**INFLUENCE OF INVENTORY COSTS ON SUPPLY CHAIN PERFORMANCE IN THE RETAIL SECTOR OF KENYA, A CASE STUDY OF TUSKYS SUPERMARKET**

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**Abstract**

*Retail outlets face various problems in managing inventory which include; incorrect demand forecasting, high administrative and transactional costs; stock deterioration and stock-outs of some critical items. The general objective of the study was to determine the influence of Vendor Managed Inventory on supply chain performance in the retail sector, a case study of Tuskys Chania Supermarket. The specific objective of the study was to determine the influence of inventory cost on supply chain performance in the retail sector. The study employed a census study of all the 130 employees of Tuskys supermarket Chania branch. A semi-structured questionnaire was the research instrument that was used to collect primary data from the respondents. The data was analyzed using Statistical Package for Social Sciences. Inferential statistics were analyzed using a multiple regression analysis. The analyzed data was presented using tables. The findings of the study concluded that inventory cost, has a positive significant influence on supply chain performance of retail outlets in Kenya. The study recommended that retail outlets need to understand at what point in the process inventory items are needed and work with their suppliers to have these delivered as needed.*

**Keywords***: Vendor Managed Inventory, Inventory Levels and Supply Chain Performance*