

**IMPACT OF LOGISTICS MANAGEMENT ON ORGANISATIONAL
PERFORMANCE:**

A CASE STUDY OF MUKWANO GROUP OF COMPANIES.

BY

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**A RESEARCH REPORT SUBMITTED TO COLLEGE OF APPLIED ECONOMICS
AND MANAGEMENT SCIENCE IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELOR
OF SUPPLIES AND PROCUREMENT MANAGEMEN OF
KAMPALA INTERNATIONAL UNIVERSITY**

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DECLARATION

I OBEWO JOHN here by declare that this is my original work and has never been presented to any other educational institution for the award of any degree or certificate.

Signature.....DATE.....*GH 105/2012*.....

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APPROVAL

This is to certify that the research of OBEWO JOHN has been under my supervision and is now ready for submission to the school of business and management for the award of the degree of Supplies and procurement management of Kampala international university.

Signature date 

MR.BARASA HENRY

(SUPERVISOR)

DEDICATION

I dedicate this book to my most dear parents, Onyango Martin and Apio Margret who through hard work ensured that I achieve my goal. My brothers, OLOka, Muzige, My aunt Arachi who have been endeavoring to be on my side to see me on the highest peak. Without their tireless efforts I would not have achieved my long desired dream.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction.

This chapter looks at the background of the study, statement of the problem, purpose of the study, specific objectives, research questions, scope of the study, significance of the study, and the conceptual frame work.

1.1 Back ground to the study.

1.1.1 Theoretical perspective.

The study and practice of logistics emerged in the 1960s and 1970s. Logistics costs were high. On a national level, it was estimated that logistics cost in the U.S. accounted for 15 percent of the gross national product (Heskett et al., 1973). Similarly, physical distribution costs of other nations were found to be high as well. For example, in the United Kingdom, they were 16 percent of sales (Murphy, 1972), in Japan they were 26.5 percent of sales (Kobayashi, 1973), in Australia they were 14.1 percent of sales (Stephenson, 1975), and as of 1991 in China they were 24 percent of GDP (Wang, 2006). On an individual firm level, they could be as high as 32 percent of sales (LaLonde and Zinszer, 1976). The recognition of these high costs led one writer to declare physical distribution(Logistics) as one of "the most sadly neglected, most promising areas of American business" (Drucker, 1962). With marketing and production being relatively mature areas of analysis, logistics were the next obvious areas for managerial attention.

Physical distribution with its outbound orientation was first to emerge, since it represents about two thirds of logistics costs and it was considered a component of the marketing mix (product, place or physical distribution, promotion, and price) of essential elements. Business logistics, with its broader scope that includes inbound movement, was soon to follow. It is useful to look at what was envisioned by early proponents of the areas to see the fit with current views and to give some idea of future directions.

When comparing the early vision of physical distribution and logistics with the current one, there is little difference. For example, the definition in s offered by Smykay et al. (1962) was:"Physical distribution can be broadly defined as that area of business management

responsible for the movement of raw materials and finished products and the development of movement systems."

Although physical distribution is usually associated with outbound product movements from a firm, this definition indicates a broader concept that includes both inbound and outbound movements. (Heskett et al., 1964) described business logistics in terms of both physical supply and physical distribution, but they also recognized that logistics takes place throughout the supply channel, from producer to end consumer

A number of conclusions can be drawn from observing product flow management at the present time. Clearly, excitement and focus are directed towards logistics management. First, it can be viewed that logistics management is concerned with realizing the opportunities from integrated management of product flow processes *across* functions and *between* channel members. Although the idea is potent and the benefits obvious, the notion of lowering costs by including more of a system in decision making is not new. It was at least embodied in the *systems approach* promoted by operations researchers in the 1940s and 1950s.

Second, The scope of logistics is limited to the boundaries of the function within a firm and is primarily concerned with activity administration, which was not the early view. Interfunctional and interorganizational management seem to be within the purview of supply chain management rather than logistics. Logistics, as an identifying name, supersedes physical distribution.

Third, purchasing and production are now included within the scope of logistics management. As a result, logistics management is responsible for 70 to 80% of the cost of sales for many firms.

Lastly, so many functional areas of the firm are embracing supply logistics management that it is in danger of becoming so broad that it loses its identity and focus. Some limitations and organizational subdividing may occur.

1.1:2 Historical perspective

Performance has been historically associated to human race which could be traced through the development of social organizations. The first were families and small nomadic tribes, then came permanent villages and tribal communities, this evolution of organization have

accelerated in the recent years to emergence of large formal organizations with the methodologies and techniques for improving operational performance but what should be noted is that the exact performance systems do not explicitly tell us where to start to be able to improve performance effectively. It is important to identify the particular factors that facilitate performance such as centralized purchasing so as to have proper measure of organizational performance based on the current and previous results to prepare for continuous improvement **vida Gulbinas Scarpello(1988) performance evaluation process page 20 of 794.**

1.1:3Conceptual perspective

The independent variable in the study is logistics management which affects performance of an organization and the dependent variable is performance which gets affected by by logistics management..

Definition for independent variables

Weele (2005) in his book Purchasing and Supply chain management observes that e term *logistics* comes from the Greek *logos* (λόγος), meaning "speech, reason, ratio, rationality, language, phrase", and more specifically from the Greek word *logistiki* meaning accounting and financial organization. Logistics is considered to have originated in the military's need to supply themselves with arms, ammunition and rations as they moved from their base to a forward position. In ancient Greek, Roman and Byzantine empires, military officers with the title *Logistikas* were responsible for financial and supply distribution matters

The *Oxford English Dictionary* defines logistics as "the branch of military science relating to procuring, maintaining and transporting material, personnel and facilities

Another dictionary definition is "the time-related positioning of resources." As such, logistics is commonly seen as a branch of engineering that creates "people systems" rather than "machine systems". When talking in terms of human resources management, logistics means giving inputs, i.e. "recruiting manpower", which ultimately work for the final consumer or to delivery.

According to the Council of Logistics Management, logistics contains the integrated planning, control, realization and monitoring of all internal and network-wide material-, part- and product flow including the necessary information flow in industrial and trading companies along the

complete value-added chain (and product life cycle) for the purpose of conforming to customer requirements.(Zenz 1994).

Definition for dependent variable

Performance is the ability to operate more efficiently portability, survival, growth and reaction to opportunities and threats (stone 1996).

Performance is a multifaceted concept. That is performance do not only refer to the amount of work produced (example number of sales made) but other aspects as well. High employee performance is obviously one of the important goals both from the organization and operational point of view.

According to MacMillan English dictionary performance refers the standard to which some one does something such as a job.

1.1:4 Contextual perspective.

Mukwano Group of companies is currently faced with challenges that has affected employees and top management due to inappropriate logistics mechanism and critical management of the supply chain, these has resulted into too much congestion within the company premises, poor inventory management, un coordinated production and un coordinated supply function . Company unit products sold are deteriorating due to poor customer care backed by poor logistics management that frustrates the performance of the entire supply chain which made the researcher interested in carrying out the study in this organization.

1.2 Statement of the problem

Mukwano group of companies though a company of good repute and a profitable company in mid and late 90s has been faced by many challenges among them is intense competition from rival companies and low profits occasion by among other things increased production costs that has seen a company's activities slow down resulting in a shrunken market share, low sales volumes, customers dissatisfaction, and inability to pay suppliers who deliver raw materials like G. Nuts , soya beans, sun flower and others caused by lack of a properly coordinated logistics management function

It is as a result of this that the researcher intends to carry out an investigation into Mukwano group of companies on logistics management and performance of this organisation which could have contributed to the current state of affairs in the company so as to provide appropriate mechanisms in curbing challenges encountered in the organisation.

1.3 Purpose of the study.

The purpose of the study was to investigate the effect of logistics management on the performance of Mukwano group of companies.

1.4 Objectives of the study.

- 1. To examine the importance of managing the logistics function in organisations.
- 2. To investigate the challenges encountered in logistics management and appropriate solutions to the challenges.
- 3. To establish the relationship between logistics management and organisational performance.

1.5 Research questions.

- 1. What is the importance of managing the logistics function in organisations?
- 2. What challenges are encountered in logistics management and appropriate solutions to the challenges?
- 3. What is the relationship between logistics management and organisational performance?

1.6 Scope of the study.

1.6.1 Time scope.

The research was carried out for the period of 3 months from the year 2011 October to January 2012. This time period was chosen because of less academic activities at the university, the fact that part of it was a holiday.

1.6.2 Geographical scope.

The research was confined to Mukwano Group of companies due to a range of activities handled by the organisation in line with logistics function and its accessibility by the researcher.

1.6.3 Subject scope

The investigation was limited to logistics management and organizational performance and so the research centred on getting all the relevant data and information about this subject.

1.7 Significance of the study.

The study will be significant to.

The researcher to full fill the requirement for the award of Bachelors of supplies and procurement management of Kampala international university and gain more knowledge on the subject.

The selected organisation will be helped to come up with a system which is cheap and flexible and also improve on the one in existence

Other business organisations will be helped to keep down capital in investments in streamlining the logistics function, inventory carrying cost and obsolesce losses and also help them minimise idle time caused of or non availability of required inventories.

Governmental institutions will be helped to know how to control the logistics function since money they get from the treasury is limited and they do not want use money on inventory that would not be used.

Other academic researchers will use the data collected to come up with better aspects of managing the entire supply chain management system than the one developed.

1.8 Conceptual diagram

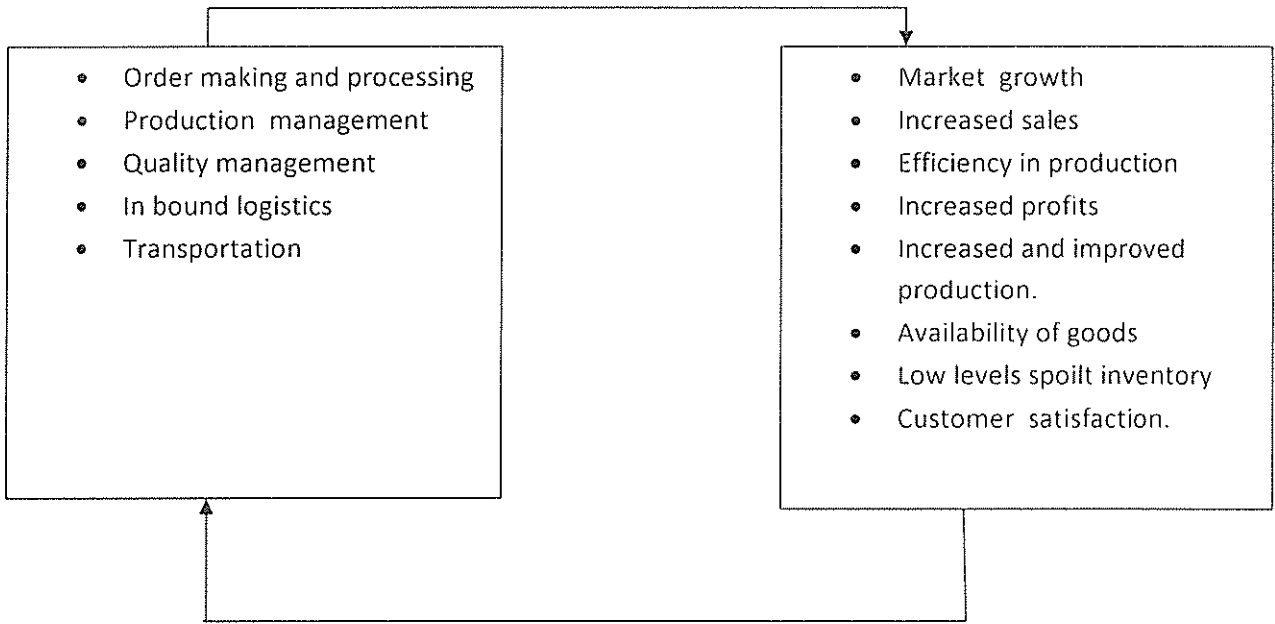
Logistics management is the planning, coordinating and controlling of activities related to the flow of inventory into, and from the organisation up to the final consumer. It reduces investment in the logistics function that results to high quality products, raw material handling costs. it is economical in purchasing and ensures smooth and un interrupted production in an organisation. hence resulting to improved productivity in the organisation.

Independent variable

dependent variable

logistics management

organisational performance.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.

Literature review involves looking at what other authors and scholars have written about a subject. It is the secondary analysis of available information that has already been published.

Every organization has to move materials. Manufacturers have factories that collect raw materials from suppliers and deliver finished goods to customers; retail shops have deliveries from wholesalers; a television news service collects reports from around the world and delivers them to viewers. Most of us live in towns and cities and eat food brought in from the country. When you order books from a website, a courier delivers them to your door, and when you buy a mobile phone it has probably travelled around the world to reach you. Every time you buy, rent, lease, hire or borrow anything at all, someone has to collect it and deliver it to **Logistics** your door. Logistics is the function responsible for this movement.

According to the Council of Logistics Management (CLM) *“Logistics is the process of planning, implementing and controlling the efficient and effective flow of goods, services and related information from point of origin to point of consumption in order to meet customer requirements”*.

OPERATING OBJECTIVES OF LOGISTICS

1. **Rapid Response:** Rapid response is concerned with a firm's ability to satisfy customer's requirement in a timely manner. Instead of stocking the goods and supplying on demand, orders are executed on shipment-to-shipment basis. Here IT helps to postpone the logistical operations to the latest possible time and then execute rapid delivery as when needed by customer.
2. **Minimum Variance:** Variance is any unexpected event that disrupts system. Logistical operations are disrupted by events like delays in order receipt, disruption in manufacturing, goods damaged at customer's location and delivery to an incorrect location etc. Traditional solution to deal with variance was to keep safety stock or use high cost transportation. Such practices were expensive and risky and thus have been replaced by information technology to achieve positive logistics control.

3. **Minimum Inventory:** The objective of minimum inventory involves asset commitment and inventory turnover. Asset commitment is the financial value of inventory developed throughout the logical system and inventory turnover is the rate of inventory usage over time. The objective is to reduce the inventory without sacrificing customer satisfaction.
4. **Movement Consolidation:** One of the most significant logistical costs is transportation. Transportation cost depends on type of product, size of shipment and distance. Movement consolidation means grouping small shipments together in order to reduce transportation cost.
5. **Quality Improvement:** Logistics is a prime part of developing and maintaining continuous TQM improvement. If the quality of product fails, logistics will have to ship the product out of customer's premises and repeat the logistical function again. This adds to cost and customer dissatisfaction.
6. **Life-Cycle Support:** Life cycle support is also called cradle-to-cradle logistical support. It means going beyond reverse logistics and recycling to include the possibility of after sale services, product recalls and product disposal. This means that firms must consider how to make a product and its package (cradle) and the how to remake and reuse them (to cradle). E.g. Cold drink industries use their glass bottle again and again whereas the cans are reused in making pf paper dishes.

TYPES OF LOGISTICS

1. Reverse Logistics

Reverse logistics is also known as Product Recall. It may be defined as a process of moving goods from their place of use, back to their place of manufacture for re-processing, refilling, repair, and recycling or waste disposal.

Reasons for Reverse Logistics

1. Rigid quality standards- it is critical in case of contaminated products, which can cause environmental hazard.
2. Rigid laws prohibiting unscientific disposal of items
3. Rigid laws making recycling mandatory

4. Transit damage – e.g. leaking containers containing hazardous material.
5. Product expiration.
6. Erroneous order processing by supplier
7. Exchange of new product for the old ones.
8. Return for repair or refill.

Drivers in Reverse Logistics

The success of reverse logistics depends upon the efficiency of following subsystems:

1. *Product Location:* For product recall it is necessary to identify the product location in the physical distribution system of the firm. It is difficult in case of consumer goods but easier in case of industrial goods.
2. *Product Collection System:* After the product location is identified, product collection is to be done through company's field force or third party.
3. *Recycling / Disposal Centers:* This may be company's plant, warehouse or any other location. Called back products must be inspected before recycling or disposal etc.
4. *Documentation System:* Proper documents should be maintained at each level, this would help in tracing the product location.

2. Inbound Logistics.

- All the activities related to the material movement till the dispatch of the products out of the factory gate are called as inbound logistics activities.
- Creation of value in the products depends upon availability of inputs on time. Making available these inputs on time at minimum cost is the essence of Inbound Logistics.
- Activities of a procurement performance cycle come under the scope of Inbound Logistics. They are transportation during procurement operation, storage, handling and overall management of inventory of inputs.

3. Outbound Logistics

- All the activities in which the value added goods are to be made available in the market for customers are called as outbound logistics activities.
- Success of the firm depends upon the supply of products to the customer on time. Supplying the products of firm at marketplace at minimum cost is the essence of Outbound Logistics.
- Activities of distribution performance cycle come under the scope of Outbound Logistics. They are order management, transportation, warehousing, packaging, handling etc.

4. Third-Party Logistics (3PL)

In order to keep the costs of inbound and outbound logistics activities under control, an outside agency appointed to perform these logistics functions is called “Third Party Logistics”.

5. Forth-Party Logistics (4PL)

Forth Party Logistics is a complete outsourcing of manufacturing and logistics functions including selection of Third Party service provider.

Need for 4PL:

1. Ever-increasing customer requirements.
2. Competitive and complex market scenario
3. Rising globalisation, liberalization and privatisation.
4. Rising accessibility of supply chain technology.
5. Inclination of companies to enter into higher margin business.

Services provided by 4PL

1. Procurement and storage of materials.
2. Manufacturing of products.
3. Selection of 3PL companies
4. Transportation and warehousing management

5. Collection of payment and cash flow management
6. Risk management and insurance.
7. Sharing of information, IT solution.

Logistics management is a cross-function approach including managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end-consumer. As organizations strive to focus on core competencies and becoming more flexible, they reduce their ownership of raw materials sources and distribution channels. These functions are increasingly being outsourced to other entities that can perform the activities better or more cost effectively. The effect is to increase the number of organizations involved in satisfying customer demand, while reducing management control of daily logistics operations. Less control and more supply chain partners led to the creation of supply chain management concepts. The purpose of supply chain management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and the velocity of inventory movement.

Several models have been proposed for understanding the activities required to manage material movements across organizational and functional boundaries. SCOR is a supply chain management model promoted by the Supply Chain Council. Another model is the SCM Model proposed by the Global Supply Chain Forum (GSCF). Supply chain activities can be grouped into strategic, tactical, and operational levels. The CSCMP has adopted The American Productivity & Quality Center (APQC) Process Classification FrameworkSM a high-level, industry-neutral enterprise process model that allows organizations to see their business processes from a cross-industry viewpoint.

Strategic level.

- Strategic network optimization, including the number, location, and size of warehousing, distribution centers, and facilities.
- Strategic partnerships with suppliers, distributors, and customers, creating communication channels for critical information and operational improvements such as cross docking, direct shipping, and third-party logistics.

- Product life cycle management, so that new and existing products can be optimally integrated into the supply chain and capacity management activities.
- Information technology chain operations.
- Where-to-make and make-buy decisions.
- Aligning overall organizational strategy with supply strategy.
- It is for long term and needs resource commitment.

Tactical level.

- Sourcing contracts and other purchasing decisions.
- Production decisions, including contracting, scheduling, and planning process definition.
- Inventory decisions, including quantity, location, and quality of inventory.
- Transportation strategy, including frequency, routes, and contracting.
- Benchmarking of all operations against competitors and implementation of best practices throughout the enterprise.
- Milestone payments.
- Focus on customer demand and Habits.

Operational level

- Daily production and distribution planning, including all nodes in the supply chain.
- Production scheduling for each manufacturing facility in the supply chain (minute by minute).
- Demand planning and forecasting, coordinating the demand forecast of all customers and sharing the forecast with all suppliers.
- Sourcing planning, including current inventory and forecast demand, in collaboration with all suppliers.
- Inbound operations, including transportation from suppliers and receiving inventory.
- Production operations, including the consumption of materials and flow of finished goods.

- Outbound operations, including all fulfilment of activities, warehousing and transportation to customers.
- Order promising, accounting for all constraints in the supply chain, including all suppliers, manufacturing facilities, distribution centres, and other customers.
- From production level to supply level accounting all transit damage cases & arrange to settlement at customer level by maintaining company loss through insurance company.
- Managing non-moving, short-dated inventory and avoiding more products to go **short-dated**.

2.1 ELEMENTS OF LOGISTICS MANAGEMENT

Logistics management consists of eight elements called wings of logistics. These are discussed in a nutshell below.

1. Customer Order Processing

Flow of Actions

- ❖ Filling up the order form
- ❖ Deciding the specifications of the product
- ❖ Deciding the quality check list of the product
- ❖ Deciding the delivery schedule
- ❖ Deciding the location of delivery

Important Factors

- Cost of order processing
- whether the company is capable of producing a component
- Detailed list of specifications

Techniques

- Electronic data Interchange (EDI)
- E-ERP or CPFR
- Web portal

2. Location Analysis

Flow of Actions

- ❖ Cost of transportation of raw materials and finished goods
- ❖ Proximity to suppliers
- ❖ Proximity to customers

- ❖ Availability and type of land
- ❖ Availability of secondary resources
- ❖ Availability of desired manpower at affordable cost
- ❖ Communal harmony
- ❖ Governmental regulation and taxation

Important Factors

- Cost of operations as a percentage of sales
- Shelf life of product

3. Inventory Control

- ❖ Flow of Actions
- ❖ On hand inventory analysis
- ❖ Communicating the quantity, quality and timing of material with the supply points.
- ❖ Getting the material of right quality, quantity and at right time
- ❖ Important Factors
- ❖ . Inventory control at planning stage
- ❖ Lead time
- ❖ Cost vs. importance of raw material

Techniques

- DRP and replenishment order control
- .Fixed order interval system
- Economic order quantity with ROP system
- Selective inventory control (ABC, VED, FSN analysis etc.)
- Order forecasting using statistical tools

4. Material Handling

Flow of Actions.

- ❖ Type of material (Business significance like raw material, finished goods etc.)
- ❖ Material handling requirements of the material (Fragile, inflammable)

- ❖ Cost ratio of material handling to material cost.
- ❖ Material default location, identification and traceability

Important Factors

- Material breakage
- Pilferage
- Cost of material handling
- Number of handlings

Techniques

- Operational research
- Material flow analysis
- Computerized material retrieval system
- ASRS (Advanced Storage & Retrieval System)

5. Packaging

Flow of Actions

- ❖ Packaging requirement for the material (Refrigeration, Fragile etc.)
- ❖ Primary packaging
- ❖ Secondary packaging
- ❖ Cost of packaging
- ❖ Transportation requirement for packaging (Vibration proof, water or moisture tight)

Important Factors

- Protection to product
- Holding the product
- Communicating the message to customers
- Customer requirement for packaging
- Reverse logistics for packaging
- Recycling of packaging material

7. Cost of packaging

Techniques

- Standardized box packaging
- Containerization of packaging
- Direct part marking
- ISO 14001
- Recycling of packaging materials
- Reusable packaging materials
- Eco-friendly packaging materials
- Bar coding
- Bumpy bar coding

11. RFID

6. Transportation

- Flow of Actions
- Mode of transportation
- Cost of product
- Speed of transportation
- Ambience requirement of material (Refrigeration, Vacuum)
- Cost of transportation
- Urgency of the product to customers

Important Factors

Urgency of the product

Cost of product

Techniques

- Containerized transportation
- Cool Chain Transport (Refrigerated Vans/Containers)
- Multi-modal Logistics
- Cross Docking

- Direct Shipment

7. Warehousing

- Flow of Actions
- Location of the warehouse
- Inventory level at the warehouse
- Storage requirement of the product
- Packaging and repackaging requirement of the product
- Shelf life of the product

Important Factors

- Availability of space
- Availability of proper material handling systems
- Strategic location
- Packing and Re-packing facilities
- Information and allied services

Techniques

1. Third Party Logistics
2. Third party Warehousing

8. Customer Service

Flow of Actions

1. Contractual services offered to client
2. Type of customer service required for the product
3. Location of the service centre
4. Service level at the service centre
5. Cost of service vs. replacement

Important Factors

1. contractual requirement of customer service
2. Service quality
3. Reverse logistics

Techniques

- AMC (Annual Maintenance Contracts) and free replacements
- Limited (free) trial period
- Guarantee & warranty
- User clubs
- Help lines, toll free number, call center

2.2 Importance of logistics management.

Effectiveness in Customer service

Logistics managers want to overcome these gaps as efficiently as possible – but what exactly do we mean by ‘efficiently’? There are several answers to this, and managers may define it in terms of fast deliveries, low costs, little wastage, quick response, high productivity, low stocks, no damage, few mistakes, high staff morale, and so on. Although these are all worthy goals, they are really measures of performance rather than aims. To find the real aim of logistics, we must relate it to the wider objectives of the organization. An organization usually states its overriding aims in a corporate strategy, and this typically refers to profitability, return on investment, share value, sales, customer base, and so on. The key point is that every organization achieves its aims by supplying products to customers, and its success ultimately depends on achieving customer satisfaction. If an organization does not satisfy its customers it will not survive for long, let alone achieve any of its aims. This gives the context for logistics, and allows us to phrase the overriding aim of logistics in terms of providing customer service. To put it simply, managers should organize logistics in the best way to achieve customer satisfaction

Logistics support operations

Every organization delivers products to its customers. Traditionally, these products are described as either goods or services. Then manufacturers like Sony, Ford and Guinness make tangible goods, while the BBC, Qantas and Vodafone provide intangible services. But this view is misleading, and it is more realistic to describe every product as a complex package that contains a mixture of both goods and service. For example, Toyota manufactures cars, but they also give

services through warranties, after-sales guarantees, repairs and finance packages. McDonald's provides a combination of goods (burgers, cutlery, packaging, etc.) and services (when they prepare food, sell it and clean the restaurant). At one end of this spectrum are products that are predominantly goods, such as cars, domestic appliances, clothes and furniture; at the other end are services. At the heart of an organization are the operations that create and deliver the products. These operations take a variety of inputs and convert them into desired outputs.

Facilitation of *warehousing or stores* moves materials from the receiving area into storage and makes sure that they are available when needed. Warehousing also looks after stored materials, giving the right conditions, treatment and packaging to keep them in good condition. This is particularly important with, say, frozen food, drugs, alcohol in bond, chemicals, animals, and dangerous goods.

Stock control

Enables the setting of the policies for inventory. It considers the materials to store, overall investment, customer service, stock levels, order sizes, order timing.

Material handling

is the general term for moving materials within an organization. Every time that materials are moved around operations, it uses materials handling, whose aim is to give efficient movements, with short journeys, using appropriate equipment, with little damage, and using special packaging and handling where needed.

Facilitates *Order picking*

Logistics management enables the removal of materials from stores. Typically, materials needed for a customer order are located, identified, checked, removed from racks, consolidated into a single load and moved to a departure area for loading onto delivery vehicles.

Recycling, returns and waste disposal.

Even when products have been delivered to customers, the work of logistics may not be finished. Sometimes there are problems with delivered materials and they have to be collected and brought

back (perhaps because they were faulty, or too many were delivered, or they were the wrong type). Sometimes associated materials such as pallets, delivery boxes, cable reels and containers are returned to suppliers for reuse. Sometimes materials are brought back for recycling, such as metals, glass, paper, plastics and oils. Other materials cannot be recycled but are returned for safe disposal, such as dangerous chemicals. Activities that return materials back to an organisation are called reverse logistics (compared with forward logistics that made the original deliveries).

Location. Logistics activities are usually spread over many locations. For instance, stocks of finished goods can be held at the end of production, moved to nearby warehouses, sent to regional depots, put into stores near to customers, passed on to third parties, or a range of alternatives. Managers have to find the best locations for each activity, and consider related questions about the size and number of facilities. These decisions define the underlying structure of the logistics function.

Communication. Alongside the physical flow of materials is the associated flow of information. This links all parts of the supply chain, passing information about products, customer demand, materials, movements, schedules, stock levels, availability, problems, costs, service levels, and so on. Coordinating the flow of information is always difficult, and logistics managers often describe themselves as processing information rather than moving goods. This view led Christopher to say that, 'Supply chain competitiveness is based upon the value added exchange of information.'¹² The Council of Supply Chain Management Professionals highlights the combination of materials and information flow in their definition.

Logistics is also important on the global scale. Efficient logistics systems throughout the world economy are a basis for trade and a high standard of living for all of us. Lands, as well as the people who occupy them, are not equally productive. That is, one region often has an advantage over all others in some production specialty. An efficient logistics system allows a geographical region to exploit its inherent advantage by specializing its productive efforts in those products in which it has been an advantage by specializing its productive to other regions. The system allows the products' landed cost (production plus logistics cost) and quality to be competitive with those

form any other region. Common examples of this specialization have been Japan's electronics industry, the agricultural, computer and aircrafts industries of United States and various countries dominance in supplying raw materials such as oil, gold, bauxite, and chromium.

Thus, an effective logistics system contributes immensely to the achievements of the business and marketing objectives of a firm. It creates time and place utilities in the products and thereby helps in maximizing the value satisfaction to consumers. By ensuring quick deliveries in minimum time and cost, it relieves the customers of holding excess inventories. It also brings down the cost of carrying inventory, material handling, transportation and other related activities of distribution. In nutshell, an efficient system of physical distribution/logistics has a great potential for improving customer service and reducing costs.

LaLonde et al.¹⁴ run regular surveys that show the activities most commonly included in logistics, and in 2007 these were transport (93% of replies), warehousing (86%), inventory management (75%), procurement (67%), forecasting (65%) and customer service (63%). In different circumstances, many other activities can be included in logistics, such as production scheduling, overseas liaison, third-party operations, information processing, and so on. The important point is not to compile a list of activities and draw boundaries around them, but to recognize that logistics includes many activities that must all work together to give efficient flows of materials. When we bring these activities together, we get the following general features of supply chains.

Summary of role of logistics in procurement function

Logistics is an essential function in every organization. It is easiest to imagine in a manufacturer, with forklift trucks unloading pallets from lorries and moving them around warehouses – but the same principles apply in any other organization. When a rock band goes on tour they carry huge amounts of equipment. Procurement buys everything that is needed on the tour, transport pack it and move it to the next destination, receiving make sure that everything arrives safely, warehousing keeps things safe until they are needed, materials handling moves things between trucks and the stage, location decides where to perform. The same types of decision are made with even the most intangible service, and an insurance company decides what kind of branch

network to have, where to locate offices, who to buy telephone and other services from, how to deliver information to customers, and so on. Christopher¹⁵ supports this view, saying that,

‘Logistics has always been a central and essential feature of all economic activity.’ Shapiro and Heskett¹⁶ agree, saying that, ‘There are few aspects of human activity (Lysons K. and Farrington B. 2006)

2.2.1 Challenges encountered in logistics management.

Complexity .Today, logistics operations have become much more complex as companies find it extremely difficult to maintain their competitive advantage purely on the basis of innovative strategies relating to the product, price, place, or promotion. Since these competitive advantages can easily be imitated, the emphasis now is on building a sustainable competitive advantage through logistics as a means to successfully differentiate oneself from competition. There was a time when companies used to develop a product range, plan their distribution channels, schedule marketing campaigns and deliver the final packaged items to their retailers themselves: a simple supplier-managed end-to-end supply chain, requiring a little more from logistics service providers than movement of products from factory to distribution centre to retail outlet. Over time, the scope of customer needs has broadened(Ballou, Ronald H. 2006).

Inefficient personnel to handle logistics in organizations.

Logistics management firms nowadays face several challenges, which may be local or global in scope. While the need for integration of logistics activities and lack of qualified human resources are the primary challenges faced at the local level, the global challenges include those arising due to greater distances, modes of transport, documentation, coordination of intermediaries, cultural and political differences, globalization, need for flexibility and speed (at the same time), need to integrate supply chain activities, and challenges due to emphasis of companies on green logistics.

Limited use of information technologies by small and medium-sized companies. Most of them see the technologies as an expense, instead of an investment. There is not much promotion on the benefits of using advanced technologies, and there is a backlog in affordable staff training for small companies.

Lack of quality infrastructure. Railroad transportation is the cheapest form of transportation for distances over 450 km. However, railroads are not extensively used due to the lack of enough intermodal connections with railroads in maritime ports and inland distribution centers. Ports have not developed enough infrastructures for an efficient connection with railroad and truck transportation systems. In addition to this, the lack of efficiency in customs inspection means that the average stay of containers in the ports is double the international average.

Escalating costs. There is an issue facing logistics performance not only in one country but in a global scale. This is because people have observed that the costs of logistics are not getting lower but higher, and the levels of service are also getting lower. These, then, are nothing less than blocks to the progress of global trade. Majority of economic development is stunted because of custom laws, bad border trading management, transport regulations, and global transport infrastructure.

Perishability of goods

In many instances, perishable goods do not reach the destination in the same fresh condition. This poses a risk to any businessman since the products will not be sold anymore. Sometimes, the products do reach the destination, albeit late. The downside here is that they would have just a few shelf days remaining. In a very short span of time, the products will perish and will no longer be fit for consumption. Ironically, this scenario means that it would take more days to transport the goods than the days they would be displayed on market shelves. As such, business owners simply refuse to ship items since they lose money instead of earning it.

In relation to this, geography also plays a crucial role in logistics management. If a target global market is too remote, there is almost no practical way of reaching out to that geography. What needs to be identified is the source of the product and then a study is made regarding the feasibility of transport to that specifically remote location. With today's airplanes, this does not really pose much of a challenge. However, you still have to consider the associated costs with effective transport of goods (Fawcett, Stanley E. and Gregory M. Magnan 2002)

2.2.2 Solutions to challenges encountered in logistics management

Efficiency and effectiveness of Logistics function.

prerequisite to the development of any economy is an efficient logistics and transportation system and the driver of an efficient logistics and transport system is an efficient freight forwarding sector. Pakistan's freight forwarding, logistics and transport sector had been virtually non-existent, so about five years ago the government was approached for exploring the merits of addressing this sector. It was evident that to support the growth of Pakistan's economy this sector would need a focused development effort. Additionally it was also realized that a properly articulated and efficient logistics and transport sector could provide services to not only Pakistan's economy (with a population of 170 million) but also to Central Asia (with a combined population of 60 million), as well as the larger population of Western China (Ballou, Ronald H.; Stephen Gilbert, and Ashok Mukerjee 2000).

The country's international freight forwarding sector was totally fragmented with no direction, no official recognition and no access to formal financing, warehousing was non-existent and trucking was totally in the informal sector having no corporate structure, no access to formal financing and no cross border transport opportunities due to the absence of necessary legislation and transit mechanisms.

If the country's international freight forwarding, logistics and transport sectors were to move forward then we would need to institutionalize our existence on a much larger canvass supported with appropriate international linkages. Therefore, the need to create the necessary institutions was the big initial challenge.

Use of country regulations concerning storage one should take note of a country's over-regulation. There are many countries that have customer practices that are detrimental to their own economic development. Goods are stocked for so long in the customs bureau and they just get released after months of waiting. This kind of bad practice seriously impairs the goal of logistics.

Fill Rate

Fill rate measures the magnitude of stockouts over time. E.g. if a customer orders 50 units and only 47 units are available, the order fill rate is 94 % (47/50). Just because a product is out of stock does not mean that a customer requirement is going unsatisfied. Before a stockout affects service performance it is necessary to forecast customer requirements then to identify the product unavailability and to determine how many units customer wanted. Stockout frequency and fill rate are inversely related through order quantity, i.e. if a firm places larger order the stock out frequency will be less and the expected fill rate will be higher.

Direct Shipping

Direct shipping refers to the method of distribution in which the goods come directly from the suppliers to the retail stores as shown in Figure. In case of direct shipment network, the routing of each shipment is specified and the supply chain manager only needs to decide on the quantity to ship and the mode of transportation to use. This system eliminates the need for the intermediate facilities that are otherwise required, e.g. warehouses and distribution centers. The products that are generally distributed through the method of direct shipping are certain perishable items, high volume goods, high bulk items and specialty products.

Measuring and Evaluating Performance

After the whole structure has been put in place the manufacturing firm needs to realize that the service provider is an integral part of their business process and commit its resources to invest in long-term relationship. However, at the same time it must also realize that it needs to review the performance of the service provider as it does with any business unit within the organization. The manufacturing company should review the performance of the 3PL based on the metrics of performance decided initially in the contract. The following are the metrics of evaluating a 3PL:

- 1. On-time shipment: Percentage of shipments that leave on the designated time/date as against the total number of deliveries.
- 2. On-time delivery: Percentage of shipments that reach the customer location on the designated date as against the total number of shipments.
- 3. Transportation cost per mile: How much it cost to transport a unit per mile

against the previous in-house process or against industry standards.

2.3 Relations between logistics management and performance

Logistics performance is a measurement of how effective logistics management is. Simply defined, logistics is what is called as the "physical Internet." The goal here is to bring goods and services from point A to point B in the fastest, most reliable, and cheapest way possible to help reduce hunger and poverty. Technology has always helped bridge the gap between effective logistics management and the issues it faces. As our technology advances, more and more opportunities are seen between countries to advance global marketing strategies.

What affects logistics performance? The first thing to consider in logistics, as always, is cost. Any businessman worth his salt knows that he will be in the losing end if he tries to reach for a global market yet incur high overhead expenses. It will not be a wise move to ship items to another location if the actual costs of the activities are not going to be retrieved by the expected profit. Another thing to consider is the time that it will take for the goods and services to be delivered to their destination.

As an expensive function, logistics has a clear impact on an organization's financial performance. In the example of Konigshaven Schlessar you can see that any savings in logistics costs give an immediate increase in profit. In this light, the Institute of Supply Management estimate that every 1% saved in materials delivery cost gives the same benefit as a 5% increase in sales.²⁴ You can see the financial importance of logistics from a company's return on assets (ROA), which is defined as the pre-tax profit divided by the value of assets employed.

Return on assets = $\frac{\text{profits earned}}{\text{assets employed}}$

This gives a measure of how well an organization's resources are used, and higher values usually suggest better performance. Assets are described as either current (cash, accounts receivable, stocks, etc.) or fixed (property, plant, equipment, etc.). Both of these depend on logistics. For instance, improving the flow of materials reduces the amount of stock held, and this lowers the value of current assets. Similarly, improving the utilization of facilities and equipment reduces the amount needed, thereby reducing fixed assets.

1. *Current assets.* More efficient logistics reduces the current assets, primarily through lower stock levels. Then lower investment in stock can free up cash for more productive purposes and reduce the need for borrowing.
2. *Fixed assets.* Its warehouses, transport fleets, materials handling equipment and other facilities, mean that logistics is a heavy user of fixed assets. Using these more efficiently can bring considerable savings.
3. *Sales.* By supplying a more attractive product, or delivering them efficiently to improve customer service, logistics can increase sales and give higher market share.
4. *Profit margin.* More efficient logistics reduce operating costs and directly increase profit margins.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter explains and describes how the research was carried out. It focuses on the research design, target population, sampled population, sample size, data collection and data analysis.

3.1 Research design

The researcher used both quantitative and qualitative approaches in data collection. however, quantitative method of data collection dominated or was largely used and emphasis in the collection of data because it was more accurate in terms of data collection and yet again more reliable in terms of research results. This means that quantitative research design was only be used for expressing the numerical information captured during the study which could not easily be expressed in words. This comprised of mainly statistical information expressed in words. This was comprised of mainly statistical information expressed in the research dissertation and the report as a whole. All in all, the researcher made use of both methods though the qualitative dominated.

3.2 Sampling procedure.

The sample population comprised of the staff and board members because they are the policy makers in the continued running of the organization. Stratified sampling was therefore used because it enables the researcher to fairly represent. sample errors are avoided. It is more accurate and resized compared to other methods like systematic random sampling

3.3 Sample size.

The target population comprised of staff and the board members of Mukwano Group of companies. This included staff from the accounting department, stores department, Transportation department, administration, and the entire procurement department and it involved 50 respondents.

3.4 Data collection methods

The researcher obtained data from the field using the following important instruments:

3.4.1 Questionnaires

These are inter-related questions designed by the researcher and was given to the respondents in order to fill in data/information. Here, self-administered questionnaires were employed containing both open-ended and close-ended question. This was used to reduce costs of movement and also because the researcher was dealing with literate people who have the capacity of filling the forms.

3.4.2 Interviews

Here the researcher conducted face-to-face interactions between the interviewee and the interviewer with the sole aim of soliciting data. The researcher used formal interviews. This enabled the researcher to get more information in greater depth, reduce resistance and also obtain personal information from the respondents

3.4.3 Observation

The researcher employed this technique to obtain the relevant data, it is important because the researcher becomes part of the study groups. It enabled the researcher to capture the conduct and find out the validity of the information being given and also explore important events and situations.

3.5 Data processing and analysis

Several methods were employed in processing the raw data from the field.

These included editing, coding, classification, tabulation, and data analysis.

These was done after data collection to make it meaningful.

3.6 Validity and reliability of the instruments.

To establish the validity of the instruments, the researcher administered a questionnaires to the various officials; computation were done by the use of computer program special package for social science . This was for the case of questionnaire research instrument. The data was analyzed and fed accordingly.

3.7 limitations to the study

It was also not easy to locate some project managers and other officials who were in workshops and some doing other responsibilities

Some officials were also not readily available to give the required information to the researcher.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction.

This chapter comprises of the findings that were gathered by the researcher from the employees of Mukwano Group of companies in relation to the topic (The impact of logistics management on organisational Performance)

The data is presented and interpreted in view of the objectives mentioned in chapter one of this research. The interpretation also seeks to answer the research questions that were raised in chapter one.

Presentation and interpretation of data in this chapter has been done with the aid of quantitative and qualitative methods for example the use of tables, graphs, percentages and personal analysis and interpretation presented in essay form.

Questionnaires were provided to 50 respondents who filled them to the best of their knowledge.

4.1 Demographic characteristics

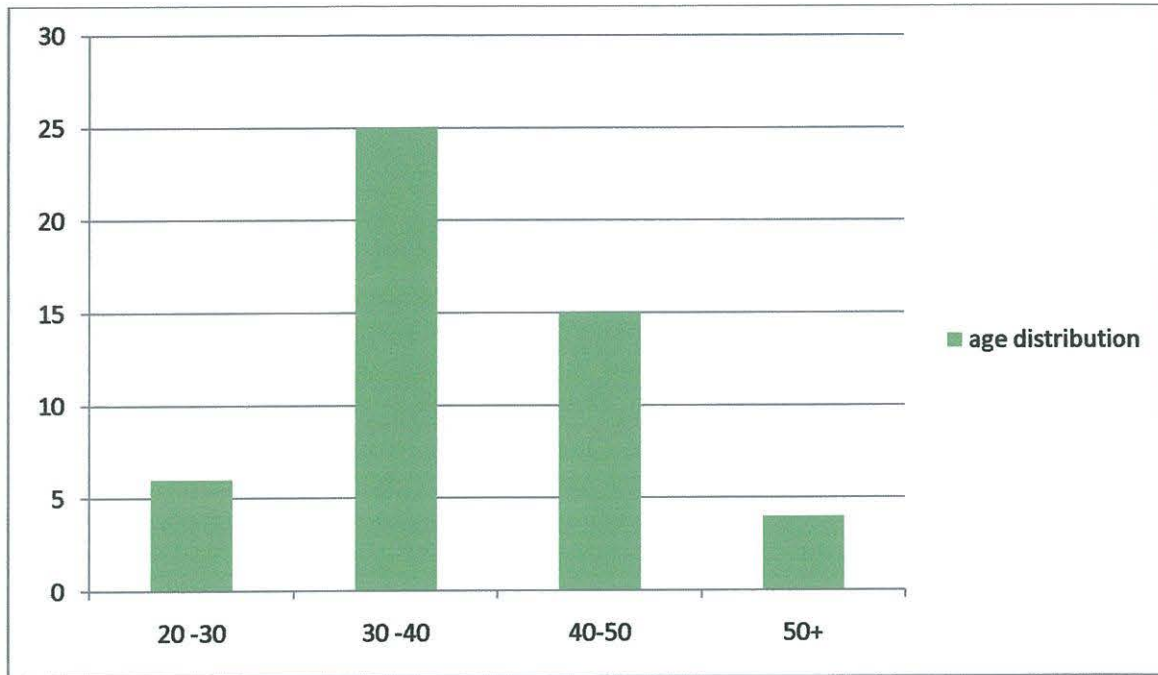
Table (I) Showing Gender respondents

Respondents	Frequency	Percentage
Male	35	64
Female	15	36
Total	50	100

Source: primary data

From the table above.it can be seen that the majority of respondents are male that is 35 respondents representing 70% Of the total respondents and 15 respondents are female representing 30% of the respondents

Figure i: The bar graph showing age distribution of respondents



Source: primary data

From the figure above, it can be seen that the majority of the respondents are aged between 30-40 years representing 50%, followed by 40-50 years representing 30%, 20-30 represented by 12% and above 50+ represented by 8%. From the above analysis, it can be construed that the majority of the staff in Mukwano group of companies are young people and therefore they have an active memory hence the information obtained from them can be trusted and looked at as true and good representation of the information the researcher was looking for

Table (ii) showing academic qualifications of the respondents

Academic qualifications	frequency	Percentage
Diploma	8	16
Degree	10	20
Masters	15	30
Phd	5	10
Others	12	24
Total	50	100

Source: primary data

From the above table it is seen that that the majority of the staff in Mukwano group of companies are masters holders representing 30% followed by others holders at 24% followed by degree representing 20% followed by diploma holders representing 16% and then pd holders at 10percent. This implies that the staff of mukwano group of companies are well educated and therefore the information obtained from them can be relied upon for the purpose of these study

4.2 Whether logistics management is practised in mukwano Group of Companies ?

The first objective of the study was to find out the importance of Logistics Management in Mukwano group of Companies.

4.2.1 Whether Logistics management is practiced by Mukwano group of companies?.

The responses that were gathered from the respondents are shown in the table below:

Table iii: Showing response to whether mukwano group of companies practices logistics management.

Response	Frequency	Percentage
Yes	50	100%
No	0	0%
Not Sure	0	0%
TOTAL	50	100%

Source: Primary Data

From the table above, it's clearly indicated 100% that Logistics management is carried out at Mukwano group of companies.

4.Importance of logistics management

Table iv: Showing response to whether logistics management is important in Mukwano Group of Companies.

Response	Frequency	Percentage
Yes	45	90%
No	2	4%
Not Sure	3	6%
TOTAL	50	100%

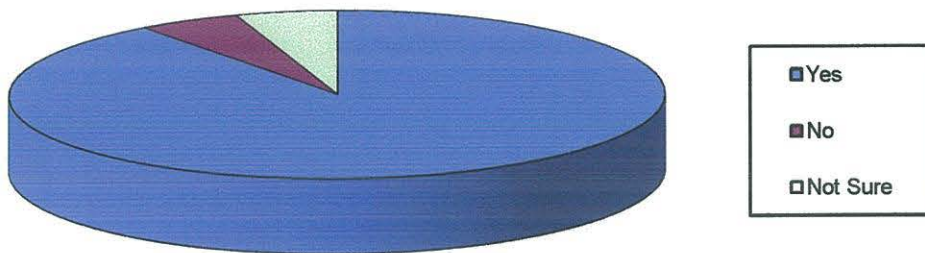
Source: Primary Data

The table above shows that 90% of the respondents believed that Logistics management is an important aspect that is core in the pursuit of organisational activities. It's also seen that two respondents said No and three other respondents were not sure.

Therefore, it is fair to conclude that logistics management is important in the general life of Mukwano Group of companies.

Figure 1

chart showing in percentage the responses to whether logistics management is important in mukwano group of companies



4.1.3 Ways in which logistics management is important in Mukwano group of companies.

Table v: showing response to way which logistics management is important in mukwano group of companies.

Weight	Strongly Agree		Agree		Not Sure		Disagree		Strongly Disagree		Total	
	f	%	f	%	f	%	f	%	f	%	f	%
Improved customer satisfaction	40	80	5	10	3	6	1	2	1	2	50	100
Efficient material handling	30	60	15	30	3	6	0	0	2	4	50	100
Effective communication	42	84	5	10	2	4	0	0	1	2	50	100
Stock control and recycling of waste	46	92	2	4	1	2	1	2	0	0	50	100

Source: Primary Data

From the table above, 80% of the respondents strongly agreed that Logistics management leads to improved customer care and satisfaction, 10% of the respondents agreed, 6% were not sure, 2% disagreed and 2% of the respondents strongly disagreed.

The issue of 'efficient material handling' had 60% of the respondents who strongly agreed and also 30% who agreed, 6% of the respondents strongly agreed, none disagreed and 4% were not sure.

'effective communication' had 84% of the respondents who strongly agreed, 10% agreed, 4% were not sure, None disagreed and 2% strongly disagreed.

'stock control and recycling of waste an emerging procurement concern' had 92% of the respondents who strongly agreed, 4% agreed, 2% who disagreed and 2% who strongly disagreed and non were not sure.

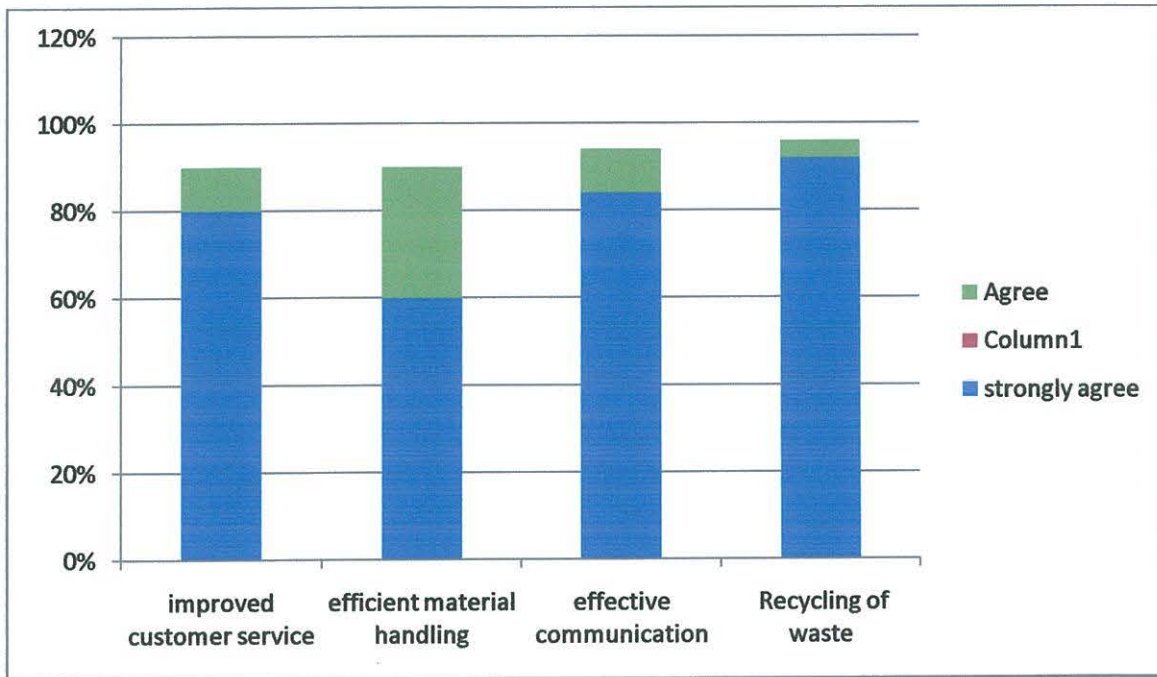
The respondents also suggested the following additional ways in which logistics management is important to their organisation(mukwano Group of companies:

- Increased sales due to streamlined supply function
- Provides a competitive advantage
- Reduced ordering costs
- Improved coordination and communication
- Reduced storage and warehousing costs

The information is further presented in

Figure 2

The chart below shows the number of respondents who responded on the importance of logistics management (Those who strongly agreed and Agreed in percentage)



As seen in the graph above, the main way in which logistics management is important according to the staff of Mukwano Group of Companies is through stock control and waste recycling and effective communication with 90% of the respondents who strongly agreed and agreed.

Improved customer satisfaction is another significant key importance of logistics management followed by efficient materials handling 80% and 70% respectively.

4.2 Challenges encountered in logistics management in Mukwano Group of Companies.

The second objective of the study was to determine

The findings are shown in the tables below:

4.2.1 Challenges encountered in logistics management

Table vi: Showing response the challenges encountered in Logistics management

challenges	Strongly Agree		Agree		Not Sure		Disagree		Strongly Disagree		Total	
	f	%	f	%	f	%	f	%	f	%	F	%
Perishability of goods in the supply line	30	60	10	20	4	8	5	10	1	2	50	100
Limited personnel to Coordinate the logistics function	40	80	4	8	4	8	0	0	2	4	50	100
Poor infrastructures	32	60	9	18	2	4	4	8	3	6	50	100
Complexity of the supply chain	25	50	14	28	5	10	4	8	2	4	50	100
Limited capital to coordinate the logistics function	29	58	14	28	2	4	3	15	5	10	50	100

Source: Primary Data

The data collected above shows that:

The challenge of perishability of goods in the supply line had 60% of the respondents who strongly agreed, 20% agreed, 8% disagreed, 10% respondents were not sure and 2%strongly disagreed.

80% of the respondents strongly agreed with limited personnel to coordinate the logistics function, 8% agreed, 8% disagreed, none of the respondents strongly disagreed and 4% were not sure.

'poor infrastructure especially external ' had 60% of the respondents who strongly agreed, 18% agreed, 4% disagreed, 8% of the respondents were not sure and 6% strongly disagreed.

50% of the respondents strongly agreed with complexity of the supply chain, 28% agreed, 10% disagreed and 4% of the respondents strongly disagreed and no respondent was not sure. This advantage was the one where most respondents strongly agreed.

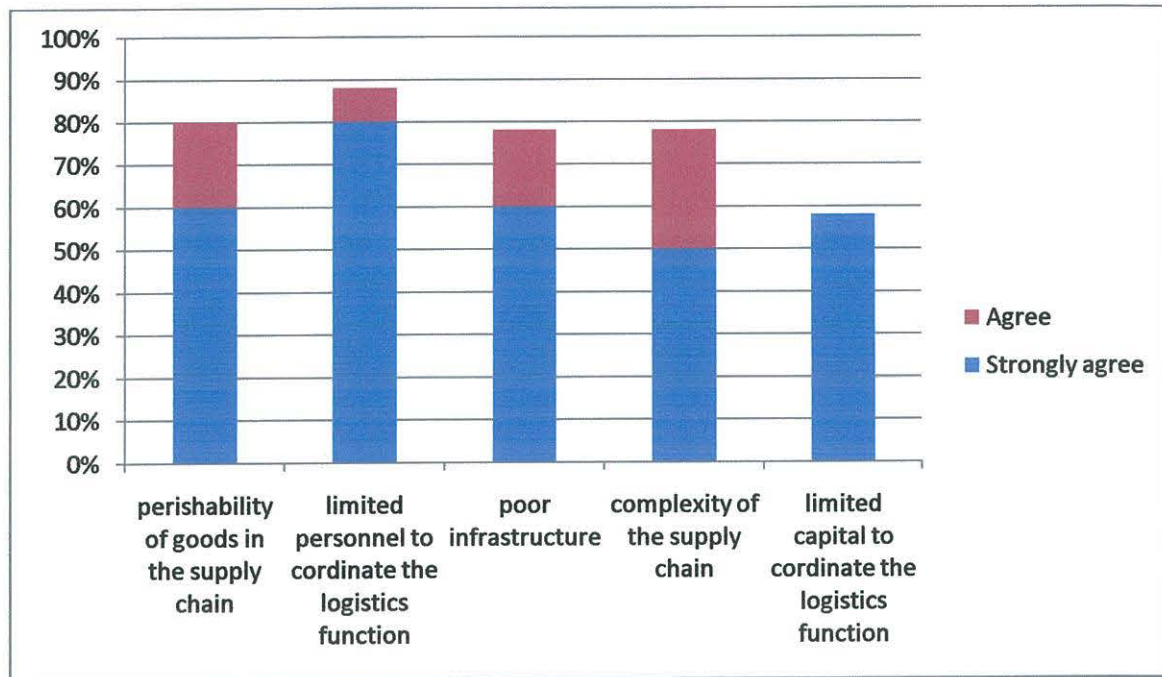
The challenge of limited capital to coordinate the logistics function had 58% of the respondents who strongly agreed, 28% agreed, 4% were not sure, 15% disagreed and 10% of the respondents strongly disagreed

The following were brought in light of the employees as potential challenges to managing the logistics function:

- Limited stock in the organisation
- Poor needs assessment
- Competition from related companies that deal in similar range of goods.
- Escalating administration costs
- Limited access to consumers due to distance
- Non compliance by supplies in certain cases

Figure 3

Graph showing the challenges encountered in the management of logistics in Mukwano Group of companies showing those who Strongly agree and Agree in percentage.



According to the responses from the employees concerning the challenges encountered ; as shown in the graph above, of the respondents who Strongly agreed and agreed, it's evident that all the challenges that the researcher suggested in **table IV** were being faced by Mukwano Group of companies in the course of logistics management of "limited personnel to coordinate the logistics function" carrying the most weight since it had a total agreement of 88%

4.2.2 Solutions to the challenges encountered in Logistics management

Table vii: Showing solutions to the mechanisms to encounter challenges faced in the management of logistics.

Solutions	Strongly Agree		Agree		Not Sure		Disagree		Strongly Disagree		Total	
	f	%	f	%	f	%	f	%	f	%	F	%
Deployment of Logistics managers to coordinate the logistics function	27	54	10	20	5	10	8	16	0	0	50	100
Effective control of the logistics function	25	50	10	20	0	0	15	30	0	0	50	100
Proper needs assessment	30	60	9	18	7	14	0	0	4	8	50	100
Quality provisions and total quality management	20	40	18	36	5	10	3	6	5	10	50	100

Source: Primary Data

In reference to the table above, 54% of the respondents strongly agreed with the solution of deployment of logistics managers to coordinate the logistics function difficultly in co-ordination, 20% agreed 10% were not sure, 16% disagreed and non of the respondents strongly disagreed.

Effective control of the logistics function had 50% of the respondents who strongly disagreed, 20% agreed, none of the respondents was not sure 30% disagreed and no respondent strongly disagreed.

Proper needs assessment had 60% of the respondents who strongly agreed. 18% agreed. 14% were not sure, none of the respondents disagreed and 8% strongly disagreed.

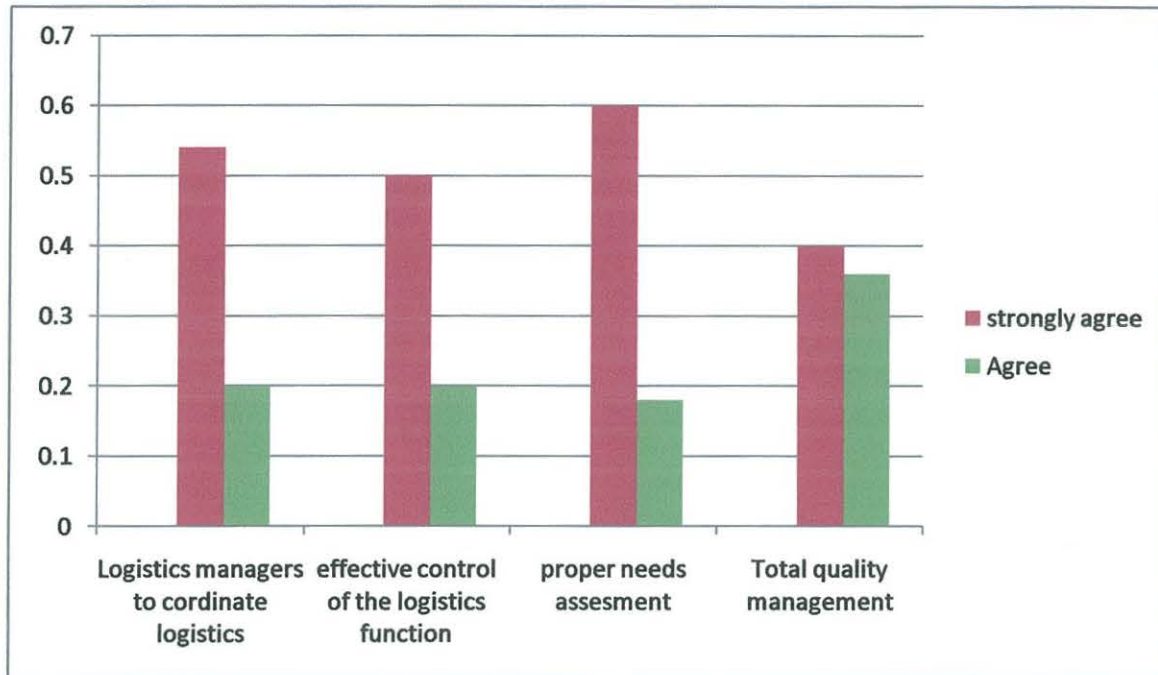
Finally, 40% of the respondents strongly agreed, 10% were not sure, 6% disagreed, 10% strongly disagreed and 36% agreed; that quality provisions and total quality management as a solution to the challenges encountered in logistics management...

However there were other suggestions

- Direct shipping
- Fill rate
- Transportation planning
- Planned deliveries
- Identification of roles of members in the supply chain

Figure 4

A chart below represents the number of respondents who responded to the solutions to controlling challenges encountered in Logistics management.



From the chart above, it's observed that the main solution to the challenges faced Mukwano Group of companies is proper needs assesment having 78% of the respondents who strongly agreed and agreed.

It's also observed that the solution of logistics managers to coordinate the logistics function ' was embraced by Mukwano Group of companies to the least extent with 40% of the respondents who strongly disagreed and disagreed.

4.3 What is the impact of logistics management on the performance of the organisation?

The third objective of the researcher was to find out the impact of Logistics management on the performance of Mukwano Group of companies. The following were the responses that were gathered from the employees of Mukwano group of companies:

4.3.1 Logistics management and organisational performance

Table viii: Showing response to whether logistics management impacts on organisational performance.

RESPONSE	FREQUENCY	PERCENTAGE
Yes	30	60%
No	10	20%
Not Sure	10	20%
TOTAL	50	100%

Source: Primary Data

As seen in the table above, Logistics management impact on the performance in Mukwano group of Companies since 60% of the respondents agreed. However this argument is not so convincing because of the substantial percentage of disagreements and those who are not sure, that is 20% and 20% respectively which totals up to almost the percentage of agreements therefore before drawing any conclusions on this objective other parameters need to be seriously considered and addressed as well.

4.3.2 Ways in which logistics management impact on the performance of Mukwano group of companies.

Table ix: Showing response to the ways in which logistics management impact on the performance of mukwano group of companies.

WAYS	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		TOTAL	
	F	%	F	%	f	%	F	%	f	%	f	%
Sales increment	15	30	20	40	0	0	15	30	0	0	50	100
Increase in profitability	20	40	15	30	5	10	5	10	5	10	50	100
Improve customer response towards organisational goods.	15	30	25	50	3	6	5	10	2	4	50	

Source: Primary Data

From the table above, 30% and 40% of the respondents strongly agreed and agreed respectively with increment of sales volume as a mechanism through which Logistics management impact on the performance of Mukwano Group of Companies and none of the respondents were not sure, and disagreed 30% strongly disagreed.

40% strongly agreed that proper profit increase is the way through which Logistics Management impact on the performance with 30% agreeing as well, while 10% respondents were recorded for not being sure, 10% disagreed and 10% strongly in disagreed

30% of the respondents Agreed in respect with increasing customer response in relation to the organisational goods 50% agreed, 6% of the respondents were not sure.10% disagreed and 4% strongly disagreed.

CHAPTER FIVE

DISCUSSION, SUMMARY, CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS

5.0 Introduction

The study was carried out with the view to assess the impact of Logistics management on the performance of Mukwano Group of Companies.

This chapter is concerned with discussion, summary, conclusion, recommendations and suggestions about the findings that were gathered from the case study.

Discussion of findings

5.1.1 Importance of logistics management

In view of the first objective which sought to find out the importance of managing logistics in organisations, the researcher found out that Mukwano Group Companies practices logistics management in their organisational activities. Further more, it was found out by the researcher that the main way in which logistics management is important in organisational activities according to Mukwano Group of companies is through stock control and waste recycling and effective communication with 90% of the respondents who strongly agreed and agreed. This is in line with **Dobler and Burt (1996)**, who argue that coordination of logistics activities provide procedures for coordinating and controlling individual segments of activity can be effected more quickly and with less paperwork.

The researcher also found out other ways in which logistics management is important at Mukwano Group of companies which include: Improved customer satisfaction followed by efficient materials handling 80% and 70% respondents respectively who strongly agreed and agreed.

5.1.2 Challenges encountered in Logistics Management.

Considering the second objective which was to find out the challenges that are encountered in the management of Logistics, it was found out that According to the responses from the employees concerning the challenges encountered, of the respondents who Strongly agreed and agreed, it's evident that all the challenges that the researcher suggested in **Table iv** were being

faced by Mukwano Group of companies in the course of logistics management of “limited personnel to coordinate the logistics function” carrying the most weight since it had a total agreement of 88%

This finding were in line with **Zenz (1994)**, who says that Logistics management firms now days face several challenges, which may be local or global in scope. While the need for integration of logistics activities and lack of qualified human resources are the primary challenges faced at the local level. the global challenges include those arising due to greater distances, modes of transport, documentation, coordination of intermediaries, cultural and political differences, globalization, need for flexibility and speed (at the same time), need to integrate supply chain activities, and challenges due to emphasis of companies on green logistics

Similarly the finding is in line with **Rollinson (2005)** who argues that , logistics operations have become much more complex as companies find it extremely difficult to maintain their competitive advantage purely on the basis of innovative strategies relating to the product, price, place, or promotion. Since these competitive advantages can easily be imitated, the emphasis now is on building a sustainable competitive advantage through logistics as a means to successfully differentiate oneself from competition. There was a time when companies used to develop a product range, plan their distribution channels, schedule marketing campaigns and deliver the final packaged items to their retailers themselves; a simple supplier-managed end-to-end supply chain, requiring a little more from logistics service providers than movement of products from factory to distribution centre to retail outlet. Over time, the scope of customer needs has broadened,(Ballou, Ronald H. 2006) Also thinks in the same way

The main challenge of logistics management to Uganda Revenue Authority is that it results in inter-departmental rivalry and conflict having 90% of the respondents who strongly agreed and agreed. Other challenges were; Co-ordination among related functions is difficult. Formal purchasing procedures are slow and unreliable and it leads to many activities that involve expenditure and time.

5.1.3 Solutions to the challenges encountered in Logistics Management

The second objective was to establish solutions to the challenges encountered in Logistics Management.

The solutions to the challenges encountered in Logistics management were seen to include:

- Direct shipping
- Fill rate
- Transportation planning
- Planned deliveries
- Identification of roles of members in the supply chain
- Proper drafting of specifications
- Employment of skilled personnel to deal with procurement and
- Inspection of materials at delivery points with well defined standards of quality.

5.1.4 Impact of logistics management on organisational performance

In relation the impact of logistics management on the performance of Mukwano Group of companies is viewed positive according to 78% of the respondents who strongly agreed and disagreed. The impact is viewed in the form of increased sales volume, profit or financial impact and improving customer response rate.

5.2 Summary of the findings.

The key findings of the study include the following:

- The researcher found out that 100% of the respondents agreed that Logistics' Management is carried out at Mukwano Group of Companies.
- The findings were that 85% of the respondents agreed that Logistics management is of importance in the pursuit of the activities of Mukwano Group of companies this is through the improved customer care and satisfaction, efficient material handling, effective communication plus stock control and recycling of wastes.
- The researcher found out that the challenges encountered in the management and flow of logistics in Mukwano Group of Companies include: limited capital to coordinate the logistics function, poor infrastructure, complexity of the supply chain, Limited stock in the organisation, Poor needs assessment, Competition from related companies that deal in similar range of goods, Escalating administration costs, Limited access to consumers due to distance and Non compliance by supplies in certain cases

The measures to the challenges faced in the management of logistics to Mukwano Group of Companies includes Deployment of Logistics managers to coordinate the logistics function, Effective control of the logistics function, Proper needs assessment, Quality provisions and total quality management, Direct shipping, Fill rate ,Transportation planning .Planned deliveries, Identification of roles of members in the supply chain

Logistics management impact on the performance of Mukwano group of companies according to 70% of the respondents who strongly agreed and agreed with this. This is through Proper drafting of specifications, increment on the sales volume and increase in profitability plus Inspection of materials at delivery points with well defined standards of quality

5.3 Conclusion

▪ According to the objectives set out in this research, the researcher observes that Logistics management has a positive impact on organizational performance as per the evidence showed by the findings of the study. This is mainly due to its importance in streamlining the supply function, improved customer care and satisfaction, efficient material handling, effective communication plus stock control and recycling of wastes. Plus its impact on the performance as seen in financial influence ,increase in sales volume and production planning.

5.4 Recommendations

- The Logistics management Function seems to be working well for Mukwano Group of Companies, therefore it should be strengthened and since it requires purchasing professionals, the entity should concentrate on recruiting highly qualified procurement managers to coordinate the logistics function.
- In relation to the challenges faced in the management of logistics in Mukwano Group of Companies, the researcher recommends that all departments should be informed thoroughly by the procurement department about what goes on at all stages of the logistics cycle plus the implementation of the above analysed solutions.
- All departments should be vigilant in pursuing their activities effectively because the logistics management is an aspect for every one so coordination of the logistics function will yield better results for Mukwano Group of Companies

5.5 Areas of further research

The researcher suggests the following as possible areas for further research on logistics management:

- An assessment of the impact of Logistics management the customer satisfaction
- An assessment of the impact of transportation logistics on organizational profitability.

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APPENDICES

APPENDIX I

RESEARCH INSTRUMENT
QUESTIONNAIRE.

Dear sir/Madam

I am OBEWO JOHN a third year student of Kampala international University pursuing a Bachelors degree in supplies and procurement management.

I am carrying out a research with the topic: **The Impact of logistics management on organisational Performance; a case of mukwano Group of companies.**

This questionnaire is purely for academic purposes and the information will be kept confidential.

PART A; GENERAL INFORMATION

1. Job Designation (title).....

2. As an employee, please state your capacity/status of employment in the organization..... (Permanent/Contract)

3. For how long have you been working in the above-mentioned position? (Give the answer in years.....

4. Gender.

Male

Female

5. What age are you?

20-30

40-50

30 -40

50+

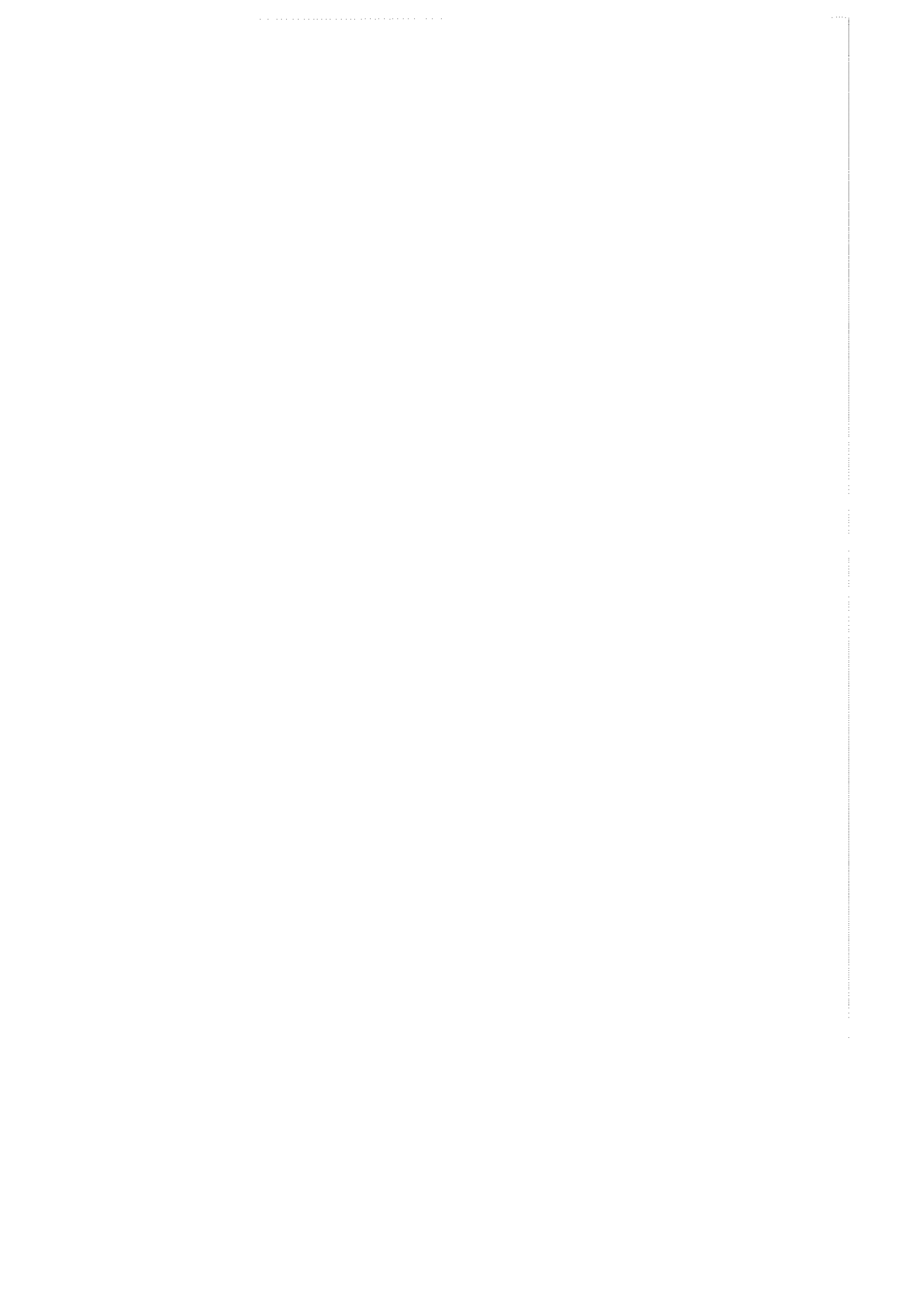
6. Education level

Diploma

PHD

Degree

others



Masters

PART B: importance of logistics management in organisations.

Please tick the appropriate box

1. Does your organization practice logistics management in the purchase of their requirements?

YES NO NOT SURE

2. Is logistics management important in your organisation.?

YES NO NOT SURE

3. If yes, it provides the following importance to the organisation?

(1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree) Tick the appropriate box.

Importance of logistics management	1	2	3	4	5
Improved customer satisfaction					
Efficient material handling					
Effective communication					
Stock control					
Facilitates ware housing					

If there are any other ways in which logistics management is important to your organisation, please mention them.

.....

PART C: challenges encountered in logistics management in your organisation.

4. From your own point of view, are the following the challenges encountered in the management of logistics in your organisation?

(1-Strongly Agree 2-Agree 3-Not sure 4-Disagree 5-Strongly disagree) Tick the appropriate box.

Challenges encountered in logistics management	1	2	3	4	5
Poorly developed personnel					
Perishability					
Lack of infrastructure					
Complexity of the logistical function					
Failure to expedite the supply chain function					

If there are any other challenges, please mention them.

.....

5. Has your organization tried to put across some mechanisms to control challenges encountered in the management of logistics?

YES NO NOT SURE

6.If yes the following solutions have been appropriately applied to reduce on the challenges encountered in logistics management.

(1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree) **Tick the appropriate box.**

Mechanisms to encounter challenges in logistic management.	1	2	3	4	5
Fill rate					
Direct shipping					
Coordination of logistics function					
Appropriate planning					

6. If there are any other mechanisms your organisation use, please mention them.

.....

.....

.....

PART D: Impact of logistics management on the performance of your organisation.

7. Does logistics management facilitate the performance of your organisation?

YES NO NOT SURE

7.If yes, in which way does it contribute to performance?

(1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree) **Tick the appropriate box.**

	1	2	3	4	5
Sales reduction/increase					
Increase in profitability					
Improves /reduces customer responses					

8. If Any other, please specify.

.....

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.....

I am grateful for your co-operation

APENDIX II
TIME FRAME

ACTIVITIES	DURATION (months)							
	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC2 011	JAN 2012	FEB 2012	MAR 2012
Pilot study								
Study analysis								
proposal design								
proposal development								
Submission of proposal for approval								
Final report writing and submission								