

# **Inventory Management in Malaysian Construction Firms: Impact on Performance**

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## **Abstract**

*Managers act rationally in managing their inventory efficiently if they are convinced that the practice enhances firm performance. However, extant research in operations management has revealed divergent insights into the inventory-performance link. This study empirically examines the relationship between inventory management and firm performance and capital intensity on a sample of financial data for 82 construction firms in Malaysia for the period 2006–2010. By employing regression and correlation techniques, it was found that inventory management is positively correlated with firm performance. In addition, the results indicate that there is a positive relationship between inventory management and capital intensity.*

**Keywords:** *capital intensity, construction firms, firm performance, inventory management, JIT.*

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