

ANALYSIS OF INVENTORY EFFICIENCY AND OPERATIONAL LOSSES ON RETAIL SUSTAINABILITY: A CASE STUDY OF MATAHARI DEPARTMENT STORE TBK (2019-2023)

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Background: This study explores how efficiency in inventory management and operational losses affect the sustainability of the retail business at PT Matahari Department Store Tbk from 2019 to 2023. Although there have been many studies on inventory efficiency and operational losses, the relationship between the two and the sustainability of retail companies still requires a more detailed explanation, especially in the context of post- COVID-19 market dynamics.

Purpose: The purpose of this study is to conduct a quantitative analysis of the relationship between inventory efficiency and operational losses with retail business sustainability indicators measured through the ESG (Environmental, Social, Governance) index at PT Matahari Department Store Tbk

Methodology: The approach used in this study is descriptive quantitative by analyzing financial ratios based on secondary data from the company's annual reports for the last five years (2019–2023). The ratios analyzed include inventory turnover and operating margin. Statistical analysis was applied to investigate the relationship between these variables and the Composite ESG as a representation of sustainability

Finding: The findings of this study indicate that inventory management efficiency and operating losses do not have a statistically significant effect on the sustainability of the retail sector, although there is a fairly strong relationship between these two variables and the ESG index. The study emphasizes the importance of aligning operational efficiency strategies with more comprehensive sustainability policies to improve overall competitive positioning and business continuity

Limitation: First, the analysis only used secondary quantitative data from the company's annual reports for five years, so social and environmental aspects were not fully accommodated. Second, the study only focused on two main variables, namely inventory turnover and operating margin, so other variables that might also affect business sustainability were not included in the analysis. Third, although there is a fairly strong relationship between inventory and operational efficiency and the ESG index, this influence is not statistically significant at a 95% confidence level, so the results are limited in explaining the real impact on the sustainability of the retail sector under review. Finally, market dynamics and external factors such as changes in consumer behavior and macroeconomic policies pose challenges that cannot be fully controlled or explained by the quantitative model used. Therefore, the author recommends that future research expand the scope of variables and use mixed methods to explore sustainability aspects more holistically.

Originality: The originality of this article lies in its analysis of the relationship between inventory efficiency and operational losses with retail business sustainability as measured using the ESG (Environmental, Social, Governance) index at PT Matahari Department Store Tbk during the period 2019-2023. This research provides new insights by integrating operational financial variables and ESG-based sustainability indicators in the context of Indonesia's dynamic retail market post-COVID-19 pandemic. The quantitative approach using secondary quantitative data from annual reports over five consecutive years and focusing on large national retail companies is a unique strength of this research. Furthermore, this study highlights the importance of combining operational efficiency strategies with more comprehensive sustainability policies to enhance business competitiveness and sustainability. By demonstrating the real relationship between operational variables and ESG indices, this article provides a relevant and timely contribution to the field of retail management and business sustainability in Indonesia. This novelty adds to scientific knowledge with a perspective that integrates economic and sustainability aspects in modern business management.

Keywords: Efficient inventory, Inventory management, Matahari Department Store, Operational losses, Retail business sustainability