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Effect of Inventory Management on Financial Performance of Retail Pharmacies in Uganda: A Case Study of Rubaga Division Kampala District.

The general objective of the study was to examine the relationship between inventory management and the financial performance of retail pharmacies in Rubaga division. The study was guided by the following objectives: to examine the relationship between inventory planning and financial performance of retail pharmacies in Rubaga division; to examine the relationship between inventory optimisation and financial performance of retail pharmacies in Rubaga division; and to assess the relationship between inventory control and financial performance of retail pharmacies in Rubaga division. A cross-sectional research design was used. The study predominantly employed a quantitative approach. The study population consisted of 120 retail pharmacies found in Rubaga division. A sample size of 92 respondents was selected using simple random sampling techniques. Quantitative data analysis mainly consisted of descriptive statistics (percentages) and inferential statistics (pearson correlation, coefficient of determination and regression). The Statistical Package for the Social Sciences (SPSS) Version 20 was used in quantitative data analysis. The findings revealed that inventory planning has a positive influence (68.6%) on financial performance. Inventory optimisation has a positive influence (66.4%) on financial performance. Inventory control had a positive influence on financial performance of retail pharmacies in Rubaga division. It was concluded that all inventory management variables positively influenced financial performance of retail pharmacies in Rubaga division. Thus, it was recommended that for purposes of promoting financial performance of retail pharmacies in Rubaga division, it is imperative the inventory levels are managed by all chain partners working with retail pharmacies as well as ensuring that inventory controls are employed at all levels.

Key Words: Inventory Management, Financial Performance, Retail Pharmacies, Kampala District