

**EFFECTIVENESS OF INVENTORY MANAGEMENT SYSTEMS ON
PRODUCTION
(A Case Study of General Motors East Africa)**

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ABSTRACT

The purpose of this study was to assess the effectiveness of inventory management system on production with reference to General Motors East Africa. The specific objectives of the study were: to determine the effectiveness of Vendor Managed Inventory System on Production at General Motors East Africa; to determine the effectiveness of Material Requirement Planning on Production at General Motors East Africa and to determine the effectiveness of Manufacturing Resource Planning on Production at General Motors East Africa.

The target population was made up of the 145 staff working at the two department of the company. The two departments are production and procurement. Using stratified random sampling a sample of 59 respondents was picked to take part in the study. The primary data was collected using questionnaires that were administered to the identified respondents. Data analysis was accomplished using qualitative and quantitative techniques using statistical package for social scientists (SPSS) version 21 and Microsoft Excels Data analysis feature. The results of the analyses are presented in form of textual explanatory notes and descriptive statistics.

The findings show that VMI facilitates production at General Motors. This was according to majority of respondents (69%) that strongly agreed that vendor managed inventory (VMI) system at GM has helped in facilitating and enhancing the production process. Majority of respondents (53%) of respondents strongly agreed that manufacturing resource planning (MRP II) affects production. Materials Requirement Planning (MRP) affects production at General Motors. This was according to majority of respondents (42%) who strongly agreed and 36% who agreed that MRP has an effect on production at GM.

Based on the study findings, it is recommended that: in order to improve inventory management, manufacturing firms can use one of the three inventory management systems or use a combination of any two; for manufacturing firms planning to install any of these inventory management systems, training of staff will be necessary in order to ensure that staffs are competent enough to use the system; Prior to installing any of the inventory management systems, manufacturing firms need to conduct a needs assessment in order to determine the suitability of the inventory management system to their organization.