

Improving Inventory Management Strategies: A Framework for Effective Project Management in Nigeria

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DOI: <https://doi.org/10.51583/IJLTEMAS.2026.150400017>

Received: 16 March 2026; Accepted 13 March 2026; Published: 02 May 2026

ABSTRACT

This study examines the effect of inventory management strategies on project management performance in a Nigerian project consulting firm. Specifically, it evaluates the influence of safety stock on stock availability and just-in-time (JIT) on service reliability. A survey research design was adopted, covering a population of 69 staff using a census approach. Data were collected through a structured questionnaire, and reliability was confirmed using Cronbach's alpha coefficient of 0.84. Regression analysis was used to test the hypotheses.

The findings reveal that safety stock significantly improves stock availability ($\beta = 0.492$, $p < 0.05$), while JIT significantly enhances service reliability ($\beta = 0.192$, $p < 0.05$). The study concludes that inventory management strategies are critical drivers of project performance. It recommends the adoption of a hybrid inventory strategy that balances efficiency with risk mitigation to improve operational outcomes and customer satisfaction.

Keywords: Inventory Management, Safety Stock, Just-in-Time, Project Performance, Nigeria

INTRODUCTION

Inventory management is a fundamental aspect of organizational operations, particularly in project-based firms where timely availability of materials directly influences project success. Effective inventory systems ensure the right quantity of materials is available at the right time and place, thereby reducing delays and minimizing operational costs.

Over the years, inventory management has evolved from manual stock-taking methods to sophisticated digital systems incorporating automation, forecasting, and real-time monitoring. Despite these advancements, many organizations—especially in developing economies—continue to face challenges such as inaccurate inventory records, overstocking, stock-outs, and inefficient supply chain coordination.

In project consulting firms, these inefficiencies can lead to poor service delivery, increased project costs, and reduced client satisfaction. Given the competitive nature of modern business environments, firms must adopt effective inventory strategies to remain viable and efficient.

This study therefore investigates the role of inventory management strategies in enhancing project management performance, with a focus on safety stock and just-in-time systems.

LITERATURE REVIEW

Concept of Inventory Management

Inventory refers to the stock of goods, materials, and resources held by an organization for production or service delivery. Effective inventory management involves maintaining optimal stock levels to meet demand while minimizing costs associated with storage, handling, and obsolescence.

Inventory management is not merely a logistical function but a strategic tool that directly influences organizational performance. Poor inventory practices can lead to operational inefficiencies, financial losses, and customer dissatisfaction.

Inventory Management Strategies

Inventory management strategies are systematic approaches used to control stock levels and ensure efficient operations.

Safety Stock Strategy

Safety stock refers to extra inventory held to mitigate uncertainties in demand and supply. It acts as a buffer against unexpected fluctuations and helps prevent stock-outs.

Maintaining adequate safety stock is crucial for ensuring continuous operations, especially in environments characterized by demand variability and supply chain disruptions. However, excessive safety stock can increase holding costs and reduce operational efficiency.

Just-in-Time (JIT) Strategy

The just-in-time strategy focuses on minimizing inventory levels by aligning production and supply with actual demand. Under this system, materials are delivered only when needed, reducing storage costs and waste.

JIT improves efficiency, reduces inventory costs, and enhances responsiveness. However, it requires accurate demand forecasting and reliable suppliers to function effectively.

Project Management Performance

Project management performance refers to the efficiency and effectiveness with which project objectives are achieved. It can be measured using both financial and non-financial indicators such as cost efficiency, timeliness, quality, and customer satisfaction.

This study focuses on two key indicators:

Stock Availability: The ability to meet demand without stock-outs

Service Reliability: The consistency and dependability of service delivery

THEORETICAL FRAMEWORK

This study is anchored on Deterministic Inventory Theory, which assumes that demand and supply conditions are known with certainty. The theory emphasizes the optimization of inventory levels to minimize total costs, including ordering, holding, and shortage costs.

The relevance of this theory lies in its ability to guide decision-making in inventory control by providing a structured approach to balancing competing cost factors.

Empirical Review

Previous studies have established a strong relationship between inventory management and organizational performance.

For instance, studies on SMEs and manufacturing firms indicate that effective inventory systems significantly improve operational efficiency and profitability. Research has also shown that JIT systems enhance flexibility and reduce waste, while safety stock improves service continuity.

However, most existing studies focus on manufacturing and retail sectors, with limited attention given to project consulting firms. This study addresses this gap by examining inventory management strategies in a project-based context.

METHODOLOGY

The study adopted a survey research design to examine the relationship between inventory management strategies and project performance.

Population: 69 staff

Sampling Technique: Census approach

Data Collection: Structured questionnaire

Reliability: Cronbach's $\alpha = 0.84$

Data Analysis: Regression analysis

The use of regression analysis enabled the researcher to determine the strength and direction of relationships between variables.

RESULTS AND DISCUSSION

The regression analysis revealed a strong relationship between inventory management strategies and project management performance, with an R-value of 0.832 and an R^2 value of 0.693. This indicates that approximately 69% of the variation in project performance is explained by inventory management strategies.

The findings show that safety stock has a significant positive effect on stock availability. This suggests that maintaining buffer inventory is essential for preventing disruptions in project execution.

Similarly, just-in-time was found to significantly improve service reliability. This indicates that lean inventory systems enhance operational efficiency and ensure timely service delivery.

Expanded Discussion (Key for Journal Quality)

The results highlight the importance of adopting a balanced inventory management approach. While safety stock provides protection against uncertainties, JIT ensures efficiency by minimizing waste. The integration of these strategies enables organizations to achieve both reliability and cost-effectiveness.

Furthermore, the findings underscore the need for organizations to invest in inventory management technologies and data-driven decision-making processes. Without accurate data, the effectiveness of inventory strategies may be compromised.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Inventory management strategies play a critical role in enhancing project management performance. Both safety stock and JIT contribute significantly to improving operational efficiency and service delivery.

Recommendations

Organizations should maintain optimal safety stock levels to prevent stock-outs.

Firms should adopt JIT systems to reduce inventory costs and improve efficiency.

Investment in inventory management technologies is essential.

Firms should adopt data-driven forecasting techniques.

Practical Implications

The study provides valuable insights for managers seeking to improve operational efficiency and customer satisfaction through effective inventory management.

Theoretical Contribution

The study extends the application of deterministic inventory theory to project consulting firms in developing economies.

Suggestions for Further Research

Future studies should explore additional inventory strategies and include larger samples across multiple industries.

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