Ghana		**Kenya**
Structural path	Indirect effect	Indirect effect
InvD→ LQ→ ROI	0.0165	0.001

Source: Stata Output, 2026

5.0 CONCLUSIONS

5.1 Discussion

Objective one: To examine the effect of inventory management on the liquidity of listed industrial companies in Ghana and Kenya. The study found a significant association between inventory management and liquidity among listed Ghanaian and Kenyan consumer and industrial goods companies, as shown by a p-value below the 0.05 alpha threshold, supporting the alternative hypothesis. A positive path coefficient indicated a direct relationship. Liquidity, as a mediator, had a considerable impact on inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. It highlights the importance of liquidity as a critical element considered in inventory management decisions in listed Ghanaian consumer and industrial goods companies. This observation is consistent with results from other studies worldwide showing that inventory management affects liquidity. Kipkemoi's (2019) study on the effect of inventory management practices on liquidity established a positive association between inventory management and liquidity, implying that when inventory is better managed, it improves liquidity.

Objective Two: To examine the association between liquidity and financial performance of listed industrial companies in Ghana and Kenya. The data showed that liquidity was significantly associated with financial performance among listed industrial companies in Ghana and Kenya. The study found a significant association between liquidity and financial performance among listed Ghanaian and Kenyan consumer and industrial goods companies, as shown by a p-value lower than the alpha threshold of 0.05, supporting the alternative hypothesis that there was a significant association between liquidity and financial performance among listed Ghanaian and Kenyan consumer and industrial goods companies. A positive path coefficient indicated a direct relationship. Liquidity had a positive or direct influence on financial performance among listed Ghanaian and Kenyan consumer and industrial goods companies. This highlights liquidity as a critical factor in the financial performance of listed Ghanaian and Kenyan consumer and

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industrial goods companies. This observation is consistent with results from other studies worldwide. This finding is supported by Blessing and Sakouvogui's (2023) study on the impact of liquidity and solvency ratios on financial performance, which revealed that liquidity improved financial performance.

Objective Three: To examine the association between inventory management and the financial performance of listed industrial companies in Ghana and Kenya. The data showed that inventory management is significantly related to the financial performance of listed industrial companies in Ghana. The study found the association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies to be significant, as shown by a p-value lower than the alpha threshold of 0.05, supporting the alternative hypothesis that there was a significant association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. A positive path coefficient indicated a direct relationship. Inventory management had a positive or direct influence on financial performance among listed Ghanaian consumer and industrial goods companies. It highlighted inventory management as a critical element in the financial performance of listed Ghanaian consumer and industrial goods companies. The study also found no association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies, as shown by a p-value above the 0.05 alpha threshold, supporting the hypothesis that no association exists between inventory management and financial performance among listed Kenyan consumer and industrial goods companies. This finding is supported by Al Musadieq and Hutahayan (2024), which established no association between inventory performance and sustainable financial performance.

Objective Four: To investigate whether liquidity mediates the association between inventory management and firm performance of listed industrial companies in Ghana and Kenya. The data showed that liquidity significantly mediated the association between inventory management and the financial performance of listed industrial companies in Ghana and Kenya. The study found that liquidity significantly mediates the association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies, as shown by a p-value below the 0.05 alpha threshold, supporting the alternative hypothesis. The study found that liquidity partially mediates the association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. The study also found that liquidity significantly mediated the association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies, as shown by a p-value lower than the alpha threshold of 0.05, rejecting the null hypothesis that liquidity did not mediate the association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies. The path coefficient indicated that liquidity mediated the association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies, implying that efficient liquidity management strengthened the association between inventory management and financial performance among these entities. The study established that liquidity fully mediated the association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies.

5.2. Implications

The results show a need to adopt strategic inventory management practices. Inventory management practices such as lean inventory can lead to stockouts, resulting in loss of sales (Mabunda & Amadi-Echendu, 2026). Keeping excess inventory ties up capital and leads to inventory damage and waste (Smith, 2024). Just-in-Time, on the other hand, reduces storage costs, waste, and operational inefficiencies and improves cash flow; however, supply delays can cause inventory shortages. The economic order quantity technique, on the other hand, establishes the optimal inventory quantity and reduces ordering and inventory holding costs (Aprilianti & Ishak, 2023). Entities are required to adopt inventory management practices that enhance performance and increase customer satisfaction.

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The findings of this study can help corporate entities in consumer and industrial companies make strategic plans for their inventory needs to enhance profitability.
The findings of this study can be integrated into an entity's inventory management decision-making process. This will enable entities to determine their inventory needs in both normal periods and periods of uncertainty.

5.3 Conclusion

The study finds a significant association between inventory management and liquidity among listed Ghanaian and Kenyan consumer and industrial goods companies, supporting the alternative hypothesis. The study finds a significant association between liquidity and financial performance among listed Ghanaian and Kenyan consumer and industrial goods companies, supporting the alternative hypothesis.

The study also finds a significant, negative association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies, supporting the alternative hypothesis.

The study also established liquidity as a mediator variable, significantly influencing the association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. Liquidity partially mediated the association between inventory management and financial performance among listed Ghanaian consumer and industrial goods companies. The study also established liquidity as a mediating variable, significantly influencing the association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies.

The results showed liquidity fully mediated the association between inventory management and financial performance among listed Kenyan consumer and industrial goods companies. Further studies can be conducted using other working capital components such as accounts receivable and accounts payable to moderate the association between inventory management and financial performance.

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African Journal of Procurement, Logistics & Supply Chain Management
AJPLSCM 2026, Volume 9, Issue 02, Page 14-26
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Journal Impact Factor (JIF): 6.782
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Internal Standard Serial Number (ISSN): 2676-2730
DOI: https://dx.doi.org/10.4314/ajplscm.v9i2.2
Web: https://damaacademia.com/index.php/ajplscm/

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AJPLSCM 2026, Volume 9, Issue 02, Page 14-26
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Journal Impact Factor (JIF): 6.782
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Internal Standard Serial Number (ISSN): 2676-2730
DOI: https://dx.doi.org/10.4314/ajplscm.v9i2.2
Web: https://damaacademia.com/index.php/ajplscm/

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AJPLSCM 2026, Volume 9, Issue 02, Page 14-26
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Internal Standard Serial Number (ISSN): 2676-2730
DOI: https://dx.doi.org/10.4314/ajplscm.v9i2.2
Web: https://damaacademia.com/index.php/ajplscm/