Inventory Management in Accounting:

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**ABSTRACT** The purpose of this study was to assess the Understand the inventory management and integration of modern methods to make it much more effective. Premised on a narrative and framework for assessing Inventory identified from a preliminary analysis, the scope of the study was limited to the application and effects of Modernization inventory management, administration, Management Accounting, and Financial Accounting. A qualitative research approach, leveraging the use of literature review as a research design and approach was used and effectively facilitated the realization of the study purpose.It is really required to develop a better approach of inventory management so that to improve learning and decision-making capabilities in a Business which would lead to accurate Decision Making and Business Profits. Integrating the Business with modern methods and Tech Engineering can open new success path to Business.

**INDEX TERMS** Education, artificial intelligence, Inventory Management, Management Accounting.

**INTRODUCTION** One of the most important elements in financial position statements is assets as the key items in any corporation. Assets are divided into two categories: Non-current assets (fixed assets) in which their values are so high and beneficial for more than a year; and current assets such as cash in hand, inventory, cash in bank, and accounts receivable. These kinds of assets are characterized to be more liquid when compared to the non-current assets indicating that the current assets can be as cash in a short time. Thus, managing the items related to the current assets, such as inventory, is extremely remarkable for enhancing the profitability of organization due to the important role of inventory in occupying a vital part from the equity or from the current assets for several companies (Pirttilä et al., 2019). The recent research derives its importance from taking into consideration to focus on the inventory as the current assets, as recommended by the previous studies. For example, a recent study conducted by Hilmola (2020) mentioned the necessity for researchers to conduct additional research on inventory due to the importance in promoting the firm performance and shareholders related to the value creation (Alabdullah & Ahmed, 2020; Ahmed et al., 2020; Ahmed et al., 2016; and Alabdullah et al., 2016). The previous research has given an empirical evidence that inventory management strategies had a positive impact on the financial performance (Muchaendepi, Mbohwa, Hamandishe, & Kanyepe, 2019; Alabdullah et al., 2020; Alfadhl & Alabdullah, 2013). Karim et al. (2018) showed that the company may strongly face a big loss when there is incompetency in controlling and managing the inventory. Furthermore, a large investment is greatly required, such as considerable warehouses and therefore a mistake in making decisions related to investment would make a firm fall in loss. Moreover, the inventory management as an investment cannot be considered as everyday expense, yet as the incurred expenditure staying for a long time.

A good inventory management strategy (IMS) has a significant impact on financial performance as mentioned by (Muchaendepi et al., 2019; Brigham & Ehrhardt, 2013; and Chow et al., 2006). They revealed that inventory management strategy is greatly essential in the firm financial performance since this strategy occupies the top level as a very useful physical item in the balance sheet related to the assets. Therefore, a right inventory, quantity, and availability to possibly offer the lowest price must be obtainable in the right place. The elements affecting the efficiency of inventory management include documentation/store records, planning, employee‟s knowledge/funding, and staff skill (Chan et al., 2017). Notably, there are several problems related to the inventory management appearing in companies, particularly in the industrial ones. For instance, frauds in inventory which represent a popular problem which gives the unreal figures of companies' profitability as argued by Birol (2019). Based on KPMG Malaysia (2014), frauds related to the inventory theft ranked the second which were faced by the Malaysian companies of approximately 13 percent, while the cash theft ranked the first with 26 percent of the total number of all committed frauds. Another survey study conducted by PWC Malaysia (2016) showed that embezzlement in assets represented a real crime with 57 percent, while it was revealed that 17 percent was for the procurement. Several problems are going to take place due to the inability in managing the inventory, such as productivity decrease, changes in customers‟ commitment levels, and unfavorable cost increase to organization. Those facts are confirmed by several studies conducted by Rajeev (2008). As a result, several organizations have focused more on the importance of improving the efficiency of inventory management's internal control system. The internal control‟s weaknesses may result in opportunities for fraud phenomena, as established by Cressey (1973) that Fraud Training Theory can explain the fraud phenomena. This theory demonstrated that three factors representing the reasons leading to the committed frauds included opportunities, pressure, and rationalization.

The Older methods of inventory management has many drawbacks that needed to be covered by opting modern methods of inventory management.

**METHODS**

### Automated Guided Vehicles (AGVs) and Automated Mobile Tobots (AMRs)

### Artificial intelligence

### Cloud-based solutions

### Distributed inventory management

### Predictive pickings

### Success strategies for trend adoption

### Personalization

### Creative financing

### Automation

### 3PL

### Hybrid warehousing & shipping

### Omni-channel inventory control

### Blockchain

### Reporting & analytics

### CONCLUSIONS This recent study aims at figuring out the best ways of inventory management and eliminating the drawbacks of traditional inventory management methods . The Research Paper successfully overviewed the new technology that made inventory management much easier efficient and accurate the use of modern technology, mathematics and statistics has made the accounting process more transparent and relevant.