THE EFFECT OF INVENTORY TURNOVER ON FINANCIAL PERFORMANCE OF RETAIL SUPERMARKET IN MALAYSIA

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DECLARATION OF ORIGINAL WORK

I hereby declare that this project work entitled "**The Effect of Inventory Turnover on Financial Performance of Retail Supermarket in Malaysia"** is a record of an original work done by me under the guidance by Madam Siti Julea Binti Supar, lecturer and also my supervisor for course FIN671 and FIN672 in University Technology Mara and this subject is submitted in the partial fulfillment of the requirements for the Bachelor of Business Administration (HONS) in Finance. This research was carried out in accordance with the regulations of Universiti Teknologi MARA. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for degree, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

The purpose of this study is to examine the effect of inventory turnover on financial performance of retail supermarket in Malaysia. Four independent variables that have been used in this study such as days in account receivable, days in account payable, inventory turnover in days, and cash conversion cycle. Meanwhile return on asset as the dependent variable. Study includes the data from 40 listed companies in Bursa Malaysia from the year 2015 to 2019. Four hypothesis developed to check the relationship among dependent and independent variables. Results show that there is no significant relationship between account receivable and firm's profitability. There is significant relationship between account payable and firm's profitability. There is no relationship between inventory turnover and return on asset. There is significant relationship between cash conversion cycle and firm's profitability. Managing inventory effectively must be a necessity for managers due to its influence on firm performance and the costs that could be incurred if it is not managed optimally. Study recommend, future research should involve an attempt to establish the effect of merging and acquisition on the performance of retail supermarkets in Malaysia.

Keywords: Inventory, Financial Performance, Return on asset, Receivable, Payable, cash conversion cycle

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