

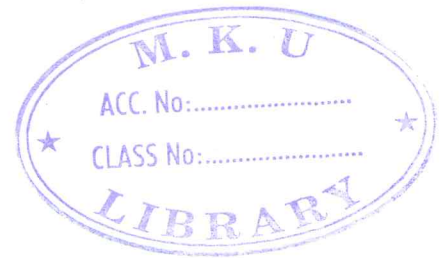
**THE ROLE OF VENDOR MANAGED INVENTORY ON SUPPLY CHAIN
PERFORMANCE IN DISTRIBUTION SECTION IN KENYA.**

A CASE OF UNGA LIMITED

By

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**A RESEARCH PROJECT SUBMITTED AT MOUNT KENYA UNIVERSITY FOR THE
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ABSTRACT

In a VMI partnership, the supplier, usually the manufacturer but sometimes a reseller or distributor, makes the main inventory replenishment decisions for the consuming organization. This means that the vendor monitors the buyer's inventory levels (physically or via electronic messaging) and makes periodic resupply decisions regarding order quantities, shipping, and timing (WALLER et al., 1999). According to Disney & Towill (2003), vendor managed inventory is one practical way of seeking to obtain the benefits of echelon elimination. VMI is a supply chain strategy whereby the vendor or supplier is given the responsibility of managing the customer's stock. The objective of the study was to assess the role of vendor managed inventory on supply chain performance in distribution section in Kenya. This study adopted a descriptive survey design. To ensure fair representation and generalization of findings to the general population, stratified sampling methods was used; specifically random stratified sampling technique which will ensure different subgroups of the employees' fraternity in logistics departments at unga limited

The research finding revealed that vendor managed inventory contributed positively in the organization's supply chain performance. From this study, the researcher concluded that proper vendor managed inventory is key to the initiation of purchase/supply orders; it is on the basis of stock level that the case organization made decisions on the optimal time for initiating orders or re-orders to meet customer requirements. With well-placed vendor managed inventory, private organizations can monitor the level of stock in store; ensure the right quantity of stock is kept to meet customer needs as well as to avert any losses that may arise due to spoilage and more so to determine the quantity of products to be purchased or sold; it determines order purchase volume.