

Abstract

Vendor managed inventory (VMI), also known as continuous replenishment or supplier-managed inventory, is one of the most widely discussed partnering initiatives for encouraging collaboration and information sharing among trading partners (Angulo, 2007). This study seeks to investigate the barriers to effective implementation of vendor managed inventory among retail supermarket in Kenya. The research project specifically sought to establish whether ICT infrastructure and transport network, supplier/buyer relationships, inventory availability and existing procurement procedures affects the effectiveness of VMI implementation. The study adopted a descriptive research design with survey of a total of 15 outlets and applied a random sampling technique to select a sample size of 75 respondents. Questionnaires and interviews were used as the main data collection methods. The barriers of VMI implementation are well known and high percent of the respondents were aware of their existence. 92% was an overwhelming numbers of the majority hence no doubt of some existing barriers to effective implementation of the VMI model. Further the research sought to identify the major causes to these barriers through interviewing the senior management. The major causes as indicated by the respondents were:- procurement procedures, buyer/supplier relationship and information technology among others. The study concluded that that economic order quantity and procurement costs are affected by VIM thereby affecting organizational performance. The study recommends that VIM should be well implemented since it influences the organization performance. Additionally, the study recommends that organization should integrate all its inventory management functions with information communication technology as well as ICT realization. Organizations need to enhance Communication among staff members and customers.