EFFECTS OF WAREHOUSE MANAGEMENT SYSTEMS ON PERFORMANCE OF MANUFACTURING FIRMS IN KENYA

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ABSTRACT

The manufacturing industry in Kenya contributes 14% to the country's gross domestic product and employs over two million people (Republic of Kenya (RoK), 2013. The role of the manufacturing sector in the Kenya Vision 2030 is to create employment and wealth. The sector which is dominated by subsidiaries of multi-national corporations, contributed 13% of the GDP in 2004. However, the sector has seen a reduction in its contribution to GDP from 13.6 percent in the early 1990's to 9.2 percent in 2012. There had been a decline in growth of the sector from 3.4 percent in 2011 to 3.1 percent in 2012. The real growth in the sector averaged 4.1% p.a. during 2006-2013, lower than the average annual growth in overall real GDP of 4.6%. The target population of the study was 455 respondents of the 455 large-scale manufacturing firms based in Nairobi.
Stratified random sampling method was applied to come up with the sample size, since the population is considered heterogeneous
. The study adopted a descriptive survey
which is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals.
The data was collected from respondents using self-administered questionnaires.

The study established
a significant relationship between influence of
radio frequency identification (RFID), barcode technology
,
manufacturing resources planning (MRP-II)
,
distribution requirements planning (DRP)
and
productivity in manufacturing firms
in Kenya
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2,
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3 and
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0.001)<
0.05.
The study concluded that
WMS provide flexible, automated support in processing all goods movements and in managing stocks in the manufacturing firms.
The study recommends that the manufacturing firms in Kenya should employ WMS in order to streamline the operations of the firms and maximize the performance. To adopt the RFID, barcode technology, MRP-II and DRP allows firms to track every unit down to the lowest level of detail for improved order fulfillment and inventory accuracy.

Key Words: Warehouse management systems, Performance of manufacturing firms.

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