



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT LOGISTIC AND SUPPLY CHAIN MANAGEMENT**

**THE EFFECT OF OUTBOUND LOGISTICS PRACTICES ON
ORGANIZATIONAL PERFORMANCE IN CASE OF HABESHA
BREWERIES S.C**

BY

MULUALEM DAMTE

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF
COMMERCE IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF ARTS IN LOGISTICS AND SUPPLY
CHAIN MANAGEMENT**

ADVISOR: FESSEHA AFEWORK (ASST. PROF.)

JUNE 2021

ADDIS ABABA, ETHIOPIA

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This is to Confirm that Mulualem Damte Eshete's thesis, entitled: “The effect of outbound logistics practice on organizational performance: The case of Habesha Brewery Share Company” was submitted for partial fulfillment of the requirements of degree of Master of Arts in Logistics and Supply Chain Management complies with the regulations of the University and meets the accepted standards concerning originality and quality.

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DECLARATION

I, the undersigned, declare that this thesis entitled “The effect of outbound logistics management practice on organizational performance on Habesha Brewery S.C” is my research and it has not been submitted for a degree requirement at any other university, and all sources used to support this particular study have been appropriately acknowledged.

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CONFIRMATION

This is to confirm that Mulualem Damte Eshete has completed the research work titled "The effect of outbound logistics management practice on organizational performance of Habesha Brewery Share Company" for the partial fulfillment of Master of Arts in Logistics and Supply Chain Management at Addis Ababa University School of Commerce. This study is an original work and not submitted earlier for any degree either at this University or any other University and is suitable for submission of master's degree in Logistics and Supply Management

Advisor: Fesseha Afework (Asst. Prof.)

ACKNOWLEDGEMENTS

For the research to take the current form, many people have contributed significantly and provided invaluable support, encouragement, and constructive criticism. Above all, I am grateful to God for his love, protection, provision of knowledge, wisdom, inspiration, and diligence necessary to complete this thesis.

This thesis would not have been accomplished without the help of certain people to who I owe my gratitude. I want to express my gratitude to Asst. Professor Fesseha Afework, my adviser, for his insightful ideas and constructive comments on the research's substance, structure, and preparation. Mr. Birhane Zellalem for the support he gave me on SPSS. I also want to give my gratitude to Dr.Shiferaw Mitiku for his insightful comments.

I am also grateful to the employees of Habesha Breweries for their support in devoting their precious time to filling the questionnaires and making this research possible.

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ABBREVIATIONS AND ACRONYMS

ANOVA - Analysis of Variance

SPSS - Statistical Package for Social Science

SAP - Systems, Applications, and Products

VIF - Variance Inflation Factor

OPM - Order Processing Management

ERP - Enterprise Resource Planning

3PL - Third Party Logistics

FG - Full Goods

OPM - Order Processing Management

TM - Transport Management

FGW - Full Goods Warehousing

IFM - Information Flow Management

CRM - Customer Relation Management

CSCMP - Council of Supply Chain Management Professionals

FMCG – Fast Moving Consumer Goods

ABSTRACT

This study aimed to show the effect of outbound logistics practices on organizational performance, to assess the performance of outbound logistics of Habesha and identify the core challenges of the outbound practices. To meet the purpose of this study the researcher had used explanatory and descriptive research design. Consequently, due to the small size of the target population, a census study was used to develop the population of the research under discussion. A questionnaire was distributed to a total of 72 employees of Habesha working in the outbound logistics department and from the total 72 employees 58 respondent replied which is 80.5% rate response. The data that was collected through the questionnaire was analyzed by using descriptive and regression model statistics supported by SPSS. The result of the analysis revealed that outbound logistics practice has an impact on organizational performance: customer satisfaction, competitiveness, and cost reduction. Empirical findings of the study showed that Habesha brewery implements outbound logistics practices: order processing, transport management, full goods warehousing, and information flow management. However, there is late order request, unavailability, and delay of trucks. Thus, the company should work on the sales team to place an order earlier to avoid late order requests and the company should work with capable third-party logistics providers to avoid truck delay and unavailability.

Keywords: *Logistics management, outbound logistics practices, Organizational performance*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

According to Christopher (2008), Supply chain defined as the integration of organizations performing with harmony to manage, control, and enhance the flow of goods and information from the point of supplier to end consumers. Logistics plays an important part in the success of the supply chain by providing needed materials and products in the needed form, needed time and place at a competitive cost. Farooq (2016) defined logistics management as a range of interconnected activities related to receiving and placing orders from customers or order fulfillment, management of both inbound and outbound transportation practices, management of third-party logistics providers, management of the fleet system, material handling management, and efficient and effective management of inventory. CSCMP described outbound logistics as part of logistics activities for which its engagement focused on the transportation and warehousing of good from the final point of production to the end user of the product.

According to Ballou (2003) order processing management, transportation management, inventory management, and information flow management are the major logistics management practices performed in outbound logistics whereas Packaging management and warehousing management are part of logistics management that support the major activities of outbound logistics management. As mentioned by Porter (2008) collecting, warehousing and material handling, distribution of goods, scheduling and order processing are part of the outbound logistic activities. On the other hand, Christopher (1998) in his research classifies downstream activities of a supply chain involved in moving the goods out of the organizations to the customer as Outward transport, Physical Distribution, and Recycling returns and disposal.

Supply chain and logistics management activities have a big role in a company's performance by making sure effective and efficient movement of materials and information from the point of origin to destination (Kilasi, Juma & Mathooko, 2013). Order processing, transportation management, and information flow have a major role in companies' performance. In the research performed by Woolsey and Robert Seaker (1995), states that there should be strict management

of error through a continuous monitoring and measuring so that action should take on time and appropriately after having a thorough investigation as there would be high cost for collecting and entering wrong orders. In addition to this according to Laird (2012), Inventory should be managed carefully to fulfill customer satisfaction and maximize the company's profitability. Loose inventory management results from dissatisfaction with customer needs and non-profitability. Chang (1998) indicated that transportation accounts for the largest portion of logistics costs. To be more specific, transportation occupies around one-third of logistics costs, followed by inventory and warehouse management while packaging and order processing in total constitute approximately 25%. Therefore, cost reduction in transportation will lead to a better result than other components and it should be the first area to be addressed if logistics managers plan to cut down logistics costs. Finally, this study tries to cover information flow management. Children house, Lewis, Nami & Towill (2003) in their research stated that the availability of the right information at the right time will decrease waiting time, can easily identify gaps, and increase duties of each stakeholder. According to Wardaya, Idrus, Hadiwidjoyo, and Surachman (2013) study information flow among stakeholders has a big role in companies' performance and creates teamwork spirit when executing logistics management practice.

A company with loose outbound logistics management practices have high operational logistics cost and low level of customer service. To be a competitive, profitable, and outstanding company, the due focus should be given to its outbound logistics management practice, should have a well-planned logistics management process, and should implement logistics practice with the right tools and equipment (Williams, 2017). Thus, the purpose of this paper was to show the effect of outbound logistics Practice on organizational performance of the case company.

Habesha breweries, one of the leading breweries companies in the country was initiated by a group of local Ethiopian investors in 2007. Habesha beer is very popular among people. The Core functions of the company are manufacturing and distributing beer and non-alcoholic malt drinks domestically. The supply chain management of the company commenced from the point of sourcing, procuring, and warehousing of different raw materials and service to producing of beer and finally transporting of the final packed goods to the FG warehouse with forklifts (Inbound Logistics). Then central order processing department after receiving orders, the

department will process the order with the support of SAP and place the order to brewery FG Warehouse staffs and Transport Section. Then the final product of the company will be distributed to agents through the 3PL transporters.

Habesha has one operation site which is its plant located at Debre Birhan, 130 km from Addis Ababa. The finished good are transported from the warehouse situated at plant to different agents located in all around Ethiopia. Since the company has engaged on consolidation on operation in order to make the outbound logistics as efficient as possible where it would contribute to reducing the operation cost (warehouse and transportation) and result better profitability. Habesha outsourced one of its outbound logistic service- transportation to four third-party logistics providers and 19 self-collect agents.

In the FMCG sector, this operational field is especially of high strategic importance and closely connected to multi-channel strategies. It can be said that all the excellence, as well as the product and service quality built up throughout the company value chain, can be delivered or destroyed within these last miles of distribution and point of sale. So outbound processes are important for Habesha brewery because they directly link it to the value chain customers.

1.3. Statement of the Problem

Although outbound logistics has a lion share contribution on the company's profitability and play a vital role on the successfulness of the supply chain management of the company, no adequate research has been done on its impact on the performance. Liberatore & Miller (2016) stated that on the prior studies, the impact of outbound logistics on organization's performance and profitability has not adequately studied. Mekonnen Getahun (2020), showed that logistics performance features a positive and significant effect on organizational profitability, reliability, responsiveness, and adaptability performance. This shows that despite all the advantages of outbound logistics to organizations, there have been few studies and research on this subject. These studies did not show the connection between outbound logistics and an organization's performance using cost, competitiveness, and customer satisfaction as a variable. Additionally, unavailability of data-based research that assesses the impact of outbound logistics management on a firm's profitability. The thought of supply chain concept apart from multinational firms is a

new phenomenon in Ethiopia (Sintayehu, 2016). Although there have been studies conducted on supply chain quality, there was still a literature gap specifically in Ethiopia's brewery industries. Taking this fact under consideration the researcher attempted to assess the effect of outbound logistics practice on organizational performance.

Outbound logistics has a significant role in the supply chain management of an organization. According to Ayantoyinbo & Gegeleso (2018), outbound logistics support an organization on the assurance of reliable and efficient distribution network and subsequently, it reduces the cost of both the warehousing and transportation. Organizations that are outstanding in managing their logistics may enjoy a competitive strategy (Gunasekaran & McGauchey, 2004). Competitive strategy can increase the efficiency and profitability of organizations (Gunasekaran et al, 2004). In exchange, this enables the business to be competitive and be leaders within the industry. Customer satisfaction is significant because it provides marketers and business owners with a metric that they're going to use to manage and improve their businesses. Customer satisfaction is additionally how to work out the continuity of the business or a product life by measuring the loyalty of the purchasers. Reducing the cost of every logistics activity influences the entire amount of costs and enhances the company's performance. Logistics and supply chain management that is well managed and properly implemented could make a company successful by improving operation efficiency, reducing cost, and making the company competitive in the market. As per the knowledge, the researcher found from the preliminary interview made truck unavailability and non-responsiveness from third party logistic transporters affected sales, timeliness, market share and also customer satisfaction. on average 9.25% of the area on quarterly basis was not covered by transporters due to truck unavailability. Data also shows that the responsiveness of transporters was 76%. During late order processing, the organization incur extra expenses due to overtime pay to workers. Also, errors occur at this point of order processing which results in extra effort by workers and time consumption on unimportant matters.

The research study had focused on examining the effect of outbound logistics practice on organizational performance of Habesha Breweries by measuring the three variables which were cost, competitiveness, and customer satisfaction. The research study adds a contribution to

filling the literature gap within the outbound logistics. Then, the organization can easily get access to raise market share, create awareness of their customers, minimize cost, and eventually could achieve their business goals.

1.4. Research Questions

The research questions of this study were listed below.

1. How is the performance of outbound logistics of Habesha Brewery S.C?
2. What are the effects of outbound logistics practices on organizational performance of customer satisfaction, competitiveness, and cost reduction?
3. What are the current challenges the company faces in its outbound logistics Practice?

1.5. Research objectives

1.5.1. General objective

The research overall objective was to show the effect of outbound logistics practice on organizational performance of Habesha Breweries Share Company.

1.5.2. Specific objectives

The research aimed to meet the below listed specific objectives:

- To examine the performance of outbound logistics of Habesha breweries Share Company
- To assess the effects of outbound logistics practices on the organizational performance of customer satisfaction, competitiveness, and cost reduction.
- To identify the major challenges of the outbound logistics practice of Habesha Brewery Share Company.

1.6. Significance of the study

Ensuring a high level of outbound logistics practice is one of the most important tasks of any manufacturing business organization. This study reviewed, analyzed, and evaluated the outbound logistics practice and organizational performance of Habesha Breweries S.C. The research had provided insight for the management team of the organization. This could help them evaluate the

impact of outbound logistics practice on the organization's performance and give scientific recommendations for future improvement.

The study could also be considered as an addition to the literature gap on the subject matter. It would be valuable not only to the organization but also to other manufacturing organizations in the same areas in Ethiopia. Finally, the research study would benefit other researchers who want to make further investigation in the area.

1.7. Scope of the study

Geographically, the scope of the research was limited to the brewery house located in Debre Birhan, Outbound logistics staff of head office and the Sales operation staff located in the Addis Ababa region. The conceptual scope of this study, considering the need and situation of the case company, was to focus on the outbound logistics practice and organizational performance. The researcher had narrowed the topic down. So meanwhile, inbound transportation, reverse transportation, and activities such as Inventory management, and Packaging were not studied in this research. The study had only covered selected activities of outbound logistics. The temporal scope of the study was delimited to the research period of year 2020 and 2021.

1.8. Definition of terms

Order processing management is the process of receiving and placing each customer's order of goods and services as per their request. (Christopher, 2010)

Transportation Management activities: transportation management refers to the planning, implementation, and control of transportation services to achieve organizational goals and objectives. (Bloomberg, 2002)

Information Flow activities: According to Harisson and van Hoell (2002), information flow is upward, downward, and horizontal movement of data or information within and across the organization.

Logistics Performance: is a measurement of the performance of logistics activities within supply chain with regard to costs, time and reliability of the operations (Hotrawaisaya et al, 2014).

Organizational Performance: According to Venkatraman & Ramanujam (1986) Organizational performance is an indicator of the effectiveness and efficiency in financial status of the organization as well as operational activity.

1.9. Limitation of the study

This study has a few limitations. For instance, the research only included Habesha Breweries. As a result, a wider study would be beneficial to recreate the results in other industries.

Furthermore, due to the busy schedules, the company's sales personnel were unable to provide information. Because of their workload and duties, it was difficult to obtain employees' responses to the survey questions. There was also a time constraint for face-to-face sessions to clarify any difficulty with the surveys. Despite these flaws, the researcher worked diligently on this project, making good use of her time.

1.10. Organization of the study

This research organized as follows. The first chapter contain an introduction of the study. In chapter two the research comprises the related literature review for the study. Chapter three talk about the methodology engaged under this study. The data analysis of the study presented under chapter four. Finally, the summary of finding, conclusion and recommendations of the study is presented on chapter five.

CHAPTER TWO

REVIEW OF LITERATURE

Introduction

This chapter deals with theoretical framework, empirical evidence, conceptual framework, and Gap of related literature on outbound logistics management, order processing management, transport management, Full goods warehousing management, information flow management and organizational performance.

2.1. Theoretical framework

2.1.1. Overview of logistics

Logistics is a key component of supply chain management (Stank and Mello, 2005). As defined by Council of Logistics Management (1986) logistics is all about the planning of the operations, executing what is being planned and managing and assurance of the smooth flow both raw and finished materials from point of origin to the point destination. It is also focusing on the assurance of materials are stored properly and efficient information dissemination among the stakeholders. Stank et al. (2002) and Lin (2006) underline that supply chain partners should coordinate and integrate their logistics activities to satisfy their consumer wants and needs. Another scholar Rodrigues, Bowersox, and Calantone (2005) described logistics as one of the elements on the international market that a business could incur high cost.

The logistics process involves a lot of communication between people. It could be said that half of the logistics work is administrative work (Sakki, 2003). In the past, the logistics objectives were primarily linked to cost-effectiveness. Nowadays, in addition to cost efficiency, attention is also paid to fast lead times and the development of customer service. Costs and costs are still an important factor in competition, but in addition to this, companies need to minimize lead time, increase responsiveness, and also needs to deliver goods and services on time for customers. Logistics is not only an action to save money; it is an important part of a customer-oriented service strategy. (Sacki, 2003).

Logistics is categorized as inbound logistics, material management, and outbound logistics. Inbound logistics transport materials from suppliers to organizations, while outbound logistics deliver materials to customers. In addition, material management concerns with the movement of components and materials within the organization (Waters, 2003). According to Matiwas (2015), logistics consists of customer response, inventory planning, and management, supply (sourcing), transport, and warehousing. Different scholars have defined logistics activities in various ways based on their know-how and knowledge. However, logistics is a key competitive factor that can be seen as strategic even more than an operation in today's business world that has a great deal of power to influence the level of service, cost, and profitability of a company (Altekar, 2005).

2.1.2. Understanding of inbound and outbound logistics

On the current turbulent and competitive business competition, organization are engaged on looking for the best way on logistics operation to persuade their customer and to elevate the value of their customers. Understanding the differences and the correlation between inbound and outbound logistics can provide insight into the development of a comprehensive supply chain management strategy. Coyle, Langley, Novack & Gibson (2017) emphasize that both outbound and inbound logistics could be seen as the main supply chain parts as they ensure the value creation of customers and make the organization profitable through the enhancement of sales operation and cash flow. According to Ayantoyinbo and Gegeleso (2018), these flows are essentials to assist the organization maximize the reliability and efficiency of distribution networks and minimize transport and storage costs. These are two separate processes within an organization. In general, the handling of raw materials and goods to and from a manufacturing company can be divided into inbound and outbound logistics. Inbound logistics are mainly concerned with the material flow to the manufacturing site, while outbound logistics involve the flow of finished goods to the customer.

2.1.2.1. Inbound logistics

Inbound logistics is that a part of the SC that deals with the flow of fabric from outside stakeholders, like individual suppliers, into a producing unit, the customer therein case. The manufacturing of the finished goods desperately depends on the supply of those materials

because it can cause production stops and thus can harm the profitability and repair level to the top customer (Stock and Lambert, 2001).

Following receipt of materials, parts, or resale products from external suppliers, the next storage, handling, and transport requirements to facilitate either production or distribution on the market constitute inbound logistics. (Bowsox, Closs & Cooper, 2002).

The logistics operation plan structurally derived from the overall organization objectives. So that, the practices of inbound logistics activities like receiving packaging materials from the vendor and transport those materials to the production area and inspect the upcoming materials to check with the requirement supposed to be optimized. One way of optimizing both outbound and inbound logistics activities is to engages third party logistics providers as these providers have an expertise on such logistics activities and they can perform as efficient as possible (Lerner, 2019).

2.1.2.2. Outbound logistics

It is intended to help businesses within the supply chain maximize the reliability and efficiency of the product distribution network and more importantly, it plays a significant role on reduction of both transport and warehouse operation cost (Ayantoyinbo et al, 2018). Outbound logistics majorly focused on delivering the final product to customers (Rajahonka & Bask, 2016). In addition, Porter (2008) mentions that collecting, warehousing and material handling, distribution of goods, scheduling and order processing are part of the outbound logistic activities. As outbound logistics is a major influencer for a distributor it can also add advantages. outbound logistics' has enormous contribution for reduction of Cost and waste, since logistics is core business function of any firm that will interacts with upstream and downstream players in the supply chain. Outbound logistics is therefore a key supply chain flow that can create great value if the organization continuously improves what is increasing costs and waste (Abushaikh, Salhieh & Towers, 2018). Figure 2.1 shows the typical SC structure and how it is divided into inbound and outbound logistics. (Stock & Lambert, 2001).

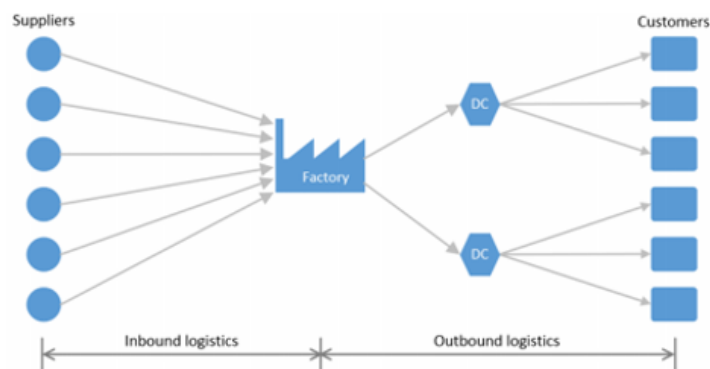


Figure 2.1: A simple overview of a SC, showing inbound and outbound logistics
(Chopra and Meindl, 2007)

Figure 2.1: A simple overview of a Supply chain

2.1.3. Outbound logistics activities

Hugo, Badenhorst-Weiss, and van Biljon (2004) defined supply chain management as an integrated approach that considers both the inbound (upstream) and outbound (downstream) flow of materials in the business. Michael Porter (1985) further identified inbound logistics and outbound logistics as two of the primary factors in the company's value chain. Porter (2008) mentions that collecting, warehousing and material handling, distribution of goods, scheduling and order processing are part of the outbound logistic activities. According to Ballou (2003) order processing management, transportation management, inventory management, and information flow management are the major logistics management practices performed in outbound logistics whereas Packaging management and warehousing management are part of logistics management that support the major activities of outbound logistics management. On the other hand, Christopher (1998) in his research classifies the downstream activities of the supply chain involved in moving goods out of the organization to the customer as Outward transport, Physical distribution, and recycling of returns and disposal. Thus, this study outlined outbound logistics activities that are important for organizational performance.

2.1.3.1. Order processing management practice

Order processing refers to a process associated with the fulfillment of the order for goods or services placed by the customer and forms the basis for the information flow in the logistics system (Stevenson, 2009). It had three main functions which were to establish a way of communication before, during and after the goods (Christopher, 2010). Order processing is the term used to identify collective tasks. The importance of accurate information to achieve superior logistic performance has historically been underestimated. Information is vital for logistics management, but order processing has major importance in logistics (Bowersox, Closs & Cooper, 2010). Failure to fully understand this importance resulted from a lack of full understanding of how distortions and operational failures in order processing of logistic impacts (Bowersox et al, 2010).

2.1.3.2. Transport management practice

Transport is one of the most important areas that logistics departments are dealing with. The main function of transport is to move goods from one place within the SC to another. The choice of the type of transport in a company can have a major impact on both the position of the facilities and the level of inventory of the company and therefore significantly affect the cost structure of the company. (Chopra and Meindl, 2007). Transportation has a major impact on the responsiveness and effectiveness of the SC. The reason for this is that transport can be very expensive. SC that thrives on responsiveness usually has a very high transport cost, as customers expect their goods to arrive quickly. As a result, the aim must often be to transport small shipments. On the other hand, if the SC thrives on efficiency, economies of scale can be achieved by allowing the SC to aggregate deliveries and transport fewer times with larger shipments (Hugo's, 2011). Total transport costs can account for as much as 20% of the price of the finished product, and sometimes even more (Stock and Lambert, 2001). For this reason, effective control and transport management can lead to significant improvements in the efficiency and overall profitability of a company (Chopra and Meindl, 2007).

2.1.3.3. Information flow management practice

With the emergence of information communication technology, the information flow provides a vital advantage in linking one activity to the other and making real-time data generated shared, and available on a timely basis, both within the company and with outside suppliers, channels, and customers. For the information flow to be effective and efficient, the company must improve its logistic processes by planning, controlling, coordinating, and monitoring the logistics process. According to Nowakowska and Grunt (2007), the efficient functioning of the logistics information system requires the use of hardware and technology transfer; and the information system needs to be customized to serve the logistics system effectively to enhance the communication line (Arend & Wisner, 2007).

2.1.3.4 Warehousing management practice

Warehousing includes spatial determination, stock layout, configuration, and stock placement (Ballou, 2003). In the logistics sector, the delivery of the right product in the right quantity depends on the accurate collection and dispatch of the goods. Warehousing ensures that the products are delivered to the right customer in the right place, on time. It also ensures cost-efficient operation by delivering the product at the right price, and in perfect order and condition. Pienaar and Voght (2006) proposed that effective customer service depends on the firm's warehousing operations. The Warehouse has three operational functions of the firm; the function that receives and transfer customer orders, the information transfer function that ensures the use of technology for warehousing efficiency and the storage function that store product temporarily or permanently.

2.1.4. Performance measurement

Tuttle and Heap (2008) defined performance measurement as the mean to measure organization's activities with compared to its result. A performance measure is a set of metrics used to quantify the efficiency and/or effectiveness of the supply chain operation. Logistics managers have used and sees performance measurement as a pathway to sustainable advantage by providing timely, reliable indications of both performance successes and shortcomings. The main challenge is to identify the key performance measures for value-adding supply chain

processes and the factors that will affect the core business processes that create wealth to customers (Griffis, 2004). The measurement results play an important role in the management of organizational performance, by providing information on the effective and efficient way of how the organization manages its resources, and then two central questions are imposed: what to measure and how to measure (Alexei, 2010)

2.1.5. Organizational measurement

According to Richard, Devinney, Yip & Johnson (2009), companies measure their performance concerning the following three criteria. The first one is through the firm's financial performance. This is measured by firm's profit, return on investment, and asset. Market measurement is the second one that includes the market share and sales of the company. The third one is through customer satisfaction measurement. Performance of the firm is measured with the verified output and end result of the organization in relation with the desired result and or achievement on objectives set. for the activities that pre-defined organizational objective's and to works towards achievement needs keeping an eye on the progress respecting the past output will allow organization to reconsider the achievement to execute in more effective and efficient way for the future. Additionally, from the above performance measurers customer satisfaction was added as study indicates satisfied customers has a direct relation on organizational performance and logistic managers were able to understand level of customer satisfaction on their company (Jay, John & Harry, 2008). Successful companies practice supply chain management and logistics management to reduce costs, increase their competitiveness and enhance operational efficiency.

2.1.5.1 Customer Satisfaction

According to an English proverb "Customers do not complain. They just leave...". They simply wander away. That is why it is important to be informed proactively of the level of customer satisfaction and before the customer wanders away light has to be thrown on the customer dissatisfaction and we have to find a solution to this problem. As people's consumption habits are becoming more and more demanding, they are expecting more and higher quality services from companies. In the course of the increasing market competition, it is required to put more effort

into obtaining new customers and keeping the existing ones. However, many companies are still unaware of how much they lose if they do not manage clients properly.

Customer satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses. Customer satisfaction is also a way to determinate the continuity of the business or of a product life by measuring the loyalty of the customers. If the customers are happy and satisfied, it will ensure the continuity of sales which means the continuity of the business.

2.1.5.2 Competitiveness

The increased competitiveness of a firm may enable a firm to implement higher level of logistics practice due to the need to outperform its competitors constantly and keep its competitive position in today's dynamic business world (Tracey, 1999). Collaboration among all the supply chain players coupled with a responsive approach can enhance organizational competitiveness through reduced lead-time facilitated by smooth flow of material from upstream towards the downstream end of supply chain. The proper supply chain management is a process that reduces costs and increases the competitiveness of the company (Kumar et al., 2006). Hence, the logistics needs to respect the process of planning, implementation and control of the procurement, storage, transport and information and with the sole purpose to improve them.

2.1.5.3 Cost Reduction

Reducing cost of each logistics activity influences the total amount of costs and enhances company's performance. The basic principles of supply chain management and logistics refer to just that, reducing costs and improving business performance (Fugate et al., 2010). By implementing cost-cutting practices in industries like manufacturing, the advancement of logistics and supply chain management, as well as how it can assist businesses in rising productivity and providing value to consumers, has gained a lot of attention (Ellram, La Londe, 3 & Weber, 1999).

2.1.6. Challenges of outbound logistics management

According to Robinson, A. (2017) effective and efficient logistics management leads to customer satisfaction, operational cost reduction and improves the company's productivity which in return improves the company's supply chain management. But managing logistical activities and making decisions on the process are challenges a company faces while executing the tasks to deliver goods and services to its final consumer. In logistics coordinating activities, interconnecting tasks, and executing the operation in efficiency are some of the challenges. The level of challenges a company faces differs from one another. Some challenges are solved through time and others need to be solved right away. Challenges in outbound logistics management practice (inventory management, transportation management, Information flow management, warehousing management) affect organizational performance if not treated well (Christopher, 2010). A company with loose outbound logistics management practices have high operational logistics cost and low level of customer service. To be of competitive, profitable, and outstanding company, the due focus should be given to its outbound logistics management practice, should have a well-planned logistics management process, and should implement logistics practice with the right tools and equipment (Williams, 2017)

2.2. Empirical evidence

Logistics is one of the main activities that have an impact on the performance of firms. Ways of working, techniques, and equipment used in inventory and warehouse management have major relation to organizational performance (Azevedo and Ferreira, n.d). Sezhiyan and Nambirajan (2010) have studied the relationship between organizational performance in India concerning logistics management and found they have positive relationship. As Porter (2008) pointed out, the great emphasis on outbound logistics flows lies in the delivery of products to customers and is considered to be an important element for cost reduction and increased value. An analysis showed that outbound logistics activities positively affect organizational performance. There is also a significant relationship between a firm's performance against outbound logistics activities. Logistics affects many business processes and activities; poor logistics management leads to increased operating costs and reduced customer service. Logistics interferes with many business areas and is therefore suggested to identify service cost trade-offs to provide positive benefits to

the logistic system as a whole (Rushton, 2006). Mwangi & Waweru (2015) stated successful organization concerning performance has a supply chain as well as logistics management that are responsive, fulfillment of customer needs, receive valuable feedbacks from customers, have a filling rate, deliver on time and stock-out probability, and accuracy. Green *et al.* (2008), addressing the relationship between logistics practices and organizational performance in a large number of companies in the United States, concluded that logistic practices have a positive impact on the mutual organization's performance measurement's, namely in speed of delivery, responsiveness and flexibility of delivery and cost. Findings include the confirmation of the necessity of logistics managers to optimally manage all logistics activities in order to gain increased business efficiency, customer satisfaction and competitiveness.

Researchers confirmed that streamlined information flow and exchange have a notable positive impact on organizational goal attainment and efficiency (Bowersox and Closs, 2004). According to Kuswantoro & Rosli (2012) study, information communication technology like Internet, allows organizations to enhance knowledge on their market, to fasten relationship with customers and suppliers within the value chain they are operating. this significantly enhance level of efficiency and create optimization on Cost, on time delivery, and improve the overall performance.

Logistics management is customer-focused management; that is, logistics efforts must lead to customer satisfaction, and it is this customer satisfaction that remains a major challenge for firms. According to Wisner et al (2011) measurement for customer satisfaction consist of implementing six sigma rules that are the right to deliver goods and services at the right quantity, quality, place, time, person, and cost. These in return measure the customer service level provided by the company. The World Bank Group (2005) and the World Bank Group (2014) reported that improving logistics performance in low-income countries means reforming customs agencies and investing in logistical infrastructure. 25 years ago, some researchers showed a positive relationship between customer satisfaction requirements and delivery and logistics solutions (Sharma, 1995). Bowersox et al. (2002) investigated all the supply management processes which can affect logistics and customer satisfaction and reported that a logistical value proposition and logistics have a big impact on customer satisfaction leveraging on order

processing, inventory management, transportation, handling and packaging and production, as well as facility network design.

Properly explored logistic capacity help organizations save significant operating costs. (Mukherjee, Som, Adak, Raj & Kirtania, 2012). Ayantoyinbo et al (2018) have worked on inbound and outbound logistics to help the organization maximize reliability and efficiency in its distribution network and reduce transport and storage costs. In some industries the cost of inbound and outbound logistics estimated to be around 60% from the total operational cost. Thus, improving both inbound and outbound logistics processes have huge impact on organizations supply chain cost effectiveness and efficiency. Having this in mind innovative transport arrangement and coordination has been pinpointed for the improvement of logistics efficiency.

Competitiveness has long been the goal of companies and is achieved by the adoption of successful management practices by entrepreneurs or corporate executives. Various authors have demonstrated the linkage between practices and competitiveness (Voss and Johnston, 1995). They have examined the strong relationship between practices and business performance.

2.3. Gap

Despite all the advantages of outbound logistics to organizations, there have been few studies and research on this subject. Few studies that exist did not show the connection between outbound logistics and an organization's performance using cost, competitiveness, and customer satisfaction as a variable. Thus, the study sought to assess the effect of outbound logistics practice on organizational performance of Habesha beer share company.

2.4. Conceptual framework

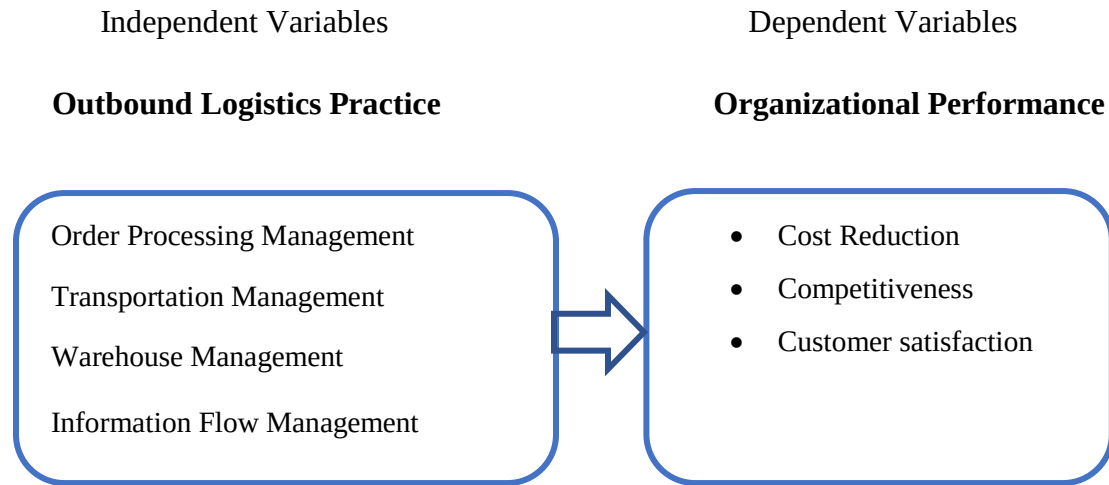


Figure 2.2: Selamawit (2019) Conceptual Framework adapted & modified

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1. Introduction

Chapter three of this research deals with the methodology of the study. This consists of research approach, research design, Population, and sample, Source of data and type, data collection instrument, and methods of data analysis used in the entire study.

3.2. Research approach

According to Creswell (2013), research approach is categorized in to three. These are qualitative, quantitative, and mixed research. In this study, the researcher used a quantitative research approach since the data used is collected through a close-ended questionnaire. The study followed an inferential statistic. According to Kothari (2004), the purpose of inferential statistics is to form a database to infer relationships.

3.3. Research design

A research design is a plan and strategy of study to gain reliable and valid answers to the research problem. It defines important aspects such as what sources of data will be used and what methods of data collection will be applied. (Kumar, 2011). The researcher found descriptive and explanatory research designs suitable for this study. The Descriptive research design was used to assess the effect of outbound logistics practice using frequencies, mean and standard deviation. The study described, analyzed, compared, classified, and interpreted the issues under study. The Explanatory research design was used to study the effect of outbound logistics practice on organizational performance in Habesha Brewery Share Company.

3.4. Population and sample

Due to the small size of the target population of the study, a sampling technique was not applied for this study. A Census study was used to develop the population of the research under discussion. The rationale behind using census was that the researcher thinks the sizes of the

population in the outbound logistics department were manageable. Thus, the total estimated targeted population that the researcher had undertaken under this study was a total of 72 staff members of Habesha Breweries from Debere Birhan and Addis Ababa region which consists of 11 staffs from the transport department, 3 staffs from order processing, 32 area sales managers, 9 staffs from SAP and staffs from 17 warehouse departments.

3.5. Data source and types

For this research, questionnaires were used. As far as data collection tools were concerned, the conduction of the research had involved the use of a primary source. Primary data was used to collect data from respondents of the case company using a questionnaire. The questionnaire contains close-ended questions in the form of a Likert scale.

3.6. Data collection procedures

With the help of experts' views and suggestions, a self-administered questioner with five-point Likert scale questions was prepared. Then the final questioner after the suggestion was distributed to the respondents.

3.7. Data analysis

The analysis method of this study was based on the information extracted from the survey collected using a questionnaire. The researcher had used two statistical analysis techniques. These were descriptive and inferential statics. With the help of SPSS, the descriptive statics was analyzed using mean, standard deviation, and percentage. Multiple linear regression analysis (inferential Statics) was made to show the effects of the independent variable on the dependent variable of the study.

3.8. Reliability and Validity

3.8.1. Reliability

Commonly used tool to measure the reliability is Cronbach's Alpha reliability coefficient. George and Mallery (2003) stated that Cronbach's alpha reliability coefficient is a measure of the consistency of variables with a scale from zero to one. They stated that variables with the result

of values greater than 0.7 has passed the reliability test of Cronbach's alpha coefficient. Thus, the researcher had conducted a reliability test (internal consistency) for the quantitative data collected through a questionnaire using SPSS.

3.8.2. Validity

According to Leary, validity is concerned about the assurance of given data collection instruments meet the intended purpose of the research. In this research, the questionnaire was developed based on an intensive related literature review. According to Malhotra (2010), theoretically research has three types of validity namely form, construct, and content validity. Thus, this research had content validity which is derived from the different related literature review of another scholar.

3.9. Ethical consideration

Ethical consideration is about keeping the rights of respondent's ethical beliefs. The researcher should inform respondents for what purpose their response will be used and that their response is confidential and will only be used for academic purposes. This would make respondents confident and free when responding to questioner or interviews. By saying this, in this research, the researcher had explained these to respondents of Habesha employees and had used their responses only for academic purposes.

CHAPTER FOUR

DATA ANALYSIS, FINDING, AND DISCUSSION

4.1. Introduction

The chapter presented collected data from respondents that were presented, analyzed, described, and interpreted. Descriptive statistics for all demographic and employee-related variables, outbound logistics practice, organizational performance, and challenges on outbound logistics were made using frequency distribution, mean and standard deviation by presenting them with a table. To show and test the effect of outbound logistics practice on organizational performance regression analysis of adjusted R square and analysis of variance were used.

4.2. Response rate

Questioners were distributed for a total population of 72 employers in the outbound logistics department. From those 61 responses were collected, however, three responses were rejected as they were incomplete and not filled correctly. Thus, data were analyzed from a total of 58 respondents which makes the response rate 80.55 percent.

4.3. Reliability and Consistency

Cronbach 's alpha is a measure of consistency and reliability of variables with a scale between zero and one (Monette, Sullivan & Dejong, 2002). Variables with results of 0.70 or greater Cronbach's alpha values have passed the reliability and consistency test. Thus, in this study, the researcher has used Cronbach's alpha coefficient to measure the reliability of each variable as shown in the below table.

Table 4.1 Test of Reliability

Measurement constructs	N	Cronbach's Alpha results
Order processing management activities	4	0.82
Transport management activities	4	0.70
Full goods warehousing management activities	4	0.70
Information flow management activities	3	0.84
Customer satisfaction	3	0.83
Competitiveness	3	0.79
Cost reduction	3	0.78
Challenges of outbound logistics practices management	5	0.81

Source: Own Computation June 2021

As indicated from the above reliability statistics table, measurement of reliability and consistency with Cronbach's alpha result with a score above 0.7 for all variables, showing that the study had passed the consistency and reliability test.

4.4. Descriptive Analysis

4.4.1. Demographic Profile

The researcher has raised respondents' demographic profile and the result of their response was compiled in the below table.

Table 4.2 Demographic Variable

		Frequency	%
Employee Gender	Female	11	19.0
	Male	47	81.0
Age of Respondents	21-30	21	36.2
	31-40	37	63.8
Level of Education	BA/BSc Degree	38	65.5
	MA/MBA/MSc	20	34.5
Work Experience	Below Two Years	2	3.4
	2 – 5 Years	21	36.2
	5 – 10 Years	25	43.1
	Above 10 Years	10	17.2
Work Unit	Order processing Section	3	5.2
	Transport Section	3	5.2
	Warehouse Section	7	12.1
	SAP Section	4	6.9
	Sales Office	41	70.7
Current Job Position	Head of Department	2	3.4
	Head of Section	16	27.6
	Coordinator	8	13.8
	Admin	3	5.2
	Analyst	4	6.9
	Supervisor	25	43.1

Source: Own Computation June 2021

The study result shows that on employee gender, Majority 81 % of the respondents were male and the remaining 19% were female implying that outbound logistics department were composed of higher male respondents (47) than female respondents (11). Most of the respondents' age group falls between 31 – 40 with 63.8% (37) and the rest 36.2% (21) falls between “21 – 30”. This shows that middle-aged respondents were higher. The academic status of most of the

respondents was BA/BSc degree holder with 65.5% (38) and 34.5% (20) were MA/MBA/MSc degree holder.

Regarding respondents Work experience 3.4 % (2) had below 2 years of experience, 36.2% (21) had from 2 to 5 years' experience, 43.1% (25) of them had 5 to 10 Years' experience and 17.2 % (10) had to experience above 10 years. Therefore, the majority of the respondent's professions were categorized as highly experienced.

The study also shows that most of the respondents work unit 70.7% (41) were covered by Sales office team followed by warehouse section with 12.1% (7), SAP section with 6.9% (4) then order processing and Transport section team each having 5.2% (3) respondents. Concerning respondents job position most of them were supervisor with 43.1% (25), Head of a section with 27.6 % (16), Coordinator with 13.8% (8), Analyst with 6.9% (4), Admin with 5.2% (3) and the remaining 3.4% (2) were Head of the department. These results imply that most of the respondent's work unit and job position was covered by the sales office section and those that were supervisors, respectively.

4.4.2. Outbound Logistics Practice

In this section descriptive statistics with mean and standard deviation values were discussed for all outbound logistics practices the means recorded were interpreted from a minimum of “strongly disagree” to a maximum score of “strongly agree” indicating a score from 1 point to 5 points, respectively.

4.4.2.1. Order Processing Management Practice

Table 4.3 Descriptive analysis for order processing management practice

	N	Mean	Standard Deviation
The company has effective Electronic Order Processing	58	4.36	0.583
Orders are processed on time	58	4.40	0.620
The Company has an effective way of tracking and analyzes order processing errors	58	4.53	0.537
The company's order processing system enables the customer to track their order in real-time	58	4.17	0.775
Grand Total		4.37	0.629

Source: Own Computation June 2021

The result in table 4.3 shows that among order processing management activities, an effective way of tracking and analyze order processing errors had a maximum of 4.53 mean score with a standard deviation of 0.537, implying that respondents agree the company had an effective way of tracking and analyzing order processing errors. Following that with a mean score of 4.40 and standard deviation of 0.620 orders were processed on time place in the second rank. Next, the company had effective electronic order processing, and the company's order processing system enables the customer to track their order in real-time show mean scores and standard deviation of 4.36, 0.583, and 4.17, 0.775, respectively. Thus, respondents agree that the company orders were processed on time, had effective electronic order processing, and an order processing system enables the customer to track their order in real-time.

4.4.2.2. Transport Management Practice

Table 4.4 Descriptive analysis for transportation management practice

	N	Mean	Standard Deviation
The transportation management practice enables timely delivery of products to customers	58	4.47	0.681
The firm uses an adequate electronic system to track all products that are in transit	58	4.22	0.702
The company spends at a minimum cost to transport products to customers	58	4.52	0.569
Transporters continuously avail trucks upon request	58	4.66	0.479
Grand Total		4.47	0.608

Source: Own Computation June 2021

Table 4.4 shows that the mean score and standard deviation of respondents on transport management practice of Habesha brewery S.C. The respondents mean score from highest to lowest were 4.66 with a standard deviation of 0.479 for transporters continuously availing trucks upon request, 4.52 with a standard deviation of 0.569 for spending minimum cost to transport products to customers, 4.47 with a standard deviation of 0.681 for timely delivery of products to customers and 4.22 with standard deviation 0.702 for uses of an adequate electronic system to track all products that are in transit. This result implies that respondents had agreed to all constructs listed under transportation management practice.

4.4.2.3. Full goods warehouse management practice

Table 4.5 Descriptive analysis for full goods warehouse management practice

	N	Mean	Standard Deviation
Ordered Products are delivered in the right quantity to the customer	58	4.74	0.442
The company brewery warehouse placed at the location where its customers are easily reached (proximity)	58	4.59	0.593
Loading goods with sufficient material handling equipment (conveyors, forklifts,)	58	4.62	0.524
The company has adequate warehouse spacing where products are placed in such a way sorted, accessed easily, and convenient for Inventory management.	58	4.91	0.283
Grand Total		4.72	0.461

Source: Own Computation June 2021

According to table 4.5 among full goods warehousing management activities, the company has adequate warehouse spacing where products are placed in such way sorted, accessed easily and convenience for inventory management had a mean score of 4.91 with a standard deviation of 0.283, implying that respondents Strongly agree that company has adequate warehouse spacing where products are placed, sorted, and accessed easily. Following that ordered products are delivered in the right quantity to the customer score mean of 4.74 and a standard deviation of 0.442. Thirdly loading goods with sufficient material handling equipment (conveyors, forklifts,) scores mean of 4.62 with a standard deviation of 0.524. For the company brewery warehouse placed at the location where its customers are easily reached (proximity), the respondent's mean score was 4.59 with a standard deviation of 0.593. Thus, results imply that respondents strongly agreed for all the constructs mentioned under full goods warehouse management practice which indicates mean scores had lied within the same range.

4.4.2.4. Information flow management practice

Table 4.6 Descriptive analysis for information flow management practice

	N	Mean	Standard Deviation
The Company have effective order processing communication flow among stakeholders	58	4.74	0.548
The Company have effective transport management communication flow among stakeholders	58	4.69	0.681
The Company have effective warehouse management communication flow among stakeholders	58	4.66	0.548
Grand Total		4.70	0.592

Source: Own Computation June 2021

The result in table 4.6 shows that the mean score and standard deviation for the statement company have effective order processing communication flow among stakeholders were 4.74 and 0.548, respectively. The mean score and standard deviation for the statement Company have effective transport management communication flow among stakeholders were 4.69 and 0.681 respectively and for the statement, the company have effective warehouse management communication flow among stakeholders mean score and standard deviation were 4.66 and 0.548, respectively. Overall, the result indicates that respondents strongly agree that there was effective communication flow among order processing, transport, and warehouse management department in the company.

4.4.3. Organizational performance

In this section, descriptive statistics with mean and standard deviation values were discussed for all organizational performance measurements. The result of mean values was interpreted from a minimum of “very little extent” to a maximum score of “very large extent” indicating a score from 1 point to 5 points, respectively.

4.4.3.1. Customer satisfaction

Table 4.7 Descriptive analysis for customer satisfaction

	N	Mean	Standard Deviation
The organization has effectively utilized a CRM (Customer relation management) system to identify gaps related to outbound logistics activities	58	4.55	0.567
The company is highly responsive to the issue raised by the customer	58	4.26	0.690
The customer has confidence in the company's customer relationship management system and its application against their inquiry	58	4.66	0.579
Grand Total		4.50	0.612

Source: Own Computation June 2021

As indicated in the above table 4.7 respondent's responses show that customer confidence in the company's customer relationship management system and its application against their inquiry had a mean score of 4.66 and a standard deviation of 0.579. The statement organization has effectively utilized the CRM (Customer relation management) system to identify gaps related to outbound logistics activities followed by scoring mean value of 4.55 and a standard deviation of 0.567. The statement of a company is highly responsive against the issue raised by the customer mean score was 4.26 and 0.690 standard deviation. These respondents result implies customer confidence on the company's customer relationship management system and its application against their inquiry and effectively utilized CRM (Customer relation management) system to identify gaps related to outbound logistics activities had very large extent. However, compared to the above two the statement that the company is highly responsive against the issue raised by the customer had a large extent.

4.4.3.2. Competitiveness

Table 4.8 Descriptive analysis for competitiveness

	N	Mean	Standard Deviation
The outbound logistics practice of the company ensures the company's competitiveness on the market	58	4.66	0.548
The company has a competitive strategy development on its outbound logistics practice to improve its competitiveness in the market	58	4.55	0.654
The Company is competitive in the current beer industry than its competitor	58	4.64	0.552
Grand Total		4.62	0.584

Source: Own Computation June 2021

Based on the above table 4.8 respondent's responses show that the outbound logistics practice of the company ensures the company's competitiveness on the market had a mean score of 4.66 and a standard deviation of 0.548. The statement company is competitive in the current beer industry than its competitor followed by scoring mean value of 4.64 and a standard deviation of 0.552. The statement of the Company has a competitive strategy development on its outbound logistics practice to improve its competitiveness in the market mean score and standard deviation was 4.55 and 0.654. These respondents result implies that the all construct listed under dependent variable "competitiveness" had very large extent.

4.4.3.3. Cost reduction

Table 4.9 Descriptive analysis for cost reduction

	N	Mean	Standard Deviation
The due focus has given by the company on its outbound logistics practice to reduce cost	58	4.67	0.543
The outbound logistics practice of the company is efficient	58	4.41	0.676
The company uses different cost reduction mechanism to manage its outbound logistics practice	58	4.60	0.560
Grand Total		4.56	0.593

Source: Own Computation June 2021

According to table 4.9, the result shows that Due focus has given by the company on its outbound logistics practice to reduce cost had the largest mean score of 4.67 with a 0.543 standard deviation. The statement company uses different cost reduction mechanisms to manage its outbound logistics practice followed by a scoring mean and standard deviation values of 4.60 and 0.560. The statement of outbound logistics practice of the company is an efficient mean score, and the standard deviation was 4.41 and 0.676. These respondents result implies due focus has given by the company on its outbound logistics practice to reduce cost and company uses different cost reduction mechanism to manage its outbound logistics practice had very large extent. However, compared to the above two the statement that the outbound logistics practice of the company is efficient had a large extent.

4.4.4. Challenges of outbound logistics management

Table 4.10 Descriptive analysis for challenges of outbound logistics management practice

	N	Mean	Standard Deviation
Occurrence of System Error of ERP-SAP while processing Order	58	2.91	0.960
Unavailability of required trucks by transporters	58	3.05	0.963
Delay of 3rd party transportation service in providers in providing trucks on time for loading	58	3.16	0.951
Error on loading of full goods product at warehouse	58	2.52	1.030
Late order request from company's sales team	58	3.10	1.224
Grand Total		2.95	1.026

Source: Own Computation June 2021

Respondents showed the challenges that Habesha breweries S.C faced when executing outbound logistics management activities which were rated to a moderate extent. These were Delay of third-party transportation services in providers in providing trucks on time for loading with standard 0.951 and values of mean 3.16. Late order request from the company's sales team with a mean value of 3.10 and standard deviation of 1.224. Unavailability of required trucks by transporters with a mean value of 3.05 and standard deviation 0.963. Occurrence of System Error of ERP-SAP while processing Order with a mean value of 2.91 and standard deviation of 0.960 and last but not least error on loading of full goods product at a warehouse with a mean and standard deviation value of 2.52 and 1.030, respectively. The result shows that challenges of outbound logistics practice such as Unavailability of required trucks by transporters, Delay of third-party transportation service in providers in providing trucks on time for loading, and Late order requests from the company's sales team had moderate extent. On the other hand, Occurrence of System Error of ERP-SAP while processing Order and Error on loading of full goods product at the warehouse had little extent.

4.5. Model test

4.5.1. Assessing linearity assumption

To describe there is linearity among the independent variables, there should be exact estimation connection between the dependent and independent variables. Correlation of variables is evaluated when there is linearity among independent and dependent variables. On the reverse multivariate analysis shows nonlinearity among variables. According to (Keith, 2006), The curve estimation among the relationships within the model must be conducted when the test of linearity infringed the prediction of all tests of significant, standard errors, regression coefficients. To check linearity assumption, the researcher had undertaken linearity test among variables and finding showed that there was linearity among the variables under this study.

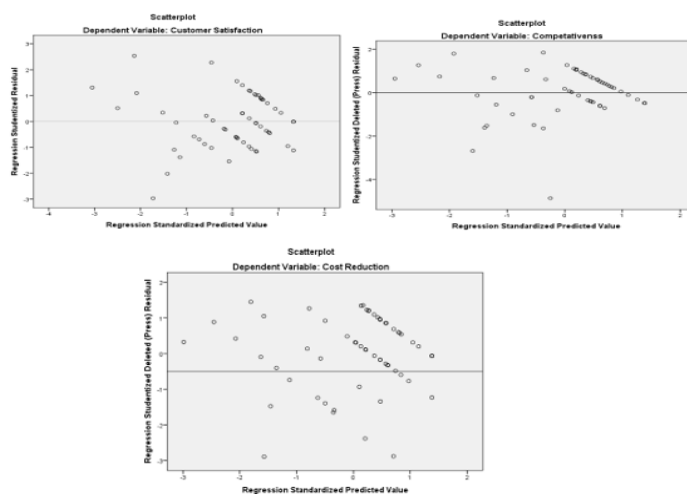


Figure 4.1: Test of the Linearity Assumption

4.5.2. Assessing Multicollinearity assumption

According to Field (2009) the existence of Multicollinearity is measured when there is a strong relationship between all variables or at least more than one. Variance inflation factor (VIF) is a tool used to compute and identify the existence of Multicollinearity between all independent variables. Keith (2006) stated that Variance inflation factor is a way for forefinger over the amount that variance inflation factor of each regression coefficient is enlarged over the non-collinearity variable. The existence of multicollinearity and high variance inflation factor

indicate strong linear relationships among dependent and independent variables (Shieh, 2010). A model with less than or equal to 3.3 variance inflation factor shows that there is Multicollinearity (Kock, 2013). To keep the assumption of Multicollinearity the researcher had presented the result of variance inflation factor in table 4.11.

Table 4.11: Test for Multicollinearity

Collinearity Statistics		
Variables	Tolerance	VIF
OPMA	.780	1.282
TMA	.737	1.356
FGWMA	.835	1.197
IFMA	.805	1.242

Source: Own Computation June 2021

4.5.3. Model Fit

4.5.3.1. Adjusted R Square model test.

Adjusted R square is one of the measurements of model fitness in research. The higher the result of R square the higher fitness of a model. R Square also measure the level of strength of the model with the variables. The statics of regression model also imply the variance within variables. As indicated in the below table 4.12, the calculated adjusted R square was above 55% showing a goodness-of-fit measure for linear regression models.

Table 4.12 Model Summary for Adjusted R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	Dependent Variable
1	.789 ^a	.622	.594	.31385	2.142	Customer Satisfaction
2	.794 ^a	.631	.603	.30181	2.332	Competitiveness
3	.752 ^a	.566	.533	.29939	1.960	Cost Reduction

Source: Own Computation June 2021

- a. Dependent Variable: Customer Satisfaction, Competitiveness and Cost Reduction
- b. Predictors: (Constant), Information flow management, Full goods warehouse management, Order processing management, Transport Management

4.5.3.2. ANOVA model test

According to Field (2009), ANOVA is a way to validate the model is a notable fit for the overall data. If significance values are less than .05 then the dependent variable has a significant outcome. Giving that the researcher had made an ANOVA test using SPSS and according to the table 4.13 the result shows that significant value is less than .001 indicating the model is significant fit of the data of all dependent variables of customer satisfaction, competitiveness, and cost reduction.

Table 4.13: Model Summary for ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.	Variables
1	Regression	8.605	4	2.151	21.840	.000 ^b	
	Residual	5.221	53	.099			Customer Satisfaction
	Total	13.826	57				
2	Regression	8.239	4	2.060	22.614	.000 ^b	Competitiveness
	Residual	4.828	53	.091			
	Total	13.067	57				
3	Regression	6.184	4	1.546	17.248	.000 ^b	Cost Reduction
	Residual	4.751	53	.090			
	Total	10.935	57				

Source: Own Computation June 2021

4.5.3.3. Coefficient model test

Table 4.14: Summary for multiple linear regression models

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Variables
		B	Std. Error	Beta			
1	(Constant)	-1.622	.759		-2.139	.037	Customer Satisfaction
	OPM	.230	.119	.184	1.927	.049	
	TM	.191	.134	.140	1.422	.161	
	FGW	.424	.147	.266	2.878	.006	
	IFM	.481	.090	.500	5.313	.000	
2	(Constant)	-1.619	.729		-2.220	.031	Competitiveness
	OPM	.247	.115	.204	2.161	.035	
	TM	.188	.129	.142	1.455	.151	
	FGW	.497	.142	.320	3.506	.001	
	IFM	.420	.087	.449	4.829	.000	
3	(Constant)	-.671	.724		-.927	.358	Cost Reduction
	OPM	.134	.114	.121	1.183	.242	
	TM	.308	.128	.254	2.412	.019	
	FGW	.315	.141	.222	2.242	.029	
	IFM	.380	.086	.444	4.401	.000	

Source: Own Computation June 2021

- a. Dependent Variable: Customer Satisfaction, Competitiveness and Cost Reduction
- b. Predictors: (Constant), Information flow management, Full goods warehouse management, Order processing management, Transport Management

In table 4.14 the results of the effect of dependent variables on independent variables were shown during this study, the dependent variables are customer satisfaction, competitiveness, and price reduction. Whereas the independent ones are order processing management, Transportation management, Full goods warehousing management, and knowledge flow.

• Order Processing Management Practice (OPM)

Finding on Standardize beta coefficients and significance value for Customer satisfaction, competitiveness, and cost reduction show $\beta = .184$, $P = 0.049$; $\beta = .204$, $P = 0.035$ and $\beta = .121$, $P = 0.242$ respectively. This result indicate that order processing management practice had significant positive effect on both dependent variables (Customer satisfaction and competitiveness). This indicate that the organization order processing management practice has critical role in satisfying customers and make organization competitive in the market. The study finding supports Bowersox et al, 2010, finding that failure to fully understand this importance resulted from a lack of full understanding of how distortions and operational failures in order processing of impact organization.

• Transport Management Practice (TM)

Finding show that transportation management practice had significant positive relationship on one of the dependent variables which is cost reduction with result of $\beta = .254$, $P = 0.019$. this suggests that the transport management practices of Habesha affected cost reduction organizational performance indicators. The finding of this study supports Stock and Lambert's (2001) finding that total transport costs can account for the maximum amount as 20% of the worth of the finished product, and sometimes even more. Therefore, cost reduction in transportation will cause a far better result than other components and it should be the primary area to be addressed if logistics managers decide to hamper logistics costs.

- **Full goods warehousing management Practice (FGW)**

Full goods warehousing management practices had a significant positive relationship on all dependent variables which are customer satisfaction, competitiveness, and cost reduction with beta coefficients value of $\beta = .266$, $P = 0.006$, $\beta = .320$, $P = 0.001$ and $\beta = .222$, $P = 0.029$ respectively. According to the result from the study that supports the findings of Jinxinang (2010), Shiau and Lee (2009), and Min (2010) warehouse management and application did have an instantaneous attachment and effect with customer's satisfaction, business competitiveness and cost reduction.

- **Information flow management Practice (IFM)**

Information flow management practices had a significant positive relationship on all dependent variables on customer satisfaction, competitiveness, and cost reduction with standardized coefficient value of $\beta = .500$, $P = 0.000$, $\beta = .449$, $P = 0.000$ and $\beta = .449$, $P = 0.000$ respectively. The study agrees with the findings of Bowersox and Closs (2004) that several researchers have confirmed in recent days that streamlined information exchange and flow could have a notable consequence on organizational performance and productivity.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

5.1. Introduction

In chapter five, the summary of finding, conclusions that drawn from the study, and recommendation on the finding of the study as well as recommendation on the further study area were presented.

5.2. Summary

5.2.1. Summaries finding on the variable of outbound logistics management practices and organizational performance in Habesha Breweries SC

- Concerning order processing management practice, the study found that the majority agree Habesha breweries have an effective electronic order processing system to receive and place orders from customers that are in different areas and has effective ways of tracking and analyzing order processing errors. Respondents also agreed orders are placed on time and the company has an order processing system that enables customers to track their order in real-time.
- Regarding transport management practice, the study found that respondents agreed that the management of transport practice has allowed timely delivery of goods to customers, uses an adequate electronic system to track all products that are in transit, and spends at minimum cost to transport products to customers. They also strongly agreed on transporters continuously avail trucks upon request.
- About full goods warehousing management practice, the study identified that respondents had strongly agreed ordered goods are delivered with right quantity to the customer of Habesha, brewery warehouse placed at the location where its customers are easily reached, loading goods with sufficient material handling equipment and company has adequate warehouse spacing where products are placed in such a way sorted, accessed easily and convenient for inventory management.

- The finding of the study on information flow management practice showed that respondents had strongly agreed Habesha brewery has effective communication flow among stakeholders in order processing, transport, and warehouse management.
- The Study finds showed Habesha brewery's organizational performance on customer satisfaction had a very large extent ineffective utilization of a CRM system to identify gaps related to outbound logistics and confidence in the company's customer relationship management system and its application against their inquiry. Whereas responsiveness to issue raised by the customer had a large extent.
- The finding of the study showed that outbound logistics in Organization performance(competitiveness) had a very large extent in ensuring the company's competitiveness on the market, competitive strategy development to improve its outbound logistics practice.
- The Study finds showed Habesha brewery's organizational performance on cost reduction had a very large extent in uses of different cost reduction mechanism to manage its outbound logistics practice and due focus has given on its outbound logistics practice to reduce cost. While outbound logistics practice of the company is efficient to have a large extent.

5.2.2. Summaries on challenges of outbound logistics management practices.

- The study finding had also shown areas of challenges Habesha breweries face in each of the outbound logistics management practices. Error on loading of full goods product at the warehouse had little extent. The remaining practice such as the occurrence of system error of ERP-SAP while processing an order, Unavailability of required trucks by transporters, and late order requests from the company's sales team had a moderate extent.

5.2.3. Summaries on the effect of outbound logistics management practices on organizational performance.

- There is a significant positive correlation between the variables of outbound logistics and organizational performance
- Information flow management and full good warehousing management practices affect all organizational performance indicators.

- Order processing management practice had significance on customer satisfaction and competitiveness indicator of organizational performance.
- Transport management practice had significance on cost reduction indicator of organizational performance.

5.3. Conclusions

In relation to the findings of the study objectives, the researcher had made the below conclusion.

- The study had concluded that Habesha brewery somewhat implements the outbound logistics practice of order processing, transport management, full goods warehouse management, and information flow management.
- Challenges Habesha brewery share company face when implementing outbound logistics practice, the study concluded that Habesha brewery face Occurrence of system error of ERP-SAP while processing an order, unavailability of required trucks by transporters, Delay of third-party logistics providers in providing trucks at the appropriate time for loading and late order request from company's sales team were restrained.
- The Study showed positive beta coefficients for all variables; -order processing management, transport management, full goods warehousing management, and information flow management. Therefore, the study concluded that changes made in outbound logistics management practice have a positive effect on the organizational performance of Habesha Brewery.

5.3. Recommendations

The below mentioned recommendations are given on the basis of study finding

- To ensure a continued improvement in organizational performance, the company should exercise outbound logistics management practice in a more efficient, competitive, and customer-based way.
- The company should work on a sales team to request orders on time so that goods are loaded and delivered on time for customers. The company should also work on the availability of trucks and avoid delay of truck for load by engaging with transport service providers that are

capable of providing the service requested by the company and the company by forming good relationships with third-party logistics providers.

- Since warehouse management practices and information flow management had a positive effect on organizational performance measures, Habesha breweries S.C should give focus on both practices to Satisfy their customers, to be more competitive, and to reduce its cost.
- The company should also give focus on transport management to get better efficiency in logistics, which enables the business to grow.

5.4. Direction for future research

This research offers data and findings on Habesha brewers' outbound logistics management practices. Besides the findings presented and discussed in this study, future researchers could explore the effect of outbound and inbound logistics management on logistics performance in other industries.

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Annex I: Questionnaires

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

Master of Arts in Logistics and Supply Chain Management

Title: The Effect of Outbound Logistics Practice on Organizational performance of Habesha
Breweries S.C

Dear Employees,

I am working on a thesis for a Master of Arts in logistics and supply chain management titled "The effect of outbound logistics practice on organizational performance of Habesha Breweries S.C.

The main objective of the study is for academic purposes. Therefore, your response is kept confidential and will not be used for any other purpose.

If you have a question, you can contact me at the following address.

Mulualem Damte

251911723714 or

Mulualemdamte@gmail.com

Thank you for your support and cooperation!

Part I: General Information

This part of the questionnaire tries to gather some general information about the background of the respondent and the organization.

1. Respondents Gender

Male ☐ Female ☐

2. Age of Respondents

21 – 30 ☐ 41 –50 ☐

31 – 40 ☐ Above 50 ☐

3. Level of Education

Diploma ☐ MA/MBA/MSc ☐

BA/BSc Degree ☐ Ph.D. and above ☐

4. Respondents Work Experience

Below Two Years ☐ 5 – 10 Years ☐

2 – 5 Years ☐ Above 10 Years ☐

5. Department/Work Unit

Order processing Section ☐ SAP Section ☐

Transport Section ☐ Sales Office ☐

Warehouse Section ☐

6. Respondents Current Position/Job Title

Head of Department ☐ Admin ☐

Head of Section ☐ Analyst ☐

Coordinator

Supervisor

Part II: This part of the questioner is related to outbound logistics management activities implemented by Habesha brewery share company. Please read and put tick mark by indicating the level of argument that whether the listed practices of outbound logistics activities are performed by the company or not.

Outbound Logistics Activities					
	St	D	N	A	St
	1	2	3	4	5
Order Processing management Activities					
The company has effective Electronic Order Processing					
Orders are processed on time					
The Company has an effective way of tracking and analyzes order processing errors					
The company's order processing system enables the customer to track their order in real-time					
Transport management practice	1	2	3	4	5
The transportation management practice enables timely delivery of products to customers					
The firm uses an adequate electronic system to track all products that are in transit					
The company spends at a minimum cost to transport products to customers					
Transporters continuously avail trucks upon request					
Full goods warehouse management practice	1	2	3	4	5
Ordered Products are delivered in the right quantity to the customer					
The company brewery warehouse placed at the location where its customers are easily reached (proximity)					
Loading goods with sufficient material handling equipment (conveyors, forklifts,)					
The company has adequate warehouse spacing where products are placed in such a way sorted, accessed easily, and convenient for Inventory management.					
Information flow management	1	2	3	4	5
The Company have effective order processing communication flow among stakeholders					
The Company have effective transport management communication flow among stakeholders					
The Company have effective warehouse management communication flow among stakeholders					

PART III Habesha breweries' performance indicators on customer satisfaction, competitiveness, and cost reduction are listed below. Please put a tick mark for the level of extent each variable has from very little extent to Very large extent.

Organizational Performance					
Customer Satisfaction	Very Little	Little	Moderate	Large	Very Large
	1	2	3	4	5
The organization has effectively utilized the CRM (Customer relation management) system to identify gaps related to outbound logistics activities.					
The company is highly responsive to the issue raised by the customer					
The customer has confidence in the company's customer relationship management system and its application against their inquiry					
Competitiveness	1	2	3	4	5
The outbound logistics practice of the company ensures the company's competitiveness on the market					
The company has a competitive strategy development on its outbound logistics practice to improve its competitiveness in the market					
The Company is competitive in the current beer industry than its competitor					
Cost Reduction	1	2	3	4	5
The due focus has given by the company on its outbound logistics practice to reduce cost					
The outbound logistics practice of the company is efficient					
The company uses different cost reduction mechanism to manage its outbound logistics practice					

Part IV: This part of the questioner presents some of the challenges Habesha brewery face when executing outbound logistics activities. The degree level of challenges of outbound logistics management actives is indicated from very little extent to very large extent. So please put a tick mark as indicated below.

Challenges of Outbound Logistics					
Outbound Logistics Challenge	Very Little	Little	Moderate	Large	Very Large
	1	2	3	4	5
Occurrence of System Error of ERP-SAP while processing Order					
Unavailability of required trucks by transporters					
Delay of 3rd party transportation service in providers in providing trucks on time for loading					
Error on loading of full goods product at warehouse					
Late order request from company's sales team					

Source: Selamawit. M (2019) & modified.

Annex II: Correlation analysis

		CS	Comp	OPM	TM	FGW	IFM	CR
CS	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	58						
Comp	Pearson Correlation	.820**	1					
	Sig. (2-tailed)	.000						
	N	58	58					
OPM	Pearson Correlation	.461**	.473**	1				
	Sig. (2-tailed)	.000	.000					
	N	58	58	58				
TM	Pearson Correlation	.466**	.480**	.397**	1			
	Sig. (2-tailed)	.000	.000	.002				
	N	58	58	58	58			
FGW	Pearson Correlation	.488**	.532**	.159	.363**	1		
	Sig. (2-tailed)	.000	.000	.232	.005			
	N	58	58	58	58	58		
IFM	Pearson Correlation	.685**	.658**	.359**	.314*	.284*	1	
	Sig. (2-tailed)	.000	.000	.006	.016	.031		
	N	58	58	58	58	58	58	
CR	Pearson Correlation	.681**	.848**	.417**	.522**	.460**	.630**	1
	Sig. (2-tailed)	.000	.000	.001	.000	.000	.000	
	N	58	58	58	58	58	58	58
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								