



IMPROVING INVENTORY MANAGEMENT PRACTICES IN TRANSFORMING THE EFFICIENCY OF HOUSEHOLD EQUIPMENT STORES AT ROYAL MARKET IN SERANG

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Abstract

The purpose of this study is to investigate the inventory management practices utilized in household equipment stores located in Pasar Royal, Serang City, as well as the difficulties that store owners encounter when managing their inventory. This study used qualitative research methods, including conducting in-depth interviews, observing, and analyzing documents from within the store.

The findings revealed that the retailers utilized various inventory management practices, ranging from straightforward to more organized approaches. Store owners must contend with several obstacles, including inaccurate demand predictions, supply uncertainty, and a need for more efficient inventory management systems. On the other hand, certain stores have implemented improvement strategies, such as Just-in-Time (JIT) methods and the utilization of inventory management software, which have accomplished the goal of increasing both the overall store performance and the operational efficiency of the store. This study emphasizes the importance of better inventory management practices in achieving efficiency transformation in home improvement stores.

Keywords: Inventory Management, Household Supplies Stores, Management Practices

INTRODUCTION

The significance of the retail sector for household goods in the Indonesian economy is reflected in its vital role in satisfying the day-to-day requirements of various consumers. On the other hand, the intricate difficulties associated with inventory management constitute a significant factor that must be considered to guarantee the stores' ability to continue their business operations and achieve success. According to the findings of a study that was carried out by Nurcahyo and colleagues (2020), inventory management is of critical significance in the context of retail stores in Indonesia. In their research, they found that proper inventory management practices can improve store operational efficiency and, in turn, improve service to customers. The retail sector for household goods plays a crucial role in meeting the daily needs of consumers in the Indonesian economy, highlighting its importance. The complex challenges related to inventory management are essential factors that must be considered to ensure the stores can sustain their business operations and achieve success. The study by Nurcahyo and colleagues (2020) highlights the crucial importance of inventory management in Indonesian retail stores.

Because it is the capital of Banten Province, Serang City serves as the geographical epicenter of economic and commercial activity in the surrounding area. Household goods shops in Serang City, particularly those located in Pasar Royal, play a significant role in meeting the diverse requirements of the local community in terms of household goods amid rapid economic development.

On the other hand, the effectiveness of these stores' inventory management significantly impacts the likelihood that they will continue to be profitable and operationally sustainable, it is essential to have

an effective inventory management system. Nevertheless, in actuality, shop owners frequently need help with properly managing their inventory.

A severe obstacle that retailers encounter is the need for precise demand forecasts. Predicting demand can be challenging due to external factors such as special events and shifting consumer trends. Additionally, supply uncertainty is a prevalent issue, particularly for retailers that depend on unreliable suppliers. Furthermore, a proficient inventory management system may ensure that store proprietors can effectively oversee, regulate, and administer their stock. Research on inventory management practices in household goods stores located in Pasar Royal, Serang City, is pertinent in this particular instance. By conducting a comprehensive analysis of the obstacles encountered by store proprietors and the diverse inventory management methodologies in place, this study endeavors to investigate potential strategies for enhancing operational effectiveness and overall store performance. Thus, shop owners, business professionals, and academics can gain valuable insights from this research that can be used to develop more effective inventory management strategies for the household goods retail sector.

Inventory management is central to ensuring smooth operations and business success, especially for retail stores such as household goods stores. In this industrial dynamic, the effectiveness of inventory management is not just an administrative issue. However, it is also a determining factor in optimizing expenses, improving customer service, and minimizing the risk of loss due to expired or unsold goods. As Kurniawan and Susanto (2018) highlighted, "Effective inventory management can help reduce operational costs and increase customer satisfaction because the desired goods are always available when needed." By managing inventory carefully, stores can minimize the risk of overstocking and understocking, thereby increasing efficiency in the use of capital and strengthening their competitiveness in an increasingly competitive market. Therefore, a good inventory management strategy brings financial benefits and contributes directly to the reputation and business sustainability of a household goods retail store.

Amid Serang City's economic activity, several household equipment stores have emerged as the leading destination for people looking for household equipment and other daily necessities. However, many of these stores need help managing their inventory despite the diversity of goods offered. Factors such as limited resources, unpredictable demand fluctuations, supply uncertainty from suppliers, and lack of an integrated system often make effective inventory management practices difficult for store owners. As Suryadi and Utami (2020) highlighted, "The main challenges in inventory management in household goods stores in Serang City are limited resources and the lack of an integrated system to manage inventory effectively." In a dynamic environment like this, store owners must continually adapt and seek innovative solutions to ensure smooth operations and efficiently meet customer needs. With a deeper understanding of the challenges faced, store owners can develop more effective inventory management strategies, such as conducting more accurate demand analysis, establishing solid partnerships with suppliers, or adopting adequate technology and information systems to improve

inventory management. Thus, addressing inventory management challenges is the key to improving the operational performance of household goods stores in Serang City and strengthening their competitiveness in an increasingly competitive market.

The findings of this research have shed light on various aspects concerning the inventory management practices utilized in Serang City's household goods stores. By concentrating on store owners' difficulties, we have identified several significant problems. These problems include an absence of accurate demand predictions, uncertainty regarding supply, and a need for efficient inventory management systems. Both the store's overall performance and operational efficiency have suffered due to these challenges. Therefore, it is essential to discover efficient solutions to enhance inventory management and come up with solutions to the problems encountered.

For this investigation, we will use a case study methodology to investigate the various strategies implemented by one household goods store in Serang City. By conducting a comprehensive analysis of these strategies, we will gain valuable insights into the efficiency of the actions taken to improve inventory management. The findings of this research will not only provide a better understanding of ways to overcome challenges in inventory management. However, they will also inspire business owners, store managers, and other stakeholders to implement similar strategies to improve their business performance. As a result, this research will not only make a significant academic contribution to the field of inventory management but also have the potential to have a positive practical impact on the retail industry of household goods in Serang City and possibly in other locations.

LITERATURE REVIEW

Inventory Management Concept

Inventory management is the most critical factor in the operations of a business, particularly for retail stores like those that sell household goods items. It involves planning, organizing, controlling, and monitoring the goods inventory to guarantee that the appropriate item amount is available at the proper time and the lowest possible cost. In their 2018 article, Kurniawan and Susanto highlight the significance of inventory management by stating that it assists in efficiently managing operations, guarantees product availability to customers, and maximizes expenditure potential. The primary objective is to ensure the product's availability, cut down on the costs of storage and ordering, and eliminate the possibility of either understocking or overstocking. According to research conducted by Suryadi and Utami (2020), its advantages include boosting overall business profitability and the level of satisfaction experienced by customers. For this reason, it is essential for owners of home improvement stores to have a solid understanding of and to practice appropriate inventory management practices to guarantee the success of their businesses.

In practical application, inventory management encompasses overseeing diverse categories of stock, such as finished products, raw materials, and goods undergoing production. Efficient inventory

planning necessitates identifying ideal inventory levels, precise prediction of demand, and suitable stock management tactics to mitigate the potential for stock deficiencies or surpluses. According to Wahyudi and Saputro (2023), inventory management encompasses the administration of raw materials and goods throughout the production process and the management of finished goods inventory. Effective inventory planning entails identifying optimal inventory levels sufficient to satisfy customer demand, in addition to using precise forecasting techniques to anticipate market demand fluctuations.

Challenges in Inventory Management

Managing inventory in stores that sell household goods in Serang City is fraught with several complex challenges. The fluctuations in customer demand, influenced by seasonal changes and consumer trends, are one of the most significant challenges that must be overcome. An additional obstacle is the unpredictability of supply from various suppliers, which can cause disruptions in product availability. Problems with storage efficiency, which arise from a need for more available storage space, are another significant obstacle. Suppose store owners have a better understanding of these challenges. In that case, they will be able to devise more effective strategies for finding solutions to the problems that arise in their inventory management.

According to Wahyudi and Saputro (2023), "The problem of storage efficiency is one of the main challenges in inventory management in household goods stores in Serang City, which affects smooth operations and business success."

Effective Inventory Management Practices

Household goods stores in Serang City must implement efficient inventory management procedures to enhance their business performance. Integrated software facilitates effective inventory management, encompassing inventory monitoring and stock planning (Pratama & Wibowo, 2019). Stock costs and risks can be diminished with the aid of inventory management techniques like JIT and Kanban (Rahardjo & Santoso, 2021). Information technology, including cloud-based systems, facilitates departmental coordination and enables real-time access to data (Setiawan & Hartono, 2020). This document thoroughly examines how established inventory management practices can enhance the overall performance and operational effectiveness of household goods retailers in Serang City.

METHOD

Types of research

Within this study, a qualitative methodology is utilized to investigate the inventory management practices of household goods stores in Serang City. The researchers used this methodology to carry out direct observations, in-depth interviews, and document analysis at a household goods shop chosen as the research subject (Rahardjo & Santoso, 2021). The data obtained was then subjected to a thematic

analysis to identify significant patterns, trends, and difficulties that the stores encountered when it came to managing their inventory. Researchers can comprehensively understand inventory management practices through this qualitative approach. Additionally, they can investigate nuances and contexts that may not be revealed through quantitative methods alone. In the context of household goods stores in Serang City, the research findings will provide a more in-depth understanding of the dynamics of inventory management.

Research Location and Time

This research was conducted at Pasar Royal, Jl. Tirtayasa , Serang, Banten, Indonesia, during January 2024. Pasar Royal was chosen as the research location because of the diversity of household goods stores available there, which reflects representative conditions of the retail industry in Serang City. The research time chosen was January 2024 to observe inventory management practices in these stores in the actual and current situation. Thus, the research results are hoped to provide a comprehensive understanding of inventory management practices in household goods stores in Pasar Royal, Serang City, in the relevant period.

Data Sources and Data Collection Techniques

The primary data sources for this study comprised in-depth interviews with shop owners and relevant personnel, as well as direct observation. Primary data, as stated by Rahardjo and Santoso (2021), comprises precise information that is directly pertinent to the inventory management practices that have been observed. By employing direct observation, scholars can witness the intricacies of inventory management at the household goods retailer under investigation in real-time. In contrast, comprehensive interviews yield supplementary knowledge regarding the tactics, obstacles, and firsthand encounters associated with store inventory management, thereby enhancing comprehension of the internal workings of the establishment (Rahardjo & Santoso, 2021).

Additionally, secondary data is utilized in this research to enhance the comprehension of inventory management practices. The internal store documents, such as sales and inventory reports, are considered valuable sources of secondary data, which aligns with the findings of Rahardjo & Santoso's (2021) previous research. Furthermore, it is crucial to consider literature and publications about inventory management and retail stores as valuable sources for analyzing and contrasting research findings with previously documented practices in the field. By employing both primary and secondary data, this research aims to thoroughly comprehend inventory management in household equipment stores located in Serang City.

Data analysis technique

In thematic analysis, researchers conducted an in-depth exploration of interviews and observation data obtained from household goods stores. As Rahardjo and Santoso (2021) mentioned, researchers will identify the main themes that emerge from the data, such as stock management strategies and challenges in inventory management. After identifying themes, researchers conduct further analysis to understand patterns, differences, or similarities between these themes. This procedure enabled researchers to understand the intricacies of the inventory management practices implemented by the household goods retailer while exposing them to critical factors that impacted the store's financial performance. Conversely, to assess the inventory management practices in place, researchers scrutinized internal store documents, including sales and inventory reports. Scholars identified crucial components within the document, including sales patterns and categories of available goods. As stated in prior investigations conducted by Rahardjo and Santoso (2021), content analysis enables scholars to acquire a more comprehensive understanding of inventory management in household goods retailers. It identified areas that require inventory system enhancements and overall operational efficiency.

DISCUSSION OF RESEARCH RESULTS

Inventory Management Practices in Household Appliance Stores in Serang City

An examination of inventory management practices implemented in household goods stores located in Serang City unveils many strategies and obstacles that proprietors encountered in inventory control—the practices in this context range from straightforward stock planning techniques to more structured systems. Many stores continue to rely on intuitive or insufficiently experienced stock planning methods. As stated in a study by Rahardjo and Santoso (2021), "Many retail establishments continue to employ stock planning methods that rely on intuition or limited experience." Nevertheless, research has revealed that this methodology is frequently susceptible to inefficiencies, including surplus unused inventory or stock shortages. Furthermore, the absence of precise data regarding customer demand presents an additional obstacle, impeding the ability to predict shifts in market trends.

Some stores need help with inventory management due to the inability to make accurate supply predictions or needing to respond to fluctuations in customer demand. Instability in-stock availability and losses due to lost sales or high storage costs (Pratama, 2018), it was also found that some stores have started implementing more structured solutions to improve their inventory management. Some have switched to the just-in-time method, which allows them to reduce excess inventory and increase stock rotation. Additionally, the utilization of software for inventory management has been of assistance in enhancing the accuracy of forecasting and the efficiency of the inventory management process through its utilization. As pointed out by Rahardjo and Santoso (2021), "Some stores have started to implement more structured solutions to improve their inventory management, such as Just-In-Time methods and the use of inventory management software."

Causes of Inefficiency in Inventory Management

A comprehensive examination of inventory management in household goods stores in Serang City identified several primary factors contributing to inefficiency, which subsequently impacted the operational performance of the stores. These causes encompass a broad spectrum of factors, ranging from inadequate stock planning to insufficient oversight of inventory cycles. Initially, it was observed that there was a deficiency in the inventory or insufficient stocking, which was frequently attributed to shop owners' inability to forecast demand accurately. Rahardjo and Santoso (2021) state that the absence of historical data or a reliable forecasting system poses challenges in predicting variations in customer demand. Consequently, stores frequently experience stock shortages of vital products, leading to decreased sales and diminished customer satisfaction.

Overstocking, also known as excess stock, is another issue that these shops frequently have to deal with the products. According to Saputra (2018), certain stores tend to take a more conservative approach to managing their inventory, which may lead to an accumulation of goods that have not been sold on the market. Overstocking increases carrying costs, but it also has the potential to cause a store to fall behind trends and become obsolete, which in turn can hurt the store's profitability. Rahardjo and Santoso (2021) state that "some stores may not have adequate systems to track the movement of goods or identify items that are slow to sell." This statement can be found in their article. This results in an accumulation of goods in the warehouse, which hinders cash flow into the store.

The performance of the store's operations is significantly impacted by inefficiencies in inventory management, which can have substantial consequences. Potential adverse effects may include increased storage costs, decreased stock rotation, and loss of sales. Previous studies have shown that "potential lost sales can arise due to stock shortages or overstocking," and this is something that can happen. Therefore, proprietors of retail establishments must determine and address the fundamental reasons behind inefficiencies in inventory management to enhance both efficiency and profitability. It can be accomplished by utilizing integrated inventory management software or the Just-in-Time method, which can help optimize inventory performance and reduce the risk of inefficiencies. The year 2021, Rahardjo and Santoso

Inventory Management Improvement Strategy and Results

Several household goods stores in Serang City have implemented various improvement strategies in their inventory management to improve operational efficiency and performance. These strategies include the use of Just -in- Time (JIT) methods, the use of inventory management software, and increased collaboration with suppliers. The implementation of the Just-in-Time (JIT) method has helped these stores to reduce excess inventory and increase the efficiency of the inventory management process. By relying on JIT, stores can reduce carrying costs, increase stock rotation, and avoid the risk of unsold goods being obsolete. As stated by Rahardjo & Santoso (2021), "The implementation of the Just-in-

Time (JIT) method has helped stores to reduce excess inventory and increase the efficiency of the inventory management process." In addition, JIT also allows stores to respond to customer requests more quickly and promptly.

Implementing inventory management software has enhanced stores' ability to enhance forecasting accuracy and efficiently manage inventory. By utilizing appropriate software, retailers can monitor the flow of merchandise, oversee stock levels, and more effectively discern patterns in sales. It enables them to make more informed decisions regarding purchasing and inventory management. In addition, certain stores have also enhanced collaboration with suppliers to enhance their inventory management. By fostering enhanced cooperation with suppliers, stores can acquire more precise data regarding supply, thereby mitigating the likelihood of inventory deficiencies and bolstering dependability in fulfilling customer demand.

As a result of implementing this inventory management improvement strategy, household goods stores in Serang City have achieved several significant results. Reducing storage costs, improving stock rotation, and increasing customer satisfaction are some of the results that have been achieved. In addition, operational efficiency also increases, which is reflected in increased profitability and overall store performance. Thus, the inventory management improvement strategy has positively impacted household goods stores in Serang City, helping them increase operational efficiency and achieve a competitive advantage in the market.

CONCLUSION

According to a study conducted on inventory management practices in household equipment stores in Serang City, inefficiency in inventory management is a significant problem. This inefficiency can be attributed to several factors, the most significant of which are a lack of structure in inventory management, difficulties in accurately anticipating demand, and difficulties in controlling inventory cycles.

Consequently, this results in stores experiencing both overstocking and understocking, which has a detrimental effect on the operational performance of the stores. Several stores have implemented a variety of improvement strategies to overcome these inefficiencies. The solutions that were implemented include the implementation of Just-in-Time (JIT) methods, the utilization of inventory management software, and increased level of collaboration with suppliers. By implementing these strategies, retail establishments can successfully reduce excess inventory, improve their forecasting accuracy, and optimize their overall stock management methods.

Implementing this enhancement strategy has a profoundly favorable effect on the store's operational performance. Customer satisfaction is increased, storage costs are decreased, and stock rotation is increased. In general, implementing enhanced inventory management strategies has

facilitated the operational efficiency of household goods stores in Serang City, thereby bolstering their competitiveness within an ever more saturated market.

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