

An analysis of the application of distribution models in manufacturing firms in Kenya: a case of pharmaceutical firms (Nairobi)

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Abstract: Organizations continually consume resources from the environment, transform them and release them as final products. The success, and indeed survival of every organization depends on how well it positions itself to the environment. The objective of this research was to determine the extent to which the pharmaceutical manufacturing companies in Nairobi make use of Distribution Models. The study helped to document the distribution models used by these companies. Factors influencing the use or non-use of models were investigated. The problems and the challenges facing firms in this industry were also investigated and finally the researcher recommended appropriate distribution policies to the stakeholders. The researcher considered all the pharmaceutical manufacturing companies in Nairobi. A sample of 20 companies was randomly selected. Out of the 20 companies, 18 responded. The data was collected using a questionnaire. The study concludes that companies need to apply distribution models in the physical distribution of their products. The study reveals that 72 percent of these organizations are aware of the transportation model. Regarding the frequency on the application of models, 55 percent of the companies frequently apply the transportation model while 16 percent moderately apply the same model. Both the assignment and the heuristics models are moderately applied by 5 percent and 11 percent of the companies respectively. 11 percent of the companies combine all the three models it was concluded that application of distribution models is therefore practiced in pharmaceutical manufacturing firms in Nairobi. The major problem highlighted was the high cost of distribution. Cost of the other overheads e.g water, electricity and insurance was also reported to be high. Despite all the problems in the sector, firms need to understand and apply operations research techniques while allocating the scarce resources.

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