

The Effects of Logistics Management Practice on Organizational Performance a Study of Win Water Company Wolaita Zone, Boditi Town, Snnpr, Ethiopia

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Abstract: Examining the impact of logistics management practices on organizational performance in the context of Win Water Company Wolaita zone boditi town was the goal of this study. Both quantitative and qualitative methods were applied to this investigation. A likert scale-based questionnaire was used to gather primary data from 118 employees of Win Water PLC in the Wolaita zone of Bodite Town in order to meet the study's purpose. Every employee of the business was included in the study. The mean, standard deviation, one-way ANOVA, Pearson correlation, regression analysis, and other important statistical techniques were utilized to examine the gathered data using descriptive and inferential statistics. SPSS was employed as a data analysis tool. All independent factors have statistically significant positive connections with the dependent variable, which is the variable of organizational performance, according to the correlation finding. Multiple regression analysis revealed that all independent factors, including supply management, procurement, transportation, inventory, and warehouse practices, had a statistically significant effect on the dependent variable, which is organizational performance. Organizational performance is more significantly impacted by transportation management practices. This suggests that in order to increase organizational performance, Win Water Company management should concentrate on enhancing logistics management techniques.

Keywords: Logistics Management Practice, Supply Management Practice, Transportation Management Practice, Organizational Performance.

1. INTRODUCTION

1.1 Background of the Study

In the modern world of varied economic circumstances and constantly shifting micro- and macroeconomic factors affecting different firms, logistics is essential to helping such



organizations achieve more effective management systems and improve performance.Many academics and researchers contend that a country's wealth and ability to compete in the global economy depend heavily on its ability to move commodities in a timely, safe, affordable, and reliable manner. Haji Esmael et al. (2016) state that logistics is essential to raising a company's profitability and competitiveness. Furthermore, as stated by Muslimin et al. (2015), logistics is crucial in streamlining the movement of commodities into and out of the business.

In comparison to other continents, the Africa continent was not doing well in logistics, as the research revealed that the top four countries were all from Europe, the fifth was from Asia, and the lowest five were all from Africa.Infrastructure was neglected, particularly in Sub-Saharan African nations, and upkeep was insufficient. Consequently, one of the main challenges to establishing effectively structured flows of commodities and services was poor transportation and communication. According to Mwangi and Nyambura (2015),

Ethiopia's logistics system is also typified by a subpar logistics management system, a lack of coordination in the transportation of goods, a low degree of infrastructure development, an inadequate number and age of freight vehicles in the fleet, and damage and quality degradation of the goods during handling, transportation, and storage. This, together with the absence of a seaport, led to Ethiopian commodities being uncompetitive on the international market and inadequate connections between producers (farmers) and consumers (market) (Fekadu, 2013). An organization's operational performance is greatly impacted by its logistics practices. For example, the introduction of information technology (IT) has revolutionized logistics operations, and a company's information capabilities is reflected in its poor logistics performance (Shang & Marlow, 2005).

Furthermore Additionally, procurement methods connect several business operations and support services, coordinating manufacturing with new orders, purchasing with demand, scheduling, and shipping in accordance with client specifications (Kiare, 2015). The performance of the company is also impacted by inventory management since an excessive amount of goods takes up space, costs money, and raises the risk of loss, damage, and spoiling (Nyabwanga & Ojera, 2012). However, low inventory frequently causes operational disruptions in businesses (Dimitrios, 2008). The success of the company is also impacted by supply management strategies, which aim to reduce overall acquisition costs while satisfying the availability, reaction time, and quality requirements outlined in the customer service policy (Christopher 2013).

Finally, the effectiveness of product movement is determined by the way transportation operates (Mwangi & Nyambura, 2015). Furthermore, inadequate goods acceptance and receiving, storage, retrieval, or picking negatively impacts the operational performance of manufacturing organizations, making warehousing a crucial component of business operations (Emmett, 2005).On the other hand, it is unclear whether these factors have an impact on an organization's performance.

In order to demonstrate gaps in current knowledge and practices regarding logistics management practices, the researcher's most important task was to identify the major challenges raised in various related literatures. These challenges were then compared to the variables that currently influence the performance of the organization in the Wolaita Zone Win Water PLC Company as it relates to logistics management practices.



In order to fill this research gap and address these issues, the researcher was driven to carry out a study at Win Water PLC in the Wolita Zone, Bobite Town. This study aimed to fill in the gaps in the literature by analyzing supply management practices, procurement management practices, transportation management practices, inventory management, and warehouse management practices.

1.2 Statement of the Problem

Logistics management may be one of the tactics required for businesses to achieve improved performance, claims Bagshaw (2017). These days, businesses must contend with escalating competition, erratic market fluctuations, and constantly shifting rules (Roth et al., 2013). In today's globalized business environment, companies seek to address the obstacles preventing them from becoming market leaders by utilizing a variety of options, including opportunities and tactics. Organizations are using a variety of tactics, according to Mundia et al. (2015), to make sure they stay competitive in the market. Improving internal costs and competitiveness in the market and globally can be achieved by improving logistics service capabilities (Boonpattarakan, 2012).

According to a 2017 study by Natasha and Vladimir titled "The Impact of Logistics Management Practices on Organizational Performance," timely and correct decision-making is facilitated by information that is timely, relevant, and accurate, both inside and outside the company.The findings of the study by Mokagi, Mairura, and Ombui (2015) demonstrate the impact of logistics methods on the performance of organizations. For example, the analysis showed that the procedure primarily led to the inclusion of generic and non-specialized suppliers, or "briefcase suppliers," which significantly impacted subpar performance.

The study's conclusions also showed that ineffective management of the planning, budgeting, time commitment, utilization of quotes, and subcontracting aspects of the procurement process directly contributed to inefficiencies, which in turn caused missed deadlines and ultimately subpar performance. According to the study results presented in this article on buyer-supplier relationships, these businesses' low performance was caused by a lack of coordination between the two sides, which resulted in delayed customer deliveries and production schedules.

Ineffective logistics increase operating costs and limit the possibility of both domestic and international integration.

However, the impact of certain elements on the overall efficiency of the sector as well as their influence on the logistics management techniques in the Bodite woreda's Wolaita Zone Win Water PLCWolita zone have been the subject of discussion for years. The following factors—a lack of supply practices, a lack of procurement procedures, the unavailability of transportation techniques, and a poorly organized warehouse management system—all require attention because they have the potential to affect logistics management practices. Furthermore, the study aims to fill in the identified research gaps by investigating independent variables related to organization performance, research design, sampling strategies, geography, time, and target population, as opposed to

Due to the aforementioned issues, the researcher was inspired to investigate how Win Water PLC's logistics management techniques affected the Wolaita zone, Bodite woreda, and SNNPR Ethiopia.

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1.3 The Research's Objectives.

1.3.1 The Overall Goal

The primary objective of the study is to investigate how logistics management methods affect organizational performance in the context of Win Water PLC in the Wolaita zone, Bodite Town, SNNPR, Ethiopia.

1.3.2 Particular Goals

- 1. To look into how supply management practices affect the functioning of organizations.
- 2. To determine how procurement management practices affect the performance of organizations
- 3. To ascertain how organizational performance is impacted by transportation management practices.
- 4. To investigate how inventory management practices impact the effectiveness of organiz ations.
- 5. To examine how warehouse management techniques affect the effectiveness of organizations.

1.4 Research Conjectures

For this investigation, the following five hypotheses have been established as follows: H1: The practice of supply management affects organizational performance in a statistically meaningful way.

H2: The practice of procurement management affects organizational performance in a statistically meaningful way.

H3: The application of transportation management practices affects organizational performance in a statistically meaningful way.

H4: The practice of inventory management affects organizational performance in a statistically meaningful way.

H5: The application of warehouse management techniques affects organizational performance in a statistically meaningful way.

1.5 Limitations of the Study

The fact that the Win Water Company in Boditi Town was the sole subject of the study may have limited the applicability of the findings to other small water bottling enterprises. The five logistics management strategies found in this study might not be appropriate for all small-scale water bottling businesses operating in various cultural contexts or in other manufacturing and service sectors outside the bottling industry. Therefore, before being implemented to different cultures and businesses, the logistics management methods found in this study need to be evaluated and verified.

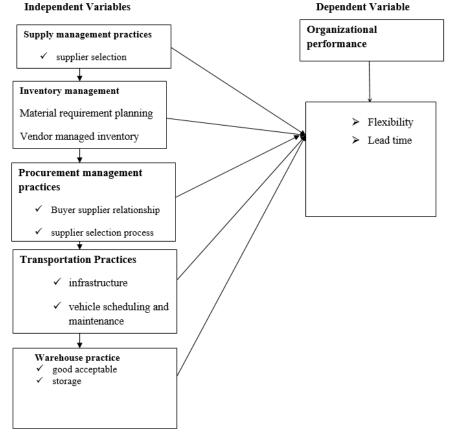
2. RELATED WORKS

The impact of logistics management methods on organizational performance was the subject of a 2017 study by Natasha and Vladimir. The study's findings show that timely and suitable decision making is made possible by accurate, pertinent, and timely information from both inside and outside the company. In order to do this, comprehensive management information



is required, along with appropriate utilization, quick transmission, and relevant data selection and control. The accuracy of the data keeps one strategically away from making ill-advised decisions and unnecessary expenditures. If the data is selected in meaningful ways, the preparation time for such information will be shortened, enabling quick decision-making. Electronic databases enable data access at any time and the potential to be used in any location when strategic decisions are essential to the business. As a result, they reduce expenses while increasing profitability. As a result, logistics operations are vital to contemporary businesses, giving them greater value in relation to their expenses. The areas that businesses need to focus on and advance in order to position themselves among the most successful businesses available are in the logistics management sector.

In their 2015 study, Ruto and Datche examine the computed variables that affect port performance, using Kenya Port Specialist as an example. In accordance with their findings, they analyze the following factors when analyzing the plan, study, and expressive measurements. These factors include: long-standing clearing practices; rapid holder exchange development; visit breakdowns by Kenya Income Specialist and Kenya Ports 18 Specialist; IT Frameworks; moderate entryway out handle; and moderate holder off-take to Holder Cargo and other logistics activity.



2.1 Conceptual Frame Work

Source: Developed by Researcher, 2022



3. RESEARCH APPROACHES

3.1 Design of the Research

Mostly The research design used in the study was explanatory. Because its goal was to investigate how logistics and organizational performance relate to one other as dependent variablesupply, transportation, procurement, inventory, and warehouse management are examples of management processes that function as independent variables. to ascertain the relationship between each independent variable and the dependent variable.

3.2. Data Sources and Types

In order to effectively accomplish the study's goals, the researcher employed primary and secondary data sources. The core data came from Win Bottled Water PLC employees through a questionnaire. Secondary data are information that has been collected secondhand. For the purpose of the study, secondary data were accessed from previous studies, such as journals, articles, the internet, and other relevant references. In addition, the annual report and magazines of the company were used to support the data that was gathered through questionnaires.

3.3. Data Collection Method

Employees were asked to indicate their agreement or disagreement on a five-point Likert scale (1 being strongly disagreed, 2 disagreed, 3 neutral, 4 agreeing, and 5 strongly agreeing). The questions were self-administered and structured, and the researcher was supervising the respondents.

3.4. Method of Data Analysis

In addition to analyzing the data's central tendency in the form of the mean and standard deviation, descriptive statistics were utilized to identify the key characteristics of the obtained data in quantitative terms. The data was analyzed using SPSS version 22, which is the statistical tool for social research. The primary features of the sample were presented using descriptive statistics, which comprise frequencies and percentages. The cause and effect relationship between the predictor variable (procurement management, inventory management, transportation management, and warehouse management) and the outcome

3.5. Model Development and Specification

The model illustrates how the five independent (explanatory) factors relate to the dependent variable, organizational performance.

Dependent Variable

The study's dependent variable was the organizational performance of Win Water PLC in the Wolaita zone, Bodite Town, and its outcome variable was the organization's performance in terms of inventory, transportation, and warehouse management.

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Independent Variables

The practices of supply management, procurement management, transportation management, inventory management, and warehouse management were the independent variables that were meant to have an impact on the dependent variable.

As a result, the regression equation took the following form:

 $OP = \beta + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + Ei$

Where:

Y= Performance of the organization

X1 = Practice of supply management

X2=the practice of procurement management

Transportation management technique (X3)

X4= Practice of inventory management

X5= Warehouse Operations Procedure In conclusion, the model's functional form was as follows.

 β = Constant Intercept

Coefficient of slope parameters: $\beta 1$ to $\beta 5$.

X1, X2, X3, X4, and X5 are the explanatory variables, and Y is the dependent variable. Error term = E (error)

4. RESULT AND DISCUSION

4.1 Analysis of Correlation

To find out if there were any meaningful correlations between the variables, a set of Pearson correlations was created. The general relationship between the dependent and independent variables in the above table is the main topic of this section. The Pearson correlation coefficient is used to look at the relationship between the constructs. (Burns & Burns, 2008) state that correlationValues between 0 and 0.3 (or -0.3) indicate weak positive (negative) linear relationships based on a wobbling linear rule. According to a strict linear rule, there is a moderately positive (negative) linear relationship suggested by values between 0.3 and 0.7 (-0.7 and -0.7) and a strong positive (negative) linear relationship indicated by values between 0.7 and 1.0 (-0.7 and -1.0). As a result, this criteria is used to examine all correlation data in this study. Was:

	Pearson Correlation	SMP	СМР	ТМР	IMP	WMP	OPE
Supply	Pearson Correlation	1					
Management practice	Sig.(2-tailed)	.000					
Procurement	Pearson Correlation	$.800^{**}$	1				
management practice	Sig.(2-tailed)	.000					
Transportation	Pearson Correlation	.682**	.707**	1			

Table 4.11: Coorelation matrix among independent variables and organizational Performance



management practice	Sig. (2-tailed)	.000	.000				
Inventory	Pearson Correlation	.645**	.653**	.646**	1		
Mnagement practice	Sig. (2-tailed)	.000	.000	.000			
Warehouse	Pearson Correlation	.455**	.420**	.421**	.520**	1	
management practice	Sig. (2-tailed)	.000	.000	.000	.000		
Organizational Performance	Pearson Correlation	.522**	.719**	.690**	.699**	.705**	1
renoimance	Sig. (2-tailed)	.000	.000	.000	.000	.000	

**.Correlation is significant at the 0.01 level (2-tailed).

*.Correlation is significant at the 0.05 level (2-tailed).

Source: Own Survey, 2022

Practice of supply management: The association between organizational performance and practice of supply management is seen in table 4.6 above. Correlation has a value of 0.522 and is significant at the 0.01 level. This demonstrates that the performance of organizations and supply management practices have a somewhat favorable linear relationship. Procurement management practice: The transportation management practice and organizational performance are strongly positively correlated, as shown in table 4.6 above. At the 0.01 significance level, the correlations have a value of 0.800 and are considered significant.

Practice of transportation management .There is a correlation between organizational success and transportation management practice, as the accompanying table indicates. At the 0.01 significance level, the correlation is significant with a value of 0.690. Practices for inventory management: According to table 4.6 above, inventory management practices and organizational performance have a somewhat positive linear association. The correlation coefficient is 0.699, and it is significant at the 0.01 level.

Warehouse management practice: Table 4.10 demonstrates that location and MSE performance have a 0.705 correlation value, which is significant at the 0.01 level. This demonstrates that the performance of organizations and warehouse management practices have a strong, positive linear relationship.

4.2 Analysis of Multiple Regression Outcome

In a typical multiple regression analysis, the dependent variable was organization performance, and the independent variables were supply management practice, transportation management practice, procurement management practice, inventory management practice, and warehouse management practice.

The underlying assumptions are confirmed in order to guarantee the accuracy of the regression analysis results. Only once the fundamental assumptions of the analysis have been validated through testing and demonstrated to be trustworthy can conclusions and generalizations about the theory be made. Prior to beginning, the researcher verified that the data met the requirements needed for the multiple regression analysis to be legitimate and trustworthy. We looked into the various linear regression presumptions discussed before.



Model	Supply	Procurement management	Transportation	Inventory	Warehouse
Tolerance	.315	.300	.421	.445	.703
VIF	3.171	3.335	2.373	2.246	1.422

Table 4.12: Multi-collinearity Test Result

Source: Own Survey, 2022

Normality assumption: The normality test is used to assess whether a given set of data is well-modeled by a normal distribution and to estimate the likelihood that an underlying random variable will be distributed normally. The study employed Skewness and Kurtosis to assess the degree of normalcy in the collected data.

	Skew	ness	Ku	rtosis
	Statistic	Std.Error	Statistic	Std.Error
Supply management practice	.235	.161	.546	.321
Procurement management practice	510	.161	.946	.321
Transportationmanagement practice	769	.161	.096	.321
Inventory management practice	325	.161	.171	.321
PlaceWarehouse management practice	.216	.161	509	.321
Orgazizational performance	288	.161	.609	.321

Table 4.13: Normality test using Sleekness and Kurtosis

Source: Own Survey, 2022

Table 4.14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.813ª	.662	.657	.37714	2.068

a. Predictors: (Constant), supply management practice, transportation management practice, procurement management practice, inventory management practice and warehouse management practice

B. Dependent Variable: Organizational Performance

Source: Own Survey, 2022

The multiple regression results presented in Table 4.9 Model Summary reveal that there is a highly significant (p<.001) relationship (multiple R = 0.813) between the predictor components and the dependent variable. The coefficient of determination, or R Square, indicates how much the criterion variable may be selected with the aid of the predictor variables. Therefore, 66.2% of the variation in the dependent variable could be explained by the set of given independent factors. R-squared determines the portion of the dependent variable's variable's variance that can be accounted for by the independent variables, regardless of how



strongly they are linked to the dependent variable. This is not the ideal property of a goodness-of-fits statistic.

However, modified R-squared alters the R-squared statistic in such a way that each independent variable that has a connection with the dependent variable boosts adjusted R-squared and any variable without a significant association causes adjusted R-squared to decrease.

	Model	Sum of Squares	Df	Mean Square	F	Sig.
	Regression	98.399	5	19.680	138.360	.000 ^b
1	Residual	50.351	113	.142		
	Total	148.750	118			

Table 4.15: Analysis of Variance (ANOVA) result

a. Predictors: (Constant), supply management practice, transportationmanagement practice, procurement management practice, inventory management practice and warehouse management practice

b. Dependent Variable: organizational performance

Source: Own Survey, 2022

The ANOVA statistics suggest that 98.399 of the total observation value of (148.750) can be explained by the regression model. The remaining 50.351 is not explained by the model. This shows that regression explains most of the observations, whereas other unrelated variables account for a lesser portion of the data. The mean square, which is 19.680, is the average amount of variation described by the model, or regression. The mean square of the residual, or 0.142, is the average amount of variation explained by unrelated variables to variation described by the model, or F-ratio, is 138.360.

To evaluate the overall fit of the model, ANOVA has been used. A significant F value of 138.360 with a p-value less than.001 is shown in the ANOVA table. This demonstrates that the dependent variable and the five independent factors considered together have a significant relationship. The F critical value at the 5% level of significance is 0.142. The bigger computed F value indicates that the model fits the data quite well.

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		В	Std. Error	Beta		0
	(Constant)	.174	.156		1.114	.266
	Supply management practice	.105	.028	.137	3.718	.000
1	Procurement management practice	.213	.050	.205	4.305	.000
	Transportation management practice	.252	.048	.242	5.215	.000
	Inventory management practice	.244	.057	.238	4.315	.000

Table 4.16: Regression Coefficients

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Wareho

Source: Own Survey, 2022

5. SYNOPSIS, CONCLUSION, AND SUGGESTIONS

5.1. Synopsis

The aim of this study was to investigate the effects of Win Water Company's usage of logistics management strategies on organizational performance. Additionally, the study showed how Win Water Company's organizational performance is linked to logistics management techniques, such as inventory, warehouse management, supply, procurement, and transportation. This study's main goal was to examine how Win Water PLC in Botiti Town's organizational performance was impacted by logistics management techniques.

When comparing respondents by gender, the results indicate that men made up the majority of the sample.

- ➤ The bulk of responders fall between the age range of 1 to 5 years in terms of job experience. When it comes to education, the majority of responders have a degree.
- > When it comes to the employment category, transportation departments employ the majority of the respondents.
- According to the results of the descriptive statistics, Win Water Company could benefit from all logistics management practices, including supply management, procurement management, transportation management, inventory management, and warehouse management.
- The correlation analysis reveals a significant positive relationship between the dependent variable of organizational performance and all independent variables of logistics management practices, including supply management, procurement, transportation, inventory, and warehouse management.
- All independent variables, including supply management, procurement, transportation, inventory, and warehouse management practices, have a statistically significant impact on the dependent variable of organizational performance, according to the results of multiple linear regression analysis. Consequently, the other theories are acknowledged.
- ➤ The practice of transportation management has the greatest beta coefficient value (B=0.252) among logistics management techniques. This is followed by supply management (0.105), procurement management (B=0.150), inventory management (B=0.244), and warehouse management (0.213).

5.2. Conclusion

Examining the impact of logistics management practices on Win Water PLC's organizational performance in the Wolaita zone of Bodite Town, SNNPR, Ethiopia, was the goal of this study.

It was determined that procurement management procedures had a substantial impact on the organization performance of the Wolait Soddo Win Water PLC company in Botiti Town. In terms of the multi-collinearity test by tolerance and variance inflation factors, procurement management practice is distant from the existence of multi-collinearity; instead, it is highly connected with organization performance rather than the four



variables. It was the best guess in terms of standardization and strong influence on organizational performance, according to model regression coefficients. Procurement management techniques, however, had a statistically significant and favorable impact on organizational performance according to the hypothesis test.

- The influence of supply management practices on organization performance in in wolait soddo win water PLC company in boditi town was statistically identified as it has a positive effect on organization performance
- Regarding to correlation, supply management practices was the third rank of correlated with organization performance and in terms of multi collinearity test by tolerance and variance inflation factors; supply management practices was far from the presence of multi-collinearity. Regarding to model regression coefficients, it was the last level of bet standardizes coefficient and the low effect on organization performance in in wolait soddo win water PLC company in boditi town. However, in hypothesis test, supply management practices was statistically significant and positive ieffect t on organization performance.
- > Thirdly, the trends of Transportation management practices on organization performance in in wolait soddo win water PLC company in boditi town was identify and statistically concluded as significant. The study concludes that the in wolait soddo win water PLC company in boditi town department provides different modes of transportation for all customers. Further, the study concludes that a proper arranging transportation practice determines the success of service delivery. However, the study concludes that poor transportation practices are a major setback in cost estimation for services and works. Further, the study concludes that failure to adhere to transportation practices enhances making of irregular and biased decisions. The study also concludes that the company has not efficiently enabled use of available resources. Regarding to correlation, Transportation practices the is the moderate correlated with organization performance and in terms of multi collinearity test by tolerance and variance inflation factors, transportation practices is far from the presence of multi-collinearity. Regarding to model regression coefficients, transportation a practice was the high bet standardizes next to procurement management practice and the high impact on organization performance in in wolait soddo win water PLC company in boditi town next to procurement practice. However, in terms of hypothesis test, a transportation practice was statistically significant and positive impact on organization performance in in wolait soddo win water PLC company in boditi town.
- Regarding on Inverntory management practices on organization performance, the finding has shown that it was statistically significant. Regarding to correlation. The researcher concludes that, there was poor Inverntory management practices in in wolait soddo win water PLC company in boditi town
- Regarding on warehouse management practices on organization performance, the finding has shown that it was statistically significant. Regarding to correlation. The researcher concludes that, there was poor warehouse management practices in in wolait soddo win water PLC company in boditi town

5.3 Recommendations

This study was attempted to examine the effects of logistics management practice on organizational performance of Win Water PLC Wolita zone, Bodite Town.Based on the



findings, summaries and conclusions of the study, the following recommendations are forwarded to stakeholders.

- The study concluded that all predictors supply management practice, procurement management practice, transportation management practice, inventory management practice and warehouse management were greatly influence the performance of Win water company. Therefore, managements of Win water company better to focused on improving logistics management practices in order to enhance profit and market share of the company.
- According to the findings of the study, the most significant impact on organizational performance comes from transportation management practices. Transport management is at the heart of logistics due to the requirement for material movement along a supply chain as a result, the company needs to pay close attention to improving transportation management.
- The management of inventories and warehouses plays a significant role in productivity within an organization. Therefore, the company needs to create an inventory and warehouse management strategy that puts an emphasis on inventory control, inventory records, periodic inventory counting, storage location, guideline of storage, and maintaining warehouse safety standards.
- The company better to give more emphasis for the development of procurement management strategies that include order management, put them into practice, and be more responsive to customer needs. To benefit from the beneficial effects of procurement practices on organizational performance, engage customers and simplify the ordering process.
- The company better to improve supply chain management (inbound and out bound logistics) to minimize acquisition and logistics cost.

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