



**LOGISTICS MANAGEMENT PRACTICE IN
AWASH BANK S.C
BY
ABEL GOSSAYE**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF
COMMERCE FOR PARTIAL FULFILLMENT THE AWARD OF
MASTERS OF ARTS IN LOGISTICS AND SUPPLY CHAIN
MANAGEMENT**

Advisor: Dr. Shiferaw Mitiku (Phd)

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June, 2017

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FOR THE DEGREE OF MASTER OF ARTS IN LOGISTICS AND SUPPLY
CHAIN MANAGEMENT.**

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MAY, 2017

DECLARATION

I declare that the project entitled “Logistics Management Practice in Awash Bank S.C” is my original work and has not been presented for a degree in any other university and that all sources of material used for the project have been duly acknowledge.

BY: ABEL GOSSAYE

DATE: MAY, 2017.

SIGNATURE: _____

Confirmation

This is to certify that **Abel Gossaye** has carried out this research work on the topic entitled **“Logistics Management Practice in Awash Bank S.C”** under my supervision. This work is original in nature and has not been presented for a degree in any University and it can be submitted for the partial fulfillment of the requirements for the award of the degree of Masters of Art in Logistics and Supply Chain Management.

Dr. Shiferaw Mitiku

Signature _____

Date _____

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE DEPARTMENT OF LOGISTICS AND
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LOGISTICS MANAGEMENT PRACTICE IN AWASH BANK S.C
BY
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LIST OF ABBREVIATIONS

IT- Information Technology

SC –Share Company

ICT_ Information and Communication Technology

CSCMP- Council of Supply Chain Management Professionals

LIS-Logistics Information System

CLM- Council of Logistics Management

NCPDM- National Council of Physical Distribution Management

CSP- Customer Service Policy

OE-Order Entry

OE-Order Process

EDI-Electronic Data Interchange

CR- Customer Response

IP&M- Inventory Planning and Management

TAC_ Total Acquisition Cost

SSP-Supplier Service Policy

FMS- Flexible manufacturing System

MRP- Material Requirement Planning

JIT- Just In Time

TQM- Total Quality Management

WM- Warehouse Management

SPSS-Statistical Package for Social Services

CSM- Customer Service Management

ABSTRACT

The purpose of this study is to assess logistics management practices in Awash Bank S.C. To address this study descriptive analysis method was employed and also quantitative and qualitative approaches were used. The total number of employees (58), from Awash Bank S.c Shared Services all employees from the department were selected for the study. To gather data for the study questionnaire and interview for selected people have been used. Data obtained through questionnaire has been analyzed by using descriptive statics: mean and standard deviation were supported by SPSS 20.0 software version. Moreover, the data obtained using interview has been analyzed qualitatively. The study focused and discovered the current logistics management activities that has an impact on overall logistics activities of the company namely; transportation management, customer service management, inventory planning management, warehouse management and distribution. Poor transportation and distribution management, lack of adequate and experienced staffs, poor customer service management pertaining logistics, lack of technology support/innovation, poor warehouse management frequent stock out and poor procurement have been found the major problems of the company that needs due attention. Therefore, it has been recommended to the company to take measures to solve and improve logistics activities.

CHAPTER –ONE

1.1 Back Ground of the Study

Logistics management plays a significant role in the success of any company's operations and has a direct impact on its bottom line. More importantly, logistics processes play a big part in customer satisfaction which is more important than low product cost. Business logistics consists of Inventory management, purchasing, transportation and warehousing which can be defined as having the right item in the right quantity at right time at the right place for the right price.

Logistics management has always been an important preoccupation of military operation but paradoxically it was only recently that it is being accorded attention in the academic and business world (Obiora, 2008). Organizations particularly in the developing economies are known for making detailed planning for management of financial, personnel and technology resources among other while the logistics aspects of other activities are left to the vagaries of the circumstances. For instance several department and units are created for the management of individual business resources with the assumption that once these are well managed optimal result will be accomplished. A common scenario is the obvious absence of coordinating department saddled with logistics management in most of the organizations whether in the management or services industry (Fekadu ,2013).

Logistics according to (Rushton &Osley, 1991) is a concept based on total system view of the material goods and services flow activity from the source of supply chain through to the final point of consumption. In service industry however, many business especially in Ethiopian financial institutions have not recognized the impact that commitment of reasonable resources into logistics management can lead to the achievement of strategic goals. The significance of logistics management cannot be overemphasized as it influences not only the way resources are

transferred between different production unit in an organization but more significantly as a determinant for cash control in the banking industry (Fekadu, 2013)

The ability to transport goods quickly, safely, economically and reliably is seen as vital to success of business and to a nation's prosperity and capacity to compete in globalized economy. Logistics is defined by council of logistics management as the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services and related informations from point of origin to point of consumption for the purpose of conforming to customers' requirements."

According to (Fikadu, 2013)Ethiopian logistics system is characterized by poor logistics management system and lack of coordination of goods transport, low level of development infrastructure and inadequate fleets of freight vehicles in number and age, damage and quality deterioration of goods while handling, transporting and in storage. This coupled with lack of sea port resulted in poor linkage of producers (farmers) to the consumers (market) and non-competitiveness of Ethiopian goods on global market, which compromised livelihood of the people and economy of the country. There is very high rate of traffic accident (first in the world) and congestion in cities and at city inlet, outlets to which freight vehicles contributes significantly. Efficient and effective logistics system needs to be put in place to solve these socio-economic problems. According to the World Bank report published in 2010 the logistics performance in comparison of all over the world index of Ethiopia was 2.41 (1=low and 5=high) logistics performance index overall score reflects perceptions of a country logistics based on efficiency of customs clearance process, quality of trade and transport-related infrastructure, quality of logistics service, ability to track trace consignment.

Logistics becomes more important and complex today because of new requirements of service oriented economy, disparate business functions, the impact of various contemporary information technology (IT). In logistics management unwise decision create multiple issues failed or delayed deliveries lead to buyer dissatisfaction. Damage of goods, due to careless transportation is another potential issue. Poor logistics planning gradually increases expenses and issues may arise from implementation of ineffective logistics system. To resolve these issues organizations

should implement best logistics management practices. Company should focus on collaboration rather competition. Good collaboration among transportation providers, buyer and vendors help reduce expenses. Also efficient and safe transportation provider is vital to business success (Janssen, 2010).

Currently in Ethiopian banking industry stiff competition has emerging from day to day. Despite these competitions each bank in the country makes their last endeavors attempting to win the competition through strategic planning targeting excellence in customer services. However this seems to be null without practicing best logistics management. Hence, the main purpose to the study on logistics practice management in Awash Bank S.C is to asses that poor logistics management in a company affects customer (internal and external) satisfaction significantly as a result of aggressively development of banking industry in terms of increasing banks branch and number of customers and needs. On other hands logistics management system of Awash Bank S.C is characterized by lack of coordination in the chain, lack of skilled man power in inventory management and giving less attention to warehouse management, lengthy purchasing process, lack of adequate transportation in distribution of stokes.

1.2 Statement of the Problem

The main purpose to the study on logistics management practice in Awash Bank S.C is to asses how logistics management practice in a company affects customer (internal and external) satisfaction, profitability and agility.

On the other hands as the pilot study made, information from the institutions circular and training materials and the researcher observations logistics management system of Awash Bank S.C is characterized by lack of coordination in the chain, lack of skilled man power in inventory management and giving less attention to warehouse management, lengthy purchasing process, lack of adequate transportation in distribution of stokes.

In business, logistics is having the right item in the right quantity at right time at the right place for the right price. Some of the key logistics management practices that impact performance are

related to estimation of customer needs, efficient and effective delivery, integration and collaboration throughout the supply chain, sharing of information and vision using ICT as well as informal methods and use of specialists for performing specific job across the supply chain, all of these practices impacts logistics performance in the company (Cited by Koykka, 2010).

According to (*Janssen et al. 2010*), in logistics management unwise decision, lack of skilled manpower and poor logistics planning gradually increase expenses and affect profitability of the company. Accordingly the researcher tries to look up to what extent Awash Bank S.C poor inventory management, long-lasting purchasing process, and inadequate transportation for distribution of stoke lack of technology support and poor warehousing management affects the company's profitability. In addition, the researcher will assess to what degree poor logistic management practice affects the company's customer service satisfaction pertaining logistics management and looks up to the problem produced due to decisions made on logistics practices.

Hence, the research is to assess the logistics practice of Awash Bank S.C and tries to propose better logistics management practice to be implemented and tries to answer to the problem stated.

1.3 Objectives of the Study

1.3.1 General Objectives

The main objectives of this research is to assess the current logistics practices of Awash Bank S.C

1.3.2 Specific Objectives

The specific objectives of this study are:

- To assess problems related to inventory management and warehousing management
- To identify problems related to current purchasing process

- To examine transportation/distribution related problems
- To assess the level of customer satisfaction on the existing logistics practice

1.4 Research Questions

This research is primarily aimed to answer what are the logistics management practices in Awash Bank S.C., more specifically the study answers the following basic research questions:

- How efficient is the current logistics management practices?
- What are the major problems in the current logistics management practice?
- What is the level of customers satisfaction pertained to logistics practice?

1.5 Scope/Delimitation of the Study

As logistics management has vast area of managerial practices it is difficult and unmanageable to study in all areas. Therefore the scope of this study is delimited to specific context which is on logistics management practice in Awash Bank S.C Shared Service Department. The research is to assess the shared service department only as the department is mainly own the logistics management activities at the director level centrally so that the reliable and full data will be gained from the department.

The subject scope of this study is also defined to the company's point of reference towards:- inventory management, purchasing process, transportation/distribution management and warehouse management centralized at shared service department in the internal operation of the company. The area of the study is also narrowed to the internal process of Awash Bank S.C at Shared Service Department level.

1.6 Significance of the Study

The study is beneficial to various stake holders; it can be a source of information to Awash Bank S.C as it would be able to evaluate the company's logistics management practices. It is also important for practitioner and academicians who wish to replicate the study in other sectors or those who wants to fill the gaps that will be seen in this research. This paper is also important for other peer banks wishes to improve its logistics management practices as well.

1.7 Limitation of the study

Study in the area of banking logistics management practice is unusual. Hence, accessing sufficient literature material is very challenging. In addition accessing a readily available data for banking logistics is very difficult .on the other hand's willingness of some employees to full questionnaires & directors busy schedule becomes a challenging & takes long time for responses. More of time constraint faces the researches are a major limitation of a research.

1.8 Organization of the Study

This research is organized in to five chapters: chapter one contains the introduction parts deals with background of the study, research problems, research objectives, research question, scope and delimitation of the study, limitation of the study definition of terms and organization of the study.

The second chapter has consists of the literature review under which theoretical framework and conceptual frame work of the study has discussed.

In chapter three the research methodologies has presented. Chapter four dealt with the research result, discussion and interpretation. Finally, chapter five is goes to the summery, conclusion and recommendation.

Chapter Two

2. Literature Review

2.1 Introduction

This chapter briefly introduced and provided a summary of literature specific to concepts and ideas of logistics Management Practice. Based on the literature reviewed, this thesis sought to compose and evaluate those research questions and identifies measurement variables which are used for answering those research questions. The chapter starts with definition of Logistics and logistics management, which covers transportation, inventory planning, a warehousing management and procurement with stakeholders.

2.2 Concepts and Ideas of Logistics Management

Many people believe that logistics is a word, but from a semantics point of view its origin was from ancient Greek and meant the “science of computation.” In fact, it is originally from combat environments and not from business or academia. It seems the ancient Greeks referred the word *logistikos* to military officers who were expert in calculating the military needs for expeditions in war. As a science, it seems the first book written on logistics was by Antoine-Henri Jomini (1779_1869), a general in the French army and later in the Russian service, titled *Summary of the Art of War* (1838). The book was on the Napoleonic art of war Jomini defined logistics as “the practical art of moving armies” and included a vast range of functions involved in moving and sustaining military forces: planning, administration, supply, billeting and encampments, bridge and road building, and even reconnaissance and intelligence insofar as they were related to maneuvers off the battlefield.

Many different definitions for logistics can be found. The most well known are the following:

- (a) “Logistics is the management of all activities which facilitate movement and the co-ordination of supply and demand in the creation of time and place utility”.
- (b) “Logistics management is . . . the planning, implementation and control of the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer requirements” (*CSCMP, 2006*)
- (c) “Logistics is the positioning of resources at the right time, in the right place, at the right cost, at the right quality” (*Chartered Institute of Logistics and Transport, UK, 2005*).
- (d) “In civil organizations, logistics’ issues are encountered in firms producing and distributing physical goods” (*Farahani, et. al 2011*)
- (e) “Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers’ requirements” (*Council of Logistics Management 2003*).

Logistics has an ancient history. A quick look back can be enlightening. Its history dates to the wars of the Greek and Roman empires in which the military officials called logistiks were responsible for supplying and distributing needed resources and services. Providing them had an important and essential role in the outcomes of these wars. These logistiks also worked to damage the stores of their enemies while defending their own. This gradually guided the development of current logistics systems. Logistics systems developed extensively during World War II (1939_1945). Throughout this war, the United States and its allies’ armies were more efficient than Germany’s. German army stores were damaged extensively, but Germany could not impose the same destruction on its enemies’ stores. The US army could supply whatever was needed by its forces at the right time, at the right place, and in the most economical way. From that time, several new and advanced military logistic techniques started to take off. Gradually, logistics started to evolve as an art and science. (*Farahani, et. al 2011*)

Today, experts in logistics perform their duties based on their skills, experiences, and knowledge. In modern industries, the task of logistics managers is to provide appropriate and efficient logistics systems. They guarantee that the right goods will be delivered to the right

customers, at the right time, at the right place, and in the most economical way. Although logistics is a dilemma for many companies, logistical science can bring some relief to them. In today's business environment, logistics is a competitive strategy for the companies that can help them meet the expectations of their customers. Logistics helps members of supply chains integrate in an efficient way. (*Farahani, et. al 2011*)

There are a growing number of ever-changing definitions and classification options offered in print as well as on the Internet for the term logistics. Of these, we would like to use the functional, flow-oriented definition of the American logistics society –“Council of Supply Chain Management Professionals”: As per Council of Supply Chain Management Professionals for the purpose of this research Logistic management is that part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers' requirements(*Council of Supply Chain Management Professionals,2006*)

According to this definition, logistics serves to move goods within the entire value chain and requires coordination and integration between companies. It focuses primarily on real goods, tangible assets and services that provide benefit to the customer, and it integrates them into the core logistics functions of transport, transfer and storage. Logistics therefore comprises the planning, control and execution of goods and information flow – between a company and its suppliers, within a company, and between a company and its customers. Logistics is the flow of material, information, and money between consumers and suppliers. In the 1950s and _60s, the military was the only organization using the term logistics. There was no true concept of logistics in private industry at that time. Instead, departmental silos including material handling, warehousing, machining, accounting, marketing, and so on, were the norm. (*Farahani, et. al 2011*)

The commonality of the recent definition is that logistics is the process of moving and handling goods and materials, from the beginning to the end of the production, sale process and waste disposal, to satisfy customers and add business competitiveness. It is‘ the process of anticipating customer needs and wants; acquiring capital, materials, people, technologies, and information

necessary to meet those needs and wants; optimizing the goods or services producing network to fulfill customer requests; and utilizing the network to fulfill customer requests in a timely way' (Tilanus, 1997). Simply logistics is customer-oriented operation management.

Logistics management activities typically include inbound and outbound transportation management, fleet management, warehousing, supply/demand planning and management of third party logistics. To varying degrees the logistics function also includes customer service, sourcing and procurement, production planning and scheduling, packaging and assembly. Logistics management is part of all levels of planning, execution, strategic, operational and tactical. It is an integrating function including marketing, manufacturing, and finance and information technology (Council of Supply Chain Management Professionals, 2006).

Business Logistics - The science of planning, design, and support of business operations of procurement, purchasing, inventory, warehousing, distribution, transportation, customer support, financial and human resources. (MDC, Log Link / Logistics World, 1997)

Logistics management is a supply chain management component that is used to meet customer demands through the planning, control and implementation of effective movement and storage of related information, goods and services from origin to destination. Logistics management helps companies reduce expense and enhance customer service. (Rouse, 1997)

Logistics Management has the mission of getting the right goods or services to the right place, at the right time, and in the desired condition at the lowest cost and highest return on investment but with real satisfaction of customers. Logistics has become a part of a company's strategic planning, management and controlling. Every company must develop their strategy and logistics competitiveness factors from their own point of view Haapanen 2005 (cited by Koykka 2010).

In the past the goals of logistics were connected primarily to cost effectiveness. Nowadays, besides cost effectiveness, attention is paid also to fast lead times and developing customer service. As a result of costs, the price is still an important factor in competition, but in addition companies want shorten delivery times, increase the speed of distribution and reaction, make

sure that the delivery arrives on time. Logistics is not just “save money” action; it is an important part of customer oriented service strategy. (Sakki 2003 cited by Koykka 2010).

2.2.1 Workplace Logistics

Workplace logistics is the flow of material at a single workstation. The objective of workplace logistics is to streamline the movements of an individual working at a machine or along an assembly line. The principles and theory of workplace logistics were developed by the founders of industrial engineering working in WWII and post-WWII factory operations. A popular name today for workplace logistics is ergonomics. (Farahani, et. al 2011)

2.2.2 Facility Logistics

Facility logistics is the flow of material between workstations within the four walls of a facility (that is, inter-workstation and intra-facility). The facility could be a factory, terminal, warehouse, or distribution center. Facility logistics has been more commonly referred to as material handling. The roots of facility logistics and material handling are in the mass production and assembly lines that distinguished the 1950s and 1960s. In those times and even into the late 1970s, many organizations maintained material-handling departments. Today, the term material handling has fallen out of favor because of its association with non-value added activities. In the 1960s, material handling, warehousing, and traffic were grouped together to become known as physical distribution; procurement, marketing, and customer service were grouped together to become known as business logistics. (Even today in many academic institutions, logistics is still divided along these lines; where logistics is taught in the business school, it is taught as business logistics and in the engineering schools as physical distribution) (Council of Logistics Management 2003).

2.2.3 Corporate Logistics

As management structures advanced and information systems accordingly, the ability to assimilate and synthesize departments (material handling, warehousing, and so on) into functions (physical distribution and business logistics) in the 1970s permitted the first application of true logistics within a corporation. Corporate logistics became a process with the common objective to develop and maintain a profitable customer service policy while maintaining and reducing total logistics costs. Corporate logistics is the flow of material and information between the facilities and processes of a corporation (inter-workstation, inter-facility, and intra-corporate). For a manufacturer, logistics activities occur between its factories and warehouses; for a wholesaler, between its distribution centers; and for a retailer, between its distribution centers and retail stores. Corporate logistics is sometimes associated with the phrase physical distribution that was popular in the 1970s. In fact, the Council of Logistics Management (CLM) was called the National Council of Physical Distribution Management (NCPDM) until 1982 (*Council of Logistics Management 2003*).

2.2.4 Supply Chain Logistics

Supply chain logistics is the flow of material, information, and money between corporations (inter-workstation, inter-facility, inter-corporate, and intra-chain). There is a lot of confusion surrounding the terms logistics and supply chain management. The supply chain is the network of facilities (warehouses, factories, terminals, ports, stores, and homes), vehicles (trucks, trains, planes, and ocean vessels), and logistics information systems (LIS) connected by an enterprise's supplier's suppliers and its customer's customers. Logistics is what happens in the supply chain. Logistics activities (customer response, inventory management, supply, transportation, and warehousing) connect and activate the objects in the supply chain. To borrow a sports analogy, logistics is the game played in the supply chain arena. It is unfortunate that the phrase supply chain management has been so readily and commonly adopted as a reference to excellence in logistics. First, it is not supply (or demand) that should dictate the flow of material, information, and money in a logistics network. Actually, there are some links in the chain and some circumstances in which supply dictate flow and some in which demand should dictate flow. Second, if you drew lines connecting all the trading partners in a typical supply chain, what you would see would not look anything like a chain. You would see something that looks more like a

complex web of links. A chain stretched full is a line. The danger in the choice of the term chain is that the term oversimplifies the complexities in logistics management and leads to inflated expectations for what can be achieved by supply chain management systems. Finally, the term management suggests that a single party in the chain can truly manage and dictate the operations of the supply chain. Instead, the best any party can do is to collaboratively plan the operations of the chain (*Council of Supply Chain Management Professionals, 2006*).

2.2.5 Global Logistics

Global logistics is the flow of material, information, and money between countries. Global logistics connects our suppliers' suppliers with our customers' customers internationally. Global logistics flows have increased dramatically during the last several years due to globalization in the world economy, expanding use of trading blocs, and global access to Web sites for buying and selling merchandise. Global logistics is much more complex than domestic logistics, due to the multiplicity of handoffs, players, languages, documents, currencies, time zones, and cultures that are inherent to international business. (*Council of Logistics Management 2003*).

2.2.6 Next-Generation Logistics

There are many theories as to the next phase of logistics development. Many logisticians believe that collaborative logistics, logistics models built with continuous and real-time optimization and communication between all supply chain partners will be the next phase of evolution. Other camps in the logistics community believe the next phase of evolution will be virtual logistics or fourth-party logistics, where all logistics activities and management will be outsourced to third-party logistics providers who are in turn managed by a master or fourth-party logistics providers acting kind of like a general contractor. (*Council of Logistics Management 2003*).

2.3 Logistics activities

Logistics is comprised of five interdependent activities: customer response, inventory planning and management, supply, transportation, and warehousing. Each activity and its objective is described briefly below: (*Taylor, 2005*)

2.3.1 Customer Response

It links with logistics internally to the customer base and sales and marketing, Customer response is optimized when customer service policy (CSP) is yielding the lowest cost of lost sales and inventory carrying costs. In a competitive environment, customer service is an important means of differentiation from competitors and of customer loyalty. Setting the components of customer service and quantifying the level of service are means of keeping the company's competitive advantage (*Taylor, 2005*).

The purpose of the logistic system is to serve customers as well or better than the competition and at the same time to make profits. Customer service is the chain of sales activities and meeting customer requirements, which begins with receiving the orders and ends with the delivery of the products to customers, in some cases continuing with equipment maintenance services (*Adriana & Daniela 2010*).

The role of customer service is to provide time and place utilities in the transfer of goods and services between the manufacturer and the customer. In another form, the product has no value until it is in the hands of the customer. Availability is a complex concept, influenced by many factors that together form the customer service. These factors include the frequency of the delivery and its safety, the stock level and the time interval the order is released (*Adriana & Daniela 2010*).

As it has been said customer response links logistics externally to the customer base and internally to sales and marketing. Customer response is optimized when the customer service policy (CSP) yielding the lowest cost of lost sales, inventory carrying, and distribution is identified and executed. The logistics of customer response includes the activities of developing and maintaining customer service policy, monitoring customer satisfaction, order Entry (OE) order Processing (OP), and invoicing and collections. It links with logistics internally to the customer base and sales and marketing, Customer response is optimized when customer service policy (CSP) is yielding the lowest cost of lost sales and inventory carrying costs. In a competitive environment, customer service is an important means of differentiation from competitors and of customer loyalty. Setting the components of customer service and quantifying

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2.3.2 Inventory Planning and Management

The objective of inventory planning and management (IP&M) is to determine and maintain the lowest inventory levels possible that will meet the customer service policy requirements stipulated in the customer service policy. The logistics of inventory planning and management includes: order quantity engineering, service level optimization, replenishment planning, inventory deployment Inventory what inventory should be stocked at each stage in a supply chain? How much inventory should be held as raw materials, semi finished, or finished goods? The primary purpose of inventory is to act as a buffer against uncertainty in the supply chain. However, holding inventory can be expensive, so what are the optimal inventory levels and reorder points? Inventory management system is a set of techniques that are used to manage the inventory levels within different companies in a supply chain. The aim is to reduce the cost of inventory as much as possible while still maintaining the service levels that customers require. Inventory management takes its major inputs from the demand forecasts for products and the

prices of products. With these two inputs, inventory management is an ongoing process of balancing product inventory levels to meet demand and exploiting economies of scale to get the best product prices. (*Meng, 2006*)

There are three kinds of inventory: 1) cycle inventory; 2) seasonal inventory; and 3) safety inventory. Cycle inventory and seasonal inventory are both influenced by economy of scale considerations. The cost structure of the companies in any supply chain will suggest certain levels of inventory based on production costs and inventory carrying cost. Safety inventory is influenced by the predictability of product demand. The less predictable product demand is, the higher the level of safety inventory is required to cover unexpected swings in demand. The inventory management operation in a company or an entire supply chain is composed of a blend of activities related to managing the three different types of inventory. Each type of inventory has its own specific challenges and the mix of these challenges will vary from one company to another and from one supply chain to another (*Taylor, 2005*).

Inventory is spread throughout the supply chain and includes everything from raw material to work in process to finished goods that are held by the manufacturers, distributors, and retailers in a supply chain. Again, managers must decide where they want to position themselves in the trade-off between responsiveness and efficiency. Holding large amounts of inventory allows a company or an entire supply chain to be very responsive to fluctuations in customer demand. However, the creation and storage of inventory is a cost and to achieve high levels of efficiency, the cost of inventory should be kept as low as possible. There are three basic decisions to make regarding the creation and holding of inventory: (*Frazelle, 2002*).

Cycle Inventory— this is the amount of inventory needed to satisfy demand for the product in the period between purchases of the product. Companies tend to produce and to purchase in large lots in order to gain the advantages that economies of scale can bring. However, with large lots also comes an increased carrying cost. Carrying costs come from the cost to store, handle, and insure the inventory. Managers face the trade-off between the reduced cost of ordering and better prices offered by purchasing product in large lots and the increased carrying cost of the cycle inventory that comes with purchasing in large lots(*Frazelle, 2002*).

Safety Inventory—Inventory that is held as a buffer against uncertainty. If demand forecasting could be done with perfect accuracy then the only inventory that would be needed would be cycle inventory. But, since every forecast has some degree of uncertainty in it, we cover that uncertainty to a greater or lesser degree by holding additional inventory in case demand is suddenly greater than anticipated. The trade-off here is to weigh the costs of carrying extra inventory against the costs of losing sales due to insufficient inventory (*Frazelle, 2002*).

Seasonal Inventory—this is inventory that is built up in anticipation of predictable increases in demand that occur at certain times of the year. For example, it is predictable that demand for anti-freeze will increase in the winter. If a company that makes anti-freeze has a fixed production rate that is expensive to change, then it will try to manufacture product at a steady rate all year long and build up inventory during periods of low demand to cover for periods of high demand that will exceed its production rate. The alternative to building up seasonal inventory is to invest in flexible manufacturing facilities that can quickly change their rate of production of different products to respond to increases in demand. In this case, the trade-off is between the cost of carrying seasonal inventory and the cost of having more flexible production capabilities. Effective management of the flow of inventory in supply chains is one of the key factors for success. The supply chain management orientation during the 1990s brought attention to the importance of reducing inventory levels in supply chains to reduce landed cost at the end of the supply chain. The planning, storing, moving, and accounting for inventory is the basis for all logistics. Inventory availability is the most important aspect of customer service. Inventory carrying costs are typically the most expensive costs of logistics. It is very difficult to convert physical inventory into a liquid asset, hence, inventory is a very risky investment. The goal of inventory management is to increase the financial return on inventory while simultaneously increasing customer service levels (*Frazelle, 2002*).

2.3.3 Supply

Supply is the process of building inventory (through manufacturing and/or procurement) to the targets established in inventory planning. The objective of supply management is to minimize the total acquisition cost (TAC) while meeting the availability, response time, and quality requirements stipulated in the customer service policy and the inventory master plan. The

logistics of supply include: developing and maintaining Supplier Service Policy (SSP), sourcing, supplier integration, purchase order processing, buying and payment. Supply management is focused on the acquisition process recognizing the supply chain and organizational contexts. Special emphasis is on decision making that aligns the supplier network and the acquisition process with organizational goals and strategies and ensures short- and long-term value for funds spent. The overall objective of supply management is to minimize the total acquisition cost while meeting the availability, response time and quality requirement stipulated in the customer service policy (Meng 2006).

There is no one best way of organizing the supply function, conducting its activities, and integrating suppliers effectively. This is both interesting and challenging. It is interesting because the acquisition of organizational requirements covers a very wide and complex set of approaches with different needs and different suppliers. It is challenging because of the complexity and because the process is dynamic, not static. Moreover, some of the brightest minds in this world have been hired as marketing and sales experts to persuade supply managers to choose their companies as suppliers. It is also challenging because every supply decision depends on a large variety of factors, the combination of which may well be unique to a particular organization. Meng (2006),

Every organization needs suppliers. No organization can exist without suppliers. Therefore, the organization's approach to suppliers, its acquisition processes and policies, and its relationships with suppliers will impact not only the performance of the suppliers, but also the organization's own performance. No organization can be successful without the support of its supplier base, operationally and strategically, short- and long-term. To increase long-term shareholder value, the company must increase revenue, decrease costs, or both. Supply's contribution should not be perceived as only focused on cost. Supply can and should also be concerned with revenue enhancement. Effective purchasing and supply management contributes significantly to organizational success. The acquisition of materials, services, and equipment of the right qualities, in the right quantities, at the right prices, at the right time, with the right quality, and on a continuing basis has occupied the attention of managers in both the public and private sectors. Purchasing, supply management, and procurement are used interchangeably to refer to the

integration of related functions to provide effective and efficient materials and services to the organization. Thus, purchasing or supply management is not only concerned with the standard steps in the procurement process: (1) the recognition of need, (2) the translation of that need into a commercially equivalent description, (3) the search for potential suppliers, (4) the selection of a suitable source, (5) the agreement on order or contract details, (6) the delivery of the products or services, and (7) the payment of suppliers (*Christopher 2007*).

The large number of physical moves associated with any purchasing or supply chain activity has focused attention on the role of logistics. According to the Council of Supply Chain Management Professionals, “Logistics management is that part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers’ requirements.” This definition includes inbound, outbound, internal, and external movements. Logistics is not confined to manufacturing organizations. It is relevant to service organizations and to both private- and public-sector firms. The attraction of the logistics concept is that it looks at the material flow process as a complete system, from initial need for materials to delivery of finished product or service to the customer. It attempts to provide the communication, coordination, and control needed to avoid the potential conflicts between the physical distribution and the materials management functions. Supply influences a number of logistics-related activities, such as how much to buy and inbound transportation. With an increased emphasis on controlling materials flows, the supply function must be concerned with decisions beyond supplier selection and price. (*Council of Supply Chain Management Professionals, 2006*).

2.3.4 Transportation

Transportation physically links the sources of supply chosen in sourcing with the customers we have decided to serve chosen as a part of the customer service policy. We reserve transportation for the fourth spot in the logistics activity list because the deliver-to points and response time requirements determined in the customer service policy and the pick-up points determined in the supply plan must be in place before a transportation scheme can be developed. The objective of transportation is to link all pick-up and delivery -to points within the response time requirements

of the customer service policy and the limitations of the transportation infrastructure at the lowest possible cost. The logistics of transportation includes: network design, and optimization, shipment management, fleet and container management, carrier management, freight management (Sreenivas, 2013)

In logistics transportation management system is the backbone of the operation and it is the key element in logistics management in distribution management, which joins the separated activities in the supply chain. According to Taylor (2005), transportation occupies one-third of the amount of logistics costs, so it influences the performance of logistics systems hugely. It is also important to have a collaborative network of shippers, carrier and customer, so good transportation management system has the following benefits: reduce costs through better route planning, load optimization, carrier mix and mode selection, improved accountability with visibility into the transportation chain, greater flexibility to make changes in delivery plans, and completion of key supply chain execution requirement.

Transportation plays a connective role among several steps, it is the planning of all these functions and sub-functions into the system of goods movement in order to minimize cost as a result maximize service to the customers that constitute the concept of business logistics. The system, once put in place, must be effectively managed. (*Fair et al. 1981*)

Transportation in logistics system has also a role of service quality. By means of well- handled transportation system, goods could be sent to the right place at the right time in order to satisfy customers' demands. Specified pickup and delivery times, predictable transit time and zero loss and damage as well as accurate and timely exchange of information and invoicing are service related in transportation management. It all brings efficiency for the company to satisfy customers. Therefore transportation is the base for efficiency and economy in the business logistics and expands other functions in logistics system. In addition, a good transportation system performing in logistics activities brings benefits not only to service quality but also to company competitiveness (*Fair and Williams, 1981*).

A good transportation system in logistics activities could provide better logistics efficiency, reduce operation cost, and promote service quality. Transportation system is the most important economic activity among components of business logistics systems. Around one-thirds of expenses of enterprises' logistics costs are spent on transportation. According to the investigation of National Council of Physical Distribution Management (NCPDM) in 1982 (Chang, 1988), the cost of transportation, on average, accounted for 6.5% of market revenue and 44% of logistics costs. So without well developed transportation systems, logistics could not bring its advantages into full play. The operation of transportation determines the efficiency of moving products. The progress in techniques and management principles improves the moving load, delivery speed, service quality, operation costs, the usage of facilities and energy saving. Transportation takes a crucial part in the manipulation of logistics. Transportation in logistics system has also a role of service quality. By means of well- handled transportation system, goods could be sent to the right place at the right time in order to satisfy customers' demands. Specified pickup and delivery times, predictable transit time and zero loss and damage as well as accurate and timely exchange of information and invoicing are service related in transportation management. It all brings efficiency for the company to satisfy customers. Therefore transportation is the base for efficiency and economy in the business logistics and expands other functions in logistics system. In addition, a good transportation system performing in logistics activities brings benefits not only to service quality but also to company competitiveness. (*Fair and Williams 1981*)

There are two fundamental economic principles that have an impact on transportation efficiency: Economies of scale-decreased transportation cost per unit as the size of a shipment increases and Economies of distance-decreased transportation cost per unit of weight as distance increase. The goal from a transportation perspective is to maximize the size of the load and the distance being shipped while still meeting customer service expectations (*M. Sreenivas, 2013*)

2.3.5 Warehousing

Warehousing is the last of the five logistics activities because good planning in the other four activities may eliminate the need for warehousing or may suggest the warehousing activity be outsourced. In addition, a good warehouse plan incorporates the needs of all the other logistics

activities. Good or bad, the warehouse ultimately portrays the efficiency or inefficiency of the entire supply chain. The objective of warehousing is to minimize the cost of labor, space, and equipment in the warehouse while meeting the cycle time and shipping accuracy requirements of the customer service policy and the storage capacity requirements of the inventory play. The logistics of warehousing includes: receiving, put away, storage, order picking and Shipping (Jinxiang, 2010).

In addition to this there are also a number of reasons why depots and warehouses are required. These vary in importance depending on the nature of a company's business. In general, the main reasons are: to keep down production costs by allowing long production runs, thus minimizing, the time spent for machine set-up, to help link demand requirements with production capabilities, to smooth the flow and assist in operational efficiency, to enable large seasonal demands to be catered for more economically, to provide a good customer service, to allow cost trade-offs with the transport system (bulk delivery, etc) and To facilitate order assembly (Jinxiang, 2010).

A warehouse is a commercial building for buffering and storage of goods or an intermediate area for storing of raw materials or products until they are needed for production or consumption Chua and Teo 2008 (cited by Haung Min , 2010). Warehousing refers to the activities involving storage of goods on a large-scale in a systematic and orderly manner and making them available conveniently when needed. In other words, warehousing means holding or preserving goods in huge quantities from the time of their purchase or production till their actual use or sale. Being an essential component of logistics, is a key aspect of modern supply chains and plays a critical role in the success or failure of business today *Frazelle 2002a. (Cited by Haung Min, 2010)*

Warehousing is costly in terms of human resources and of the facilities and equipments required, and its performance will affect directly on overall supply chain performance. Inadequate design or managing of warehouse systems will jeopardize the achievement of required customer service levels and the maintenance of stock integrity, and result in unnecessarily high costs (*Haung Min, 2010*).

Due to the globalization, the increase in complexity of supply chain has also increased the complexity of the roles played by a warehouse for a business. The evolving role of warehouse has exerted significant impacts on the evolvement of warehouse management system (WMS). A

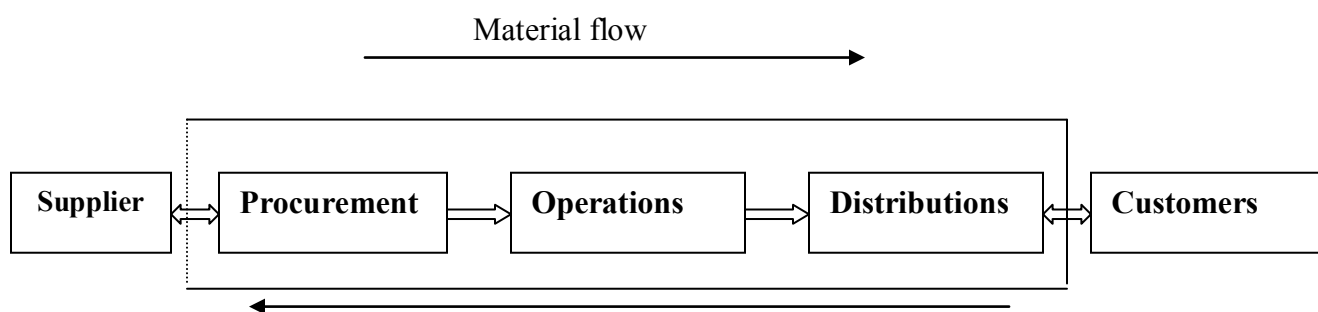
WM is a database driven IT tool used to improve the efficiency of the warehouse by coordinating warehouse activities and to maintain accuracy inventory by recording warehouse transactions Shiau and Lee 2009 (Cited by Min study 2010).

Proper and effective use of WMS can greatly increase the efficiency and productivity of a warehouse, thus helping to achieve warehousing costs reduction of the company. When considering the level of effort involved in warehouse operations, the greatest expenditure of effort is in the picking process. To gain efficiencies in picking the labor time to pick orders needs to be reduced and this can be achieved in a number of ways. Companies with the most efficient warehouses have the most frequently picked items closest to the shipping areas to minimize picking time. These companies achieve their competitive advantage by constantly reviewing their sales data to ensure that the items are stored close to the shipping area are still the most frequently picked (Min, 2010).

The writer also notes that warehouse layout is also important in achieving greater efficiencies. Minimizing travel time between picking locations can greatly improve productivity. However, to achieve this increase in efficiency, companies must develop processes to regularly monitor picking travel times and storage locations. To maximize efficiency, world class warehouse operations have adopted new and updated technology (Min, 2010).

2.4 The mission of logistics management

It will be apparent from the comments that the mission of Logistics management is to plan and coordinate all necessary activities to achieve desired levels of delivered service and quality at lowest possible cost. Logistics must therefore be seen as the link between the market place and the supply base. The scope of logistics spans the organization, from the management of raw materials through to the delivery of the final product.



Requirements information flow

Figure 1 Logistics management process (*Christopher, 2013*)

Logistics management, from this total systems viewpoint, is the means whereby the needs of customers are satisfied through the co-ordination of the materials and information flows that extend from the marketplace, through the firm and its operations and beyond that to suppliers. To achieve this company-wide integration clearly requires a quite different orientation than that typically encountered in the conventional organization (*Christopher, 2013*).

For example, for many years marketing and manufacturing have been seen as largely separate activities within the organization. At best they have coexisted, at worst there has been open warfare. Manufacturing priorities and objectives have typically been focused on operating efficiency, achieved through long production runs, minimized set-ups and change-overs and product standardization. On the other hand, marketing as sought to achieve competitive advantage through variety, high service levels and frequent product changes (*Christopher, 2013*).

In today's more turbulent environment there is no longer any possibility of manufacturing and marketing acting independently of each other. The internecine disputes between the barons of production and marketing are clearly counter-productive to the achievement of overall corporate goals. It is no coincidence that in recent years both marketing and manufacturing have become the focus of renewed attention. Marketing as a concept and a philosophy of customer orientation now enjoys a wider acceptance than ever. It is now generally accepted that the need to understand and meet customer requirements is a prerequisite for survival. At the same time, in the search for improved cost competitiveness, manufacturing management has been the subject of a massive revolution. (*Christopher, 2013*)

The last decade has seen the rapid introduction of flexible manufacturing systems (FMS), of new approaches to inventory based on materials requirements planning (MRP) and just-in-time (JIT) methods and, perhaps most important of all, a sustained emphasis on total quality management (TQM). Equally there has been a growing recognition of the critical role that procurement plays in creating and sustaining competitive advantage as part of an integrated logistics process.

Leading-edge organizations now routinely include supply-side issues in the development of their strategic plans. Not only is the cost of purchased materials and supplies a significant part of total costs in most organizations, but there is a major opportunity for leveraging the capabilities and competencies of suppliers through closer integration of the buyers' and suppliers' logistics processes. *(Christopher, 2013)*

In this scheme of things, logistics is therefore essentially an integrative concept that seeks to develop a system-wide view of the firm. It is fundamentally a planning concept that seeks to create a framework through which the needs of the marketplace can be translated into a manufacturing strategy and plan, which in turn links into a strategy and plan for procurement. Ideally there should be a 'one-plan' mentality within the business which seeks to replace the conventional stand-alone and separate plans of marketing, distribution, production and procurement. This, quite simply, is the mission of logistics management. *(Christopher, 2013)*

2.5 Conceptual Frame work

Based on the theoretical framework presented in the previous section, this part highlights how the research is conceptualized. According to Miles and Huberman (1994,p18) –“Conceptual framework explains, either graphically or in a narrative form, the main things to be studied, the key factors, concepts or variables and the presumed relationship among them”. The conceptual framework of the study below shows factors affecting logistics management practice.

Based on literature review, the researcher identified that the factor to be considered in determining the occurrence of best logistics management practices. Hence, logistics and supply chain managements are characterized by five major interdependent activities these are: customer response, inventory planning and management, supply/ procurement management, transportation/distribution management and warehousing management.

The ultimate goal of logistics and supply chain management is to meet customer's preference more demand more efficiently by providing the right product, in the right quantity, at the right location, on the right time, and in the right condition to insure the profitability of the company.

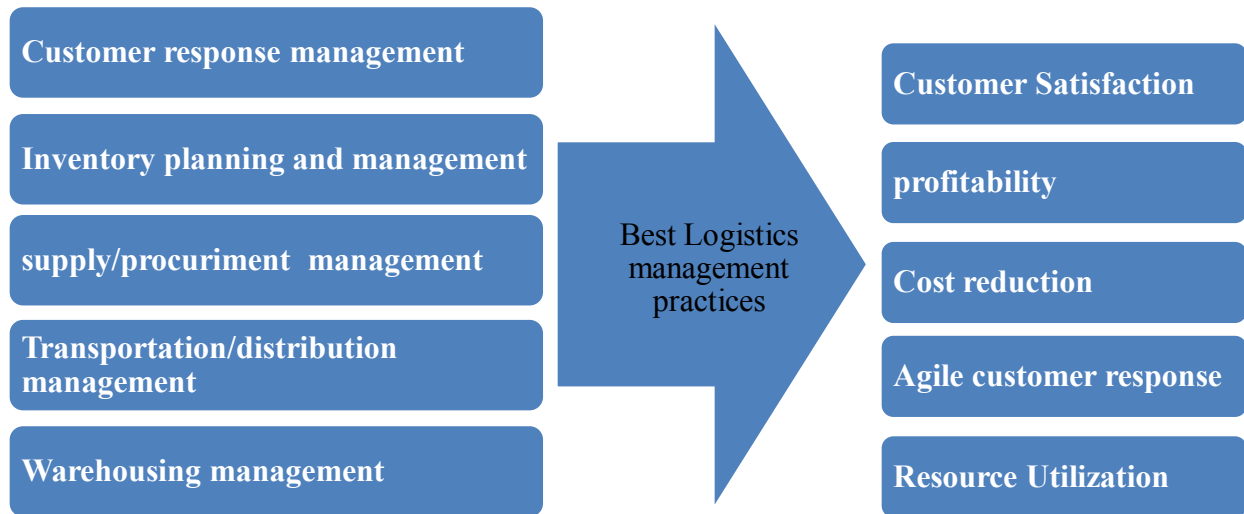


Fig. 2: Conceptual Framework adopted from Taylor (2005) and modified by the researcher

The above figure (fig. 2) depicts the determinant of best logistics management practice and its result based on theoretical frame works. Accordingly, the first column shows five major logistics activities or factors help to determine the occurrence of best management practices which are: customer service management, inventory planning and management, supply or procurement management, transportation management and warehousing management.

The second arrow column shows the application of best logistics management on each logistics activities those listed under column one.

Finally, the last column shows the result or outcome of application of best logistics management on each logistics activities described under column one. Hence, the application of best management practice in customer service management results in customer satisfaction; best management practice in inventory planning and management and supply or procurement management on the other hand ends with cost reduction and profitability respectively. The result of applying best management practice on transportation management and warehousing management are agility and best resource utilization.

CHAPTER-THREE

3. METHODOLOGY OF THE STUDY

3.1 introductions

In this chapter, the researcher described different methods and approaches explained by different authors. After giving a theoretical demonstration of each part of the methodology, the researcher explained why and how he used these approaches to conduct the research.

3.2 Description of the Study

The study is aimed at assessing the logistics management practices of Awash Bank S.C. The main reason to study logistics management practices in Awash Bank S.C is that as Awash Bank is a service rendering/giving institution the logistics activities are crucial for the banking service and it is one of a service quality and profit determinant of the industry. Since the concept of

logistics management is broad and the institution is huge it manages these activities under one department said Shared services Directorate. Therefore the researcher has selected inventory and warehousing management, Supply or Purchasing Process and transportation/distribution management for the area of study.

3.3 Research Approach and Design

A study approach is an exploratory and descriptive thesis. Exploratory approach has used to help the researcher to find out the existing situation of logistics management deployed by Awash Bank S.C.

Robson (2002), cited in *Saundrrs et al (2007)*, described exploratory study as a valuable means of finding out what is happening in order to seek new insight; to ask questions and assess phenomenon in a new situation, the descriptive research on the other hand was aimed to present complete description of a subject within its context.

The research approach adopted by this research is quantitative study. The approach is more structured and controlled. According to *Emory (1995)*, a survey is feasible when population is small and variable, hence the researcher will able to cover all elements of the population. For this study interview, questionnaires have been designed based on theory and Cronbach's alpha reliability measurement scales have been used and the validity has checked by benchmarking the literature review.

3.4 Population and Sample

The study targets all clerical staffs/employees of Awash Bank S.C assigned at Shared Service directorate; more specifically Director, Division Managers, Department Managers, Supervisors and officers are participants in the study. Currently, the total (whole) numbers of clerical employees assigned and operating under Shared Service Director are 58 employees. Therefore as the study covers all clerical staffs in the department or directorate and census model are used to conduct the research.

3.5 Data Source and Type

The researcher uses a mix of primary data to conduct the research. The primary source data were obtained from respondents through questionnaires and structured interviews.

3.6 Data Collection Procedures

To collect the necessary data the researcher follows the following procedures:

- Design the sample techniques
- Determine and select the sample size
- Develop the questionnaire and interview guide questions
- Distribute the questionnaire for the selected respondents
- Conduct interview with the selected interviewees
- Collect the distributed questionnaires from the respondents

The main data collection instruments are structured questionnaires along with structured interview.

3.6.1 Interview

Structured interview is used to obtain data for further clarity and credibility of the research with the employees of Awash Bank S.C based on purposive sampling. The main reason to use interview on the study is to obtain in-depth understanding of the issue from the highly related and authorized personnel's on the logistics management of the institution. On the other hands the researcher believes that those corporate managers who are expected to have better knowledge and experience on the case issue so that they will able to answer the question more briefly and accurately. Therefore a director and 5 five division managers were targeted for the interview.

The interview is directly focused on the logistics management practices of the institution and to the specific area on inventory and warehousing, procurement and distribution management of the company. The information gathered have helped the information collected from the respondent

through questionnaires as has been collected from persons who have believed to have better knowledge on the study area.

Before the interview has been conducted the interviewer has briefly explain the aim of the interview to the interviewee, brief note and voice recorder has been taken. The researcher observation is also included to make the information more credible.

3.6.2 Questionnaire

The questionnaires are prepared based on literature review to address the research question. The questionnaires were distributed after the respondents have informed about the purpose of the research by the researcher. The reason for selecting questionnaire for data gathering tool is that it is easier to answer the questionnaires and it is difficult to interview all participants due to time constraint. The questionnaire will be administered by drop and pick method.

The questionnaires were pretested using Cronbach's Alpha reliability measurement scales. The questionnaires have two parts: - the cover page contains respondents' general information and it contains statements designed to assess the logistics management practices in Awash Bank S.C. It is allocated in to five (5) points from strongly agree (5 points) to strongly disagree (1 points). As part two I contains interview questions for selected respondent which will be related to logistics management practiced by the institution.

3.7 Ethical Consideration

The researcher addresses Ethical considerations of confidentiality and privacy. In such case conscious and care full effort has been made at all time to sustain the promise and the researcher takes every precaution to maintain the anonymity of the study participants. All participant has express their full consent to participate in the study and in the interview case the symbols I-1, I-2, I-3, I-4 and I-5 (pseudo representation) was used instead of the actual name of the interviewees and the respondent on a questionnaires are not needed to write their name.

3.8 Method of Data Analysis

The method of data analysis is made based on the type of instrument employed to gather information. Data obtained from questionnaires is analysed as first raw data and tallied and tabulated. Data collected through questionnaires has been analyzed through descriptive statistics (mean, percentages, frequencies and standard deviation) by SPSS software version 20.0.

The responses obtained from interview are used to substantiate the analysis. Depending on the result of analysis, interpretations and necessary discussions have been made to clarify the issue. Finally the major findings of the study are reported and recommendations are putted.

CHAPTER FOUR

4. Data Analysis, Discussion and Interpretation

This chapter is dealt with the presentation and analysis of data gathered from questionnaires and interview to describe data vividly the result, discuss the result found and interpreted the data in a concise and meaningful way.

The researcher targeted on logistics management practices in Awash Bank S.C. The Shared Service Directorate was the main source of data. Accordingly, 58 questionnaires were designed and distributed to all clerical staffs assigned at the department and all were returned on time. Along with the questionnaires 6(six) interview were conducted with the directorate, division and department managers to strengthen the result.

The findings of the study were presented to answer the leading research questions and focused on the research objective. The results are categorized according to various logistics management issues dealt with in this study. Data collected through questionnaire were organized in tabular form and analyzed using percentage and mean scores.

The issues under logistics management: Firstly, customer service management practices with emphasis on logistics management and practice. Secondly, transport management practice on the company logistics practice and problem was explored. Thirdly, how the inventory planning and management practice could be affecting the overall logistics operation of Awash Bank S.C is also at the heart of this analysis. Fourthly, Warehouse management practice, and finally procurement management practice are also explored on the analysis part of this study.

1. General information questionnaire's

Item I.I

Gender					
		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	47	81.0	81.0	81.0
	Female	11	19.0	19.0	100.0
	Total	58	100.0	100.0	

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire,

Item I.II

Age					
		Frequency	Percent	Valid percent	Cumulative percent
Valid	18-30	31	53.4	53.4	53.4

	31-40	20	34.5	34.5	87.9
	41-50	4	6.9	6.9	94.8
	Above 50	3	5.2	5.2	100.0
	Total	58	100.0	100.0	

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire,

Item I.III

ARE YOU AB EMPLOYEE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	58	100.0	100.0	100.0

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire

As the above table I.I, I.II and I.III clearly shows the respondents were totally the employees of Awash Bank S.C. Accordingly, 47(81%) are male and 11(19%) are female participants out of which 31(53.4%) are young employees from are 18-30 while 20(34.5%) are from age 31-40 the remaining 4(6.9%) & 3(5.2%) are between 41 to 50 rang and above 50 respectively.

ITEM I.IV

WORKING EXPERIENCE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-2	23	39.7	39.7	39.7
	3-5	18	31.0	31.0	70.7
	6-8	9	15.5	15.5	86.2
	9 AND ABOVE	8	13.8	13.8	100.0
	Total	58	100.0	100.0	

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire,

In respect of their work experience majority of the staff 23(39.7%) have an experience of less than two years 18 (31%) have an experience from range 3-5 while 9 (15.5%) were experienced from range 6-8 and 8 (13.8%) were above 9 years.

Item I.IV

Highest level of education					
		Frequency	Percent	Valid percent	Cumulative percent
Valid	Secondary school	1	1.7	1.7	1.7
	College diploma	8	13.8	13.8	15.5
	B.a degree	47	81.0	81.0	96.6
	Ma/msc degree	2	3.4	3.4	100.0
	Total	58	100.0	100.0	

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire,

Regarding educational back ground majority of the respondents 47(81%) are B.A Degree holders while 8(13.8%) were Awarded college diploma 2(3.4%) has M.A Degree & 1(1.7%) are secondary School. so that almost all respondent can understand and respond well.

Item I.VI

From which department you are					
		Frequency	Percent	Valid percent	Cumulative percent
	Procurement	12	20.7	20.7	20.7
	Transportation	8	13.8	13.8	34.5
	Warehouse	10	17.2	17.2	51.7
	Distribution	5	8.6	8.6	60.3
	General service/ customer services	9	15.5	15.5	75.9
	Others	14	24.1	24.1	100.0
	Total	58	100.0	100.0	

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire,

As it can be understood from the above table all departments under Awash Bank S.C Shared Service directorate have its representative. From Procurement department 12(20.7%) were participated 10(17.2%) were from warehouse 9(15.5%) were from General Services 8(13.8%) and 5(8.6%) were from transportation and distributions accordingly. In addition to it 14 (24.1%) respondents were inclusive from other department under shared service directorate.

**1. Level of agreement on customer service management practices in Awash Bank S.C
pertaining logistics management practices**

Table 1.1

Awash Bank S.C develops management tools to check customer satisfaction in logistics practice					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	32	55.2	1.47	0.537
	Disagree	25	43.1		
	Neutral	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On table 1.1 the respondents have asked their level of agreement on Awash Bank S.C develops management tools to check customer satisfaction in logistics practice. Accordingly, more than

half respondents 32 (55.2%) of the respondent have strongly disagree that Awash Bank S.C has developed management tools to check customer satisfaction in logistic practices on the other hands 25 respondent (43.1%) have disagree while the remaining 1(1.7%) respondent remains neutral no respondent agree and/or strongly agree on it. As a result almost all 57(98.7%) have disagreed that awash bank has developed management tools to check customer services management in logistics angle.

Table 1.2

Current Awash Bank S.C logistics management has contributed for its profitability and has direct positive impact on customer service excellence					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	13	22.4	2.10	.810
	Disagree	29	50.0		
	Neutral	13	22.4		
	Agree	3	5.2		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On table 1.2 the respondents are requested to show their level of agreement on current Awash Bank S.C logistics management contribution for its profitability and its direct (positive) impact on customer service excellence. On this item majority of the respondent 29(50%) are disagree where as 13 respondents (22.40%) strongly disagree equally with whom choose Neutral 13(22.4%) on the second level and 3 (5.2%) respondents are agreed with the idea. Even though, 31 (72.4%) of the respondent are disagree that the current Awash Bank S.C logistics management have contributed for its profitability and has positive impact on customer services excellence.

Table 1.3

Employees assigned on customers service management has enough knowledge to serve customers					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	5	8.6	2.48	.843
	Disagree	28	48.3		
	Neutral	17	29.3		
	Agree	8	13.8		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On table 1.3 the respondents were asked to reflect their feeling on whether employees assigned on customers service management has enough knowledge to serve customers reciprocally 28(48.3%) respondent feels that they are disagreed with the idea while 17(29.3%) keeps neutral 8(13.8%) respondent and 5(8.6%) feels they are Agree and strongly Disagree with the issue. Still the table talks that more than half 33 (56.9%) of the population disagree with the idea.

Table 1.4

Experienced and adequate staffs are assigned for customer service management					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	16	27.6	2.16	.951
	Disagree	23	39.7		
	Neutral	13	22.4		
	Agree	6	10.3		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On table 1.4 majority of the respondents 39(67.3%) were disagreed as 23(39.7%) and 16(27.6) respondents are disagreed and disagreed respectively that experienced and adequate staffs are assigned for customer service management while 13 (22.4%) respondents were neutral and 6 (10.3%) are agreed with the idea.

As it has been depicted on the above tables the respondent has requested their level of agreement on customer service management practice pertaining logistics management practices in Awash Bank S.C. To assess it the researcher designs four questions stated in the above tables.

Generally, on the questions raised on Customer service management practices in Awash Bank S.C pertaining logistics management practices the result shows there is no significant or satisfactory practice in the company with the average mean of 2.05 and a standard deviation of 0.786.

2. Level of agreement on current transportation management practice in Awash Bank S.C

Table 2.1

The current transportation management practice is efficient in logistic management required					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	24	41.4	1.79	.833
	Disagree	25	43.1		
	Neutral	6	10.3		
	Agree	3	5.2		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

As presented in Table 2.1 the respondents have requested about the efficiency of the current transportation management practice in its logistics management practice in Awash Bank S.C Shows that majority of the respondents 25/43.1%/ have disagreed & 24/41.4 %/ of the respondent have strongly disagreed as a result of it 49/84.5 %/ of the respondent have disagreed

that current Awash Bank transportation management is efficient in its logistics management practice while 6/10.3%/respondent were neutral & 3 /5.2%/ respondents were agree on its efficiency.

Table 2.2

Adequate transportation is available					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	36	62.1	1.64	1.003
	Disagree	13	22.4		
	Neutral	4	6.9		
	Agree	4	6.9		
	Strongly agree	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On Table 2.2 more than half 36/62.10%//of the respondent were strongly disagreed that adequate transportation is available. When it is summed up with disagreed respondent 13 (22.4%) it becomes 49(84.5%) respondent are disagreed that Adequate Transport available. To the other end 4(6.9%) respondents are neutrals & agreed on the idea 1(1.7%) respondent strongly agreed.

Table 2.3

Outsourcing transportation will help awash bank to reduce cost					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	10	17.2	2.59	1.114
	Disagree	21	36.2		
	Neutral	13	22.4		
	Agree	11	19.0		
	Strongly agree	3	5.2		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 2.4

Awash bank S.C applies economies of scale to minimize transport cost per unit					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	4	6.9	2.55	.958
	Disagree	30	51.7		
	Neutral	15	25.9		
	Agree	6	10.3		
	Strongly agree	3	5.2		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On Table 2.4 the respondent were asked whether Awash Bank applies economies of scale to minimize transport cost per unit. Reciprocally, majority of the respondents 30 (51.7 %) are disagreed on the second scale 15 (25.9%) of the respondents are neutral which 6 (10.3%) have

agreed on the idea in tertiary and (6.9%) of the respondent 3(5.2%) of the responds were strongly disagree & strongly Agree respective

Table 2.5

Awash bank applies economies of distance to minimize transport cost per unit					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	4	6.9	2.45	.882
	Disagree	34	58.6		
	Neutral	11	19.0		
	Agree	8	13.8		
	Strongly agree	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

In respect of Table 2.5 the dominant respondent 34(58.6%) disagree followed by 11 (19.30%) neutral respondents while 8(13.8%) respondents were agreed and 4 (6.9%) were strongly disagreed 1(1.7%) respondent has strongly agreed.

Table 2.6

Current transportation management of Awash Bank S.C has direct(positive) impact on its profitability and customer services					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	6	10.3	2.47	.995
	Disagree	33	56.9		
	Neutral	6	10.3		
	Agree	12	20.7		

	Strongly agree	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

On Table 2.6 focused on whether the current transportation management practice has contributing to the profitability of the compound and customer eservice excellence. Accordingly the respondent response reflects that more than half 33(56.9%) of the respondents were disagreed summed with 6(10.3 %) respondents which strongly disagreed 39(65.4 %) have disagreed about the idea while 12 (20.7 %), 6(10.3%) & 1 (1.7%) respondents were Agree, neutral & strongly agree respectively.

Table 2.7

Awash Bank S.C has to change its transportation management practice.					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	13	22.4	3.1	1.495
	Disagree	10	17.2		
	Neutral	5	8.6		
	Agree	18	31.0		
	Strongly agree	12	20.7		

	Total	58	100.0		
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Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 2.7 asked the respondent to change Awash Bank S.C transportation management. Accordingly 18 (31%) of the respondents were agreed 10(20.7) respondents were strongly agreed aggregating 30(51.75%) of the respondent, were agreed that Awash Bank S.C. management practice have to be changed while, 13(22.4%) of the respondent and 10(17.2 %) of the respondent strongly disagreed & disagreed the idea. Finally 5(8.6%) of the respondents are neutral.

In order to justify the respondent's level of agreement on current transportation management the researcher resigned level relative questions and response has been summarized into the above table 2.1 to table 2.7

Generally, on the questions raised on current transportation management practice of the Company the result shows there is no significant or satisfactory practice in the Awash Bank S.C with the average mean of 2.45 and a standard deviation of 0.965. In addition most respondent have agreed to change the transportation management system with mean value of 3.1 and standard deviation of 1.495.

3. Level of agreement on inventory planning and management practice of Awash Bank S.C

Table 3.1

The current inventory management and planning of Awash Bank S.C practice can be considered as its competitive strategy					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	4	6.9	2.48	.822
	Disagree	30	51.7		
	Neutral	16	27.6		
	Agree	8	13.8		

	Total	58	100.0		
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Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Under Table 3.1 the respondents were asked whether the current inventory management & planning of Awash Bank can be considered as its competitive strategy. Accordingly 30 (51.7 %) respondent were disagree the idea while 16(27.6%) respondents feels neutral. 8(13.8%) respondent replies that they agree while 4 (6.9) of the respondents were disagree on the case summed up with those strongly disagree respondents 38(64.5%) were disagree.

Table 3.2

Current inventory management model targets and applies to minimize inventory holding, ordering and stock out costs					
		Frequency	Percent	Mean	Standard deviation
Valid	Disagree	31	53.4	2.66	.785
	Neutral	16	27.6		
	Agree	11	19.0		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 3.2 were dealt with inventory cost minimization asks the respondents their level of agreement on Awash Bank S.C. current inventory management model targets & applies inventory mutated costs (holding, ordering, & stock out costs). Accordingly the majority of the respondent 31(53.4%) were disagree while 16(27.6%) & 11 (19%) were neutral & agreed respectively.

Table 3.3

Current inventory management and planning targets customer satisfaction and has contributed company's profitability				
	Frequency	Percent	Mean	Standard deviation

Valid	Strongly disagree	1	1.7	2.5	.707
	Disagree	33	56.9		
	Neutral	18	31.0		
	Agree	6	10.3		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 3.3 asked respondents their level of agreement about current inventory management & planning targets customer satisfaction & has contributed to Awash Bank profitability accordingly more than half 33(56.9%) respondents disagree while 18 (31%) responds neutral, 6 (10.3%) Agree & 1 (1.7%) strongly disagree.

Table 3.4

Awash Bank S.C has best inventory planning and management practice					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	23	39.7	1.97	1.059
	Disagree	22	37.9		
	Neutral	7	12.1		
	Agree	4	6.9		

	Strongly agree	2	3.4		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Tables 3.4 depict respondent's level of agreement whether Awash Bank S.C has the best inventory planning & management practice. Forth coming to the questionnaire majority of the respondent are strongly disagree and disagree with score of 23 (39.7%) and 22 (37.9%) respectively which aggregate 45(77.6%) under this item 7(12.1%) replied neutral 4(6.9%) Agree & 2 (3.4%) disagree.

Table 3.5

Awash Bank S.C inventory planning is supported by technology					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	33	56.9	1.52	.682
	Disagree	21	36.2		
	Neutral	3	5.2		
	Agree	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Under 3.5 the respondent were required to show their level of agreement on Awash Bank S.C inventory planning is supported by technology. Accordingly, majority of the respondents 33 (56.9%) were strongly disagree followed by 21 (36.2%) who was disagree which implies 54(93.1%) of the respondent disagreed the company's inventory planning management are supported by the technology. whereas 3(5.2%) respond neutral and 1(1.7) said agree.

Table 3.6

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Finally Table 3.6 deals with the result level of agreement on Awash Bank S.C. inventory planning & management systems & technology are equipped by skilled man power .The output is that 30(51.7%) of the respondents are disagreed while 14(24.1%) were strongly disagree. Out of which 10 (17.2%) were feels neutral.

Item three were designed to know respondents level of agreements on.

Awash Bank S.C inventory planning and management systems and technology are supported by skilled man power					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	14	24.1	2.09	.884
	Disagree	30	51.7		
	Neutral	10	17.2		
	Agree	3	5.2		
	Strongly agree	1	1.7		
	Total	58	100.0		

Awash Bank S.C inventory planning & management practice under these item 6 (six) questionnaires distributed and the result have been depicted in table 3.1 to table 3.6.

Generally, on the questions raised inventory planning and management practice of Awash Bank S.C the result shows there is no significant or satisfactory practice in the company with the average mean of 2.45 and a standard deviation of 0.965.

4. Level of agreement on warehousing management of Awash Bank S.C

Table 4.1

Awash Bank S.C designed and applied best warehouse management practice

		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	41	70.7	1.31	.503
	Disagree	16	27.6		
	Neutral	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 4.1 questions respondents their level of agreement on Awash Bank S.C designed & applied best warehouse management practice. Consequently, 41(7.7%) of the respondent were strongly disagree and 16(27.6 %) respondent were disagree which means 57(98.3%) almost all were disagreed that the company has designed & applied best ware house management practices the remaining 1(1.7%) respondent replied neutral.

Table 4.2

Awash Bank S.C warehouse is easy to access					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	5	8.6	2.26	.690
	Disagree	36	62.1		
	Neutral	14	24.1		
	Agree	3	5.2		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Under Table 4.2 the level of agreement of the respondent on Awash Bank S.C's ware house is easy to Access have been asked on which 36(62.1%) have disagree, 14(24.1%) were neutral, 5(8.6%) were strongly disagree and 3(5.2%) were agreed.

Table 4.3

Awash Bank S.C warehouse is convenient to load and unload					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	15	25.9	2.22	.974
	Disagree	21	36.2		
	Neutral	17	29.3		
	Agree	4	6.9		
	Strongly agree	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 4.3 on the other hand tries to depict the level of respondents agreement on Awash Bank S.C ware house convenience to load and unload. Accordingly, 21(36.2%) of the respondent were at level of disagree where as 15(25.9%) replies strongly disagree. 17(29.3%) feels neutral while 4 (6.9%) & 1(1.7%) respondents were agree & strongly agree respectively.

Table 4.4

Awash Bank S.C warehouse is free from damage				
	Frequency	Percent	Mean	Standard deviation

Valid	Strongly disagree	8	13.8	2.33	.825
	Disagree	28	48.3		
	Neutral	17	29.3		
	Agree	5	8.6		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 4.4 reflects the respondents level of agreement on Awash Bank S.C warehouse is free from damage. As a result 28(48.3%) of the respondent replied disagree and 8(13.8%) respondent strongly disagree while 17(29.3%) kept neutral and 5(8.6%) were agrees on the idea.

Table 4.5

Awash Bank S.C warehouse is supported by technology					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	38	65.5	1.40	.591
	Disagree	17	29.3		
	Neutral	3	5.2		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 4.5 asked about the respondents level of agreement on Awash Banks S.C. warehouse is supported by technology. Accordingly 38(65.5%) respondent replies strongly disagree and 17(29.3%) of the respondent were disagree with

the idea whereas 3(5.2%) feels neutral. Hence 55(94.8%) were disagreed that the company's warehouse is supported by technology.

Table 4.6

Awash Bank S.C warehouse is operated by skilled man power					
		Frequency	Percent	Mean	Standard deviation
Valid	Disagree	31	53.4	2.48	.538
	Neutral	26	44.8		
	Agree	1	1.7		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 4.6 on the other looks for respondent level of agreement on Awash Bank S.C ware house is equipped by skilled man power subsequently 31(53.4%) respondent disagree while 26(44.8%) responds neutral and 1(1.7%) were agreed on the item.

Table 4.7

Awash Bank S.C warehouse has been frequently stocked out				
	Frequency	Percent	Mean	Standard deviation

Valid	Strongly disagree	4	6.9	3.24	.961
	Disagree	9	15.5		
	Neutral	14	24.1		
	Agree	31	53.4		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Under Table 4.7 the result of respondent on Awash Bank S.C ware house frequency of stocked out when Awash Bank S.C ware house has been frequently stocked out 31(53.4%) responds agree while 14(24.1%) were neutral 9(15.5%) disagree and 4(6.9%) were strongly disagree with question.

Table 4.8

Awash Bank S.C current warehouse management have direct positive impact on its profitability and customer satisfaction					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	2	3.4	2.52	.800
	Disagree	33	56.9		
	Neutral	14	24.1		
	Agree	9	15.5		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 4.8 asks whether Awash Bank S.C warehouse management have direct /positive impact (contributes) on the profitability of the company & customer satisfaction. In forthcoming

33(56.9%) of the respondent scores disagree followed by 14(24.1%) respond neutral where as 9(15 %) & 2(3-4%) responds agree & strongly disagree respectively.

Item 4 aims to assess the respondent level of agreement on Awash Bank S.C. ware housing management practice .under these item eight relevant ideas have raised and the result has tabulated under Table 4.1 up to Table 4.8 respectively.

Generally, on the questions raised on warehousing management of Awash Bank S.C the result shows there is no significant or satisfactory practice in the Awash Bank S.C with the average mean of 2.20 and a standard deviation of 0.703. In addition most respondent have agreed that Awash Bank S.C warehouse have been frequently stocked out with mean value of 3.24 and standard deviation of 0.961.

5. Level of agreement on procurement management of Awash Bank S.C

Table 5.1

Awash Bank S.C procurement policy targets customer service and company profitability					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	1	1.7	2.33	.632
	Disagree	41	70.7		
	Neutral	12	20.7		
	Agree	4	6.9		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 5.1 Asks respondents level of agreement whether Awash Bank S.C. procurement policy targets customer service & company's profitability. Accordingly 41(7.7%) disagree where as 12(20.7%) of the respondents respond neutral and 4(6.9%) replied agrees while the remaining 1(1.7%) responded strongly Disagree.

Table 5.2

Awash Bank S.C has fast and efficient procurement process practice					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	34	58.6	1.48	.628
	Disagree	20	34.5		
	Neutral	4	6.9		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 5.2 is about to know the respondents level of agreement on Awash Bank has fast & efficient procurement process practice. Consequently, 34(58.6%) of

the respondent were strongly disagree in addition to it 20(34.5%) have replied disagree which may refer to 54(93.1%) of the respondent have disagreement with the idea that Awash Bank S.C. has fast & efficient procurement process practice. Meanwhile 4(6.9%) feels neutral.

Table 5.3

Awash Bank S.C has best approach and good relationship with its vendors					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	1	1.7	2.86	.888
	Disagree	24	41.4		
	Neutral	15	25.9		
	Agree	18	31.0		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Under table 5.3 the respondent were asked to express their level of agreement on item Awash Bank S.C has best approach & good relationship with its vendors as a result 24(41.4%) replies disagree, 18(31%) respond agree, 15(25.9%) responds neutral and 1(1.7%) strongly disagree.

Table 5.4

Awash Bank S.C current procurement policy has direct and positive impact on customer satisfaction and company's profitability					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	2	3.4	2.45	.753
	Disagree	35	60.3		
	Neutral	14	24.1		
	Agree	7	12.1		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Table 5.4 seeks the respondent level of agreement on Awash Bank S.C current procurement policy has direct & positive impact on customer satisfaction & company profitability. Hence 35(60.3%) of the respondent replied disagree where as 14, (24.1%), 7(12.1%) and 2(3.4%) responds neutral, agree and strongly disagree respectively.

Table 5.5

Awash Bank S.C applies best procurement management practice					
		Frequency	Percent	Mean	Standard deviation
Valid	Strongly disagree	35	60.3	1.47	.627
	Disagree	19	32.8		
	Neutral	4	6.9		
	Total	58	100.0		

Key: SD=1, D=2, N=3 A=2 SA=1

Source: - Questionnaire, 2017

Finally, Table 5.5 requests the respondents their level of agreement on whether Awash Bank S.C. applies best procurement management practice. Accordingly, 35(60.36%) of the respondent have strongly disagree accompanied with 19 (32.8 %) whom respond disagree 54(93.1%) has disagreed and above. While 4(6.9%)) respondent replies neutral.

Generally, on the questions raised in relation to procurement management of Awash Bank S.C the result shows there is no significant or satisfactory practice in the company with the average mean of 2.28 and a standard deviation of 0.726.

Chapter Five

Finding, Conclusion & Recommendation

5.1 Introduction

This Chapter deals with the summary of finding conclusion and recommendation that have been provided as per the findings of the study to improve logistics management practice of Awash Bank S.C.

5.2 Major Findings

5.2.1 Customer Service Management (CSM)

Almost all 98.3% of the respondent disagree out of which 55.2% of the respondent strongly disagree that Awash Bank develops management tools to check customer satisfaction logistics practice. Beside this majority of the respondent disagree on the company's effective customer service management pertaining logistic management practice & the current CSM policy doesn't not contributed for the company's profitability & customer service excellence.

5.2.2 Transportation management

To the knowledge of the respondent and researches observation majority of the respondent denied on the efficiency of current transportation management, availability of adequate transport, implementation of economics of distance & Economies of scale. In addition majority of the respondents were agree to change the companies transportation management. However, majority of the respondent disagreed to support the out sourcing of transportation.

5.2.3 Inventory Planning & management Practice

In this category most of the respondent shows disagree on all relevant issues raised by the researcher. Here the severe problem observed is that inventory planning & management is not supported by technology more than 93.1% of

the respondent have disagreed out of which 56.9% have strongly disagree in addition majority of the respondent show their disagreement on competitive strategyness of the current inventory planning & management practice as well as on the implement inventory cost minimization model.

5.2.4 Warehousing Management

Under this subject matter the respondent shows their disagreement to the designing & applies best ware house management practice and denied on the availability of easily Accessible warehouse, convenient load and unloading place , and free from damage, on the other dimension Awash Bank S.C were not supported by technology and operated by skilled manpower, again majority of the respondent are agreed that Awash Bank S.C warehouse has been frequently stocked out,

5.2.5 Procurement Management Practice

In procurement management practice most of the respondent response indicated disagreed. In similar with the above subjects matter the finding under procurement management was not the best one as per the respondents response. The processes of procurement or purchasing were majorely disagreed to be fast & efficient. The procurement policy was also denied to be contributing to the company profitability & customer satisfactory.

5.2.3 Conclusion

The aim of this thesis work is to assess the logistics management practice of Awash Bank S.C. the conclusion of each concept of data included the main points of logistics management practices such as customer service management, transportation management ,inventory planning and management and procurement management.

The following conclusion made by the structure that a researcher put in the framework of the thesis about logistics management practice. Based on the research findings & respondents response the result of this study show that the major problem observed in logistics management practices of Awash Bank S.C are as follows;

Unable to develop customers services management tool to check customer satisfaction pertaining logistics management practice.

Lack of adequate and experienced staffs assignment for logistics department as a whole.

Inefficient and inadequate transportation, lack of application of economies of scale and/or Economies of distance to minimize transportation cost.

Lack of technology support (Logistics Information System/LIS/) to manage over all logistics management including warehousing and inventory planning & managements

Lack of designing & Application of implementing inventory related cost reduction /i,e inventory handling ordering & stock out costs/ .

Poor warehouse management practice, difficulty to Access warehouse, inconvenient loading & unloading place, warehouse exposure to damage.

Frequent Stock out of warehouse

Poor procurement policy and long purchasing process

5.3 Recommendation

Base on those finding of research and conclusions drawn from them, the researcher suggests the following possible & plausible recommendation for action to be under taken by Awash Bank S.C on its logistic management practice.

The company should have sett standard to check the level of customer satisfaction pertaining logistics management to take corrective action.

The company should assign adequate, experienced and skilled manpower on logistics related departments equally with core business department.

The company should add loading trucks or transportations and to consider Economies of scale and/or Economy of distance to minimize cost per unit or unnecessary transpiration cost.

The company should innovate or apply LIS (logistics information system) to help its logistic management through technologies.

The company should consider the real demand in order to minimize inventory related costs which may benefit the company by reducing unnecessary inventory handling ordering & stock out.

The company should design warehouse that are free from damage convenient to load & unload, easy to access and supported by technology.

The company should improve on inventory management and ovoid stock-outs.

5.4 Suggestion for Future Study

In suggesting Future research the research would be improved via expanding the scope of the study by adding stakeholders, MIS (management information system) department as well as external customers.

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ADDIS ABABA UNIVERSITY
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DEPARTMENT OF
LOGISTICS & SUPPLY CHAIN MANAGEMENT

Questionnaire

Greetings; my name is Abel Gossaye a post graduate candidate at Addis Ababa University School of Commerce under the department of logistics and supply chain management. Currently, I am conducting a research on logistics management practices in Awash Bank S.C. The main purpose of this questionnaire is to collect necessary data for the study on logistics management practice in Awash Bank S.C will be purely for academic purpose and your response will be kept confidential. The objective of the study is to assess the current logistics management practices and problems related to logistics management of Awash Bank S.C. As a result the outcome of this study will depend upon your response. This is therefore I would like to request you to fill the questionnaire as per the instruction.

Thank you for giving your valuable time & information to this end.

Abel Gossaye

Tel: 0911828625

Part I

General Information Questionnaire's

1. Gender

Male ☐ Female ☐

2. Age

18 -30 years ☐ 31 – 40 years ☐

41 – 50 years ☐ above 50 years ☐

3. Highest Level of Education

Primary School ☐ Secondary School ☐

College Diploma ☐ Degree ☐

Masters Degree ☐ PHD & Above ☐

4. Working experience

1. 0 – 2 ☐ 2. 2 – 5 ☐ 3. 6 – 8 ☐ 4. 9 and above ☐

5. Are you employee of Awash Bank S.C? YES

NO ☐ ☐

From Which Department you are

1. Procurement ☐ Transport ☐ Store house ☐

4. Distribution ☐ General Service /Customer Services/ ☐

6. Other ☐

Part II

Please rate your level of agreement using the following 5 point Scales of:

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

1. Level of agreement on customer service management practice in Awash Bank S.C

No	Variables	1	2	3	4	5
1	Awash Bank Develops management tools to check customers satisfaction in logistics practice.					
2	Logistics management practices have direct impact on customer service excellence					
3	Employees in customer service management has enough knowledge to serve customer					
4	Experienced & adequate staffs are assigned for customer service management.					

2. Level of agreement on current Transport management Practice in Awash Bank S.C.

No	Variables	1	2	3	4	5
1	The Current transportation management practice is efficient in logistics management practice required					
2	Adequate Transpiration are available					
3	Outsourcing transportation of stationeries & other materials will help Awash Bank to reduce cost.					
4	Awash Bank S.C applied economies of scale to minimize transport cost per unit.					
5	Awash Bank S.C applied economies of distance to minimize transport cost per unit.					
6	Transportation management has direct impact on Awash Bank S.C profitability					
7	Awash Bank S.C has to change its transport management practice.					

3. Level of agreement on inventory planning & management practice of Awash Bank S.C.

No	Variables	1	2	3	4	5
1	The current Inventory management & planning of Awash Bank S.C practice can be considered as its competitive Strategy					
2	Current inventory model targets & applies to minimize inventory holding, ordering & stock out					
3	Current Inventory management & planning has direct positive impact on customer satisfaction & company's profit					
4	Awash Bank S.C has best inventory planning & management practice					
5	Awash Bank S.C inventory planning and management is supported by technology					
6	Awash Bank S.C inventory planning and management technology is operated by skilled man power					

4. Level of agreement on Warehousing management of Awash Bank S.C

No	Variables	1	2	3	4	5
1	Awash Bank S.C designed and applied best warehouse management practice					
2	Awash Bank S.C warehouse is Easy to Access,					
3	Awash Bank S.C warehouse is convenient to load & unload					
4	Awash Bank S.C warehouse is free from damage					
5	Awash Bank S.C warehouse is supported by technology					
6	Awash Bank S.C warehouse is operated by skilled man power					
7	Awash Bank S.C warehouse has been frequently stocked out					
8	Awash Bank S.C warehouse have direct impact on its profitability & customer satisfaction					

5. Level of agreement on procurement management of Awash Bank S.C

No	Variables	1	2	3	4	5
1	Awash Bank S.C procurement policy targets customer service & company profitability					
2	Awash Bank S.C has fast & efficient procurement process practice					
3	Awash Bank S.C has best approach & Good relationship with its vendors					
4	Awash Bank S.C current procurement policy has direct positive impact on customers satisfaction & company's profitability					
5	Awash Bank S.C Applies best procurement management practice					

ANY comments regarding:

1. Efficiency of Awash Bank S.C current logistics management practices.

2. Any other problems in the current Awash Bank S.C Logistics management practices.

3. What do you think about Awash Bank S.C customer satisfaction level pertained to logistics management practices?

Thank you

INTERVIEW QUESTIONS

1. What can you say about Awash Bank S.C logistics management practice?

2. Do you think company's customer service policy result in customer satisfaction in logistics prospective? If so how do you explain this level of satisfaction?

3. What Problem do you face in logistic management practice in Awash Bank S.C which specifically related to transportation management, customer service, Inventory planning management, procurement process & ware house management?

4. What type of inventory tools are used to minimize costs related to inventory (holding , ordering & stoke out)

5. Do you think Awash Bank S.C warehousing management is modern & responsive?

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