Addis Ababa University, School of Commerce, Department of Logistics and Supply Chain Management Graduate Program

The Impact of Logistics Performance on Organizational Performance: The Case of Lion International Bank S.C.

A thesis submitted

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Declaration

I, Yohannes Muluneh declare that this thesis is a result of my independent research work on the topic entitled "The Impact of Logistics Performance on Organizational Performance the case of Lion International Bank S.C." in partial fulfillment of the requirements for the Degree of Masters of Art in Logistics and Supply Chain Management at Addis Ababa University School of commerce. This work is original in nature and has not been presented for a degree in any other University. All the references are also duly acknowledged.

Yohannes Muluneh

Signature_____

Date _____

Confirmation

This is to certify that Yohannes Muluneh carried out this thesis proposal on the topic entitled "The Impact of Logistics Performance on Organizational Performance the case of Lion International Bank S.C." under my supervision. Accordingly, I here assure that his work is appropriate and standard enough to 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. Delessa Daba (PhD)

Signature_____

Date _____

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Acronyms

CSCMP- Council of Supply Chain Management Professionals

CSP- Customer Service Policy

CSM- Customer Service Management

EOQ- Economic Order Quantity

GDP- Gross Domestic Product

HR- Human Resource

IPL- Inventory Planning Management

IT- Information Technology

LIB S.C. - Lion International Bank S.C

MP- Marketing Performance

NCPDM- National Council of Physical Distribution Management

FS- Financial Performance

ROP- Reorder Point

SC –Share Company

SM- Supply Management

SPSS- Statistical Package for Social Science

TM- Transportation Management

TPL- Third Party Logistics

WM- Warehouse Management

Abstract

Effective logistics management has become a potentially valuable way of securing competitive advantage through enhancing and improving organizational performances. This research intended to study the impact of logistics performance on organizational performance in Lion International Bank S.C. The data for the study was collected from 89 employees of the case company. To address the problem the study employed descriptive research design and also quantitative approaches were used. To gather data for the study questionnaire have been used. Data obtained through questionnaire has been analyzed by using frequency; percentile and the relationships proposed in the hypothesis were tested using Spearman rho correlation by SPSS 20.0 software version. The study find logistics inefficiency, late delivery and no well developed tools to check customer satisfaction. From the result of the analysis it is concluded that there is positive relationship between logistics performance and organizational performance. Finally, it has been recommended to the company to take measures to solve and improve logistics activities.

Keyword: *Logistics Performance, Organizational performance*

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

In the present context of great business competition and an increasingly dynamic and globalized economy, companies need to find processes and management methods that enable the development of a more efficient organization with better results. This paradigm has been the subject of many studies, which focused their analysis on determination of the different effects and the importance of each for companies' competitive success (Stock et al., 2000; Bañón and Sanchez, 2002 and Norek et al., 2007).

Logistics is increasingly playing an important role in everyday business, and becoming a major factor of differentiation in the market, as referred to by Bowersox et al. (2002) and Gunaseakaran and Ngail (2003). In the current competitive climate there is strong pressure, on one hand, to operate in product and service differentiation, and on other hand, operate on the price factor allowing its reduction. As Melnyk et al. (2009) mention, logistics can manage these aspects, constituting a strategic or value-creation tool.

Thus, logistics plays an important role in an organization's performance, both internally and externally.

various empirical studies, such as Ellinger et al. (2000), show that logistics is a strategic vector in companies' organization and influences their performance, namely in terms of service quality and overall profitability. In parallel with its internal importance, logistics also has an impact on effectiveness and profitability, as mentioned by Mentzer et al. (2001) and Fugate et al. (2010). The management of logistics activities has become a valuable way of securing competitive advantage and improving organizational performance (Li et al., 2006).

Thus, based on this research field, the motivation of this paper is to investigate the impact of logistics performance on organizational performance in the context of LIB S.C. Given the multidimensional nature of the performance component, it aims to identify the key elements which, in terms of the logistic activities, can contribute to improving the performance and competitiveness, as well the efficiency and effectiveness, of LIB S.C.' internal processes. For

this purpose, the paper defines a research framework to analyze the influence of logistics performance on organizational performance.

1.2. Statement of the Problem

In the literature of logistics research, such as the work of (Lambert and Stock, 1998) who demonstrated that the performance of logistics activities can have an impact on organizational performance (Mansidão and Coelho, 2014:4). Moreover other empirical evidences also confirmed the importance of logistics performance on organizational performance of firms (Fugate et. al, 2010).

Council of Logistics management (1991) defined that logistics is '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.

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 p.25: cited by Koykka 2010).

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).

The purpose of logistics management is to obtain efficiency of operations through the integration of all material acquisition, movement, and storage activities. When transportation and inventory costs are substantial on the input and output sides of the production process, an emphasis on logistics may be appropriate. When logistics issues are significant or expensive, many firms option for outsourcing the logistics function Haapanen 2005 p15 (cited by Koykka 2010)..

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 p15 (cited by Koykka 2010).

In logistics management, unwise decisions 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. Companies should focus on collaboration rather than competition. Good collaboration among transportation providers, buyers and vendors helps reduce expenses. Also an efficient and safe transportation provider is vital to business success. (Jansssen et al., 2010)

The study in title "The Impact of Logistics Performance on Organizational Performance in a Supply Chain Context" by *Kenneth et al., 2008 and Inman et al., 2008* USA, has been done purposely to answer question that does a supply chain focus lead to improved logistics performance, which, in turn, results in improved organizational performance? by theorize a logistics performance model with logistics performance as the focal construct and supply chain management strategy as antecedent and marketing performance (sales and market share growth) and financial performance (return on investment and profit growth) as consequences. I have seen that logistics performance is positively impacted by supply chain management strategy and that both logistics performance and supply chain management strategy positively impact marketing performance, which in turn positively impacts financial performance. Neither supply chain management nor logistics performance was found to directly impact financial performance. Besides the study provides evidence that supply chain focus will enhance logistics performance, which will ultimately result in improved organizational performance or in other word there is positive relationship between logistics performance and organizational performance within the manufacturing Sector.

However the above study only consider manufacturing sector. Therefore to fill the gap of this study the researcher intended to investigate the impact of logistics performance on organizational performance in Ethiopia taking service sector into account and also to explore the current Logistics activities performed and assess organizational performances measures

1.3. Research questions

In this research the researcher found the answer for the following research questions.

- How does logistics performance related with organizational performance?
- How logistics performances influence the organizational performance of LIB S.C?
- How efficient is the current practice in logistics activities?
- What are the major problems in the current logistics practices?

1.4. Research Objectives

1.4.1. General Objectives

The main objective of this study is to investigate the impact of logistics performance on organizational performance in LIB S.C.

1.4.2. The Specific Objectives

- To determine which logistics activities are performed in LIB S.C.
- To identify the relationship between logistics performance and organizational performance
- To study the different measures of organization performance
- To analyze problems related to logistics activities of the company
- To recommend workable solutions based on the analysis

1.5. Hypothesis

The following **five** hypotheses were developed and tested for this study:

- Hypothesis 1: Transport performance is positively correlated with marketing performance.
- Hypothesis 2: Supplier performance is positively correlated with financial performance.
- Hypothesis 3: Supplier performance is positively correlated with marketing performance.
- Hypothesis 4: Warehouse management is positively correlated with financial performance.
- Hypothesis 5: Warehouse management is positively correlated with marketing performance.

1.6. Significance of the Study

Primarily, this is a study undertaken in an environment where the practice of scientifically managing logistics activities has yet to mature. In Ethiopia, where there are limited bodies of extant knowledge in the area as well as the growing importance of the sector in the country. Hence, this research will contribute for the development of the discipline in this environment.

More specifically, research endeavors are limited within LIB S.C. This study, which is undertaken in the area of the impact of logistics performance on organizational performance of LIB S.C, will contribute to the development and effective implementation of logistics activities. Additionally, this research will serve as a point of departure for further research by academicians because the concept of this research is new for the country.

1.7. Scope of the Study

This study is delimited only in Lion International Bank S.C. and assesses logistics and organizational performance; related problems. The study deals only the impact of logistics performance on organizational performance taking LIB S.C as a case study. This study only

assesses logistics activities and related problems faced of the company not other areas in the company.

1.8. Limitation of the Study

Since the logistics performance of the company is peculiar to itself, it is difficult to generalize the findings of the study to other company engaged in the Banking industry in Ethiopia. Besides the study assessed the impact of logistics performance from the stand point of the focal company (LIB S.C) it is limited on LIB S.C this is due to time and resource limitation. Moreover most of the respondents failed to answer open ended questions and difficulty to get empirical literature in the related area. Finally, the logistics and organizational performance measures presented in the study are only a proportion of the potentially relevant variables that might have been included these measures only serve as examples and special attention is rather paid for structuring the vast major of measures. And therefore it is important to note that the findings of this study can only be used for comparative purposes not to generalize.

1.9. Organization of the Study

The research paper is organized in five chapters. Chapter one is composed of back ground of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitation of the study, organization of the study and conceptual framework. The second Chapter deals with review of the related literatures. The third Chapter deals with research methodology. Chapter four deals with Data presentation, Analysis and interpretation and lastly Chapter five dealt with summary of findings, conclusion and recommendations of the overall finding.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Theoretical review

2.1.1 Overview of Logistics and logistics performance

Logistics was initially a military activity concerned with getting soldiers and munitions to the battlefront in time for flight, but it is seen as an integral part of the modern production process. The term, logistics, was initially developed in the context of military activities in the late 18th and early 19th centuries and it launched from the military logistics of World War II. And now, a number of researches were taken and made logistics applications from military activities to business activities.

Before the 1950s, logistics was under the dormant condition. Production was the main part of the managers concerned and industry logistics was once regarded as 'necessary evil' in this period. Lewis's study (Cited in Chang, 1998) in 1956 on the role of air transportation in physical distribution was the application of "total cost concept" and it pointed out the notions of trade-off inventory and transportation. From the 1970s onwards, more and more applications and researches of logistics appeared. Due to the petroleum price rise in 1973, the effects of logistics activities on enterprises grew.

The further tendency of logistics in the early 21st century is logistics alliance. Third Party Logistics (TPL) and globalization logistics. Logistics circulation is an essential of business activities and sustaining competitiveness, however to conduct and manage a large company is cost consuming and not economic. Therefore alliance of international industries could save working costs and cooperation with TPL could specialize in logistics areas. Since logistics advanced since from 1960s, there were numerous researches focused on this area in different applications. Due to the trend of nationalization and globalization in recent decades the importance of logistics management has been growing in various areas.

Logistics becomes more important and complex today it is because of new requirements of the service-oriented economy, disparate business functions, and the impact of various contemporary IT. The other reasons are: Costs are high about 10.5% of GDP domestically and 12% of GDP

internationally, customers are more demanding of the supply chain desire for quick response and it adds value both time and place utilities.

Best logistics practices can come through integration of those logistics activities in the firms and create synergy within the organization and can avoid setting up conflicting goals between departments.

In logistics management, unwise decisions 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. Companies should focus on collaboration rather than competition. Good collaboration among transportation providers, buyers and vendors helps reduce expenses. Also an efficient and safe transportation provider is vital to business success. (Jansssen et al., 2010)

The purpose of logistics management is to obtain efficiency of operations through the integration of all material acquisition, movement, and storage activities. When transportation and inventory costs are substantial on the input and output sides of the production process, an emphasis on logistics may be appropriate. When logistics issues are significant or expensive, many firms option for outsourcing the logistics function.

Logistics is Part of the supply chain process that plans, implements, and controls the efficient, effective forward and reverses 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. It is describing the entire process of materials and products moving into, through, and out of firm. Inbound logistics covers the movement of material received from suppliers. Materials management describes the movement of materials and components within a firm. Physical distribution refers to the movement of goods outward from the end of the assembly line to the customer. Finally, supply-chain management is somewhat larger than logistics, and it links logistics more directly with the users' total communications network and with the firm's engineering staff.

Logistics is also 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. Process of anticipating customer needs and wants; acquiring the capital, materials, people, technologies, and information necessary to meet those needs and wants; optimizing the goods- or service-producing network to fulfill customer requests; and utilizing the network to fulfill customer requests in a timely way.

Council of Logistics management (1991) defined that logistics is '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.

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).

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)

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2.1.2 Logistics Activities

Logistics activities includes: transportation, customer service, inventory planning and management, supply and warehousing.

2.1.2.1 Transportation Management

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
- 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)

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:

1. Economies of scale-decreased transportation cost per unit as the size of a shipment increases
2. 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.

2.1.2.2 Customer Service Management

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.

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).

Some experts consider that logistics has the role to ensure the effective coverage of the marketing requirements. Among the marketing mix elements - product, price, promotion and placement - in practice the focus was more on the first three. "The placement or the distribution of the right product, in the right place and at the right time" has rarely been considered as part of the marketing mix. Korpela et al. (1998) explained that companies should establish a customer service strategy and focus on designing an efficient logistics system to better serve customer requirements and sustain competitive advantage (cited by Tilokavichai, Sophatsathit and Chandracha 2012).

For companies, this requires permanently adapting to market changes and a well founded logistic strategy to meet and exceed customer requirements. The ability of the logistic managers to change and to lead the change will result in customer service improvements, sales and profitability increases. Logistics favors holding cost advantages and contributes to differentiate services. Linking logistical activities and conducting cost reductions permit the establishment of more competitive prices. The competitive advantage can also be achieved by providing qualitative services Korpela et al. (1998).

If the strategic option is to become the competitor with the lowest cost, then serious risks are involved. The difficulty of bringing together both the strategic option (the competitor with the lowest cost) and the operational option (customer service level) is high, because the level of service provided to customers must be close to that of competitors, even when it is chosen the low cost strategy.

Approaching the customers and providing some quality services, based on the individual needs of the customers might contribute to the earning and maintenance of the competitive advantage of the enterprise. Decreasing the costs, finding the factor/service which keeps the customer fidelity, realizing a new product are modalities of differentiation of the enterprise’s for its competitors.

Customer service plays an important role in firms. Many firms are aware of growing customer requirements and adopt sets of standards to evaluate their service for customer satisfaction (Kisperska-Moron, 2005). Korpela et al. (1998) explained that companies should establish a

customer service strategy and focus on designing an efficient logistics system to better serve customer requirements and sustain competitive advantage. Steven et al. (2012) examined the linkages between customer service, customer satisfaction, and profitability. They found that customer satisfaction affected competitive markets. Wouters (2004) addressed four customer service strategic options, namely, integration, adaptation, logistical precision, and standard service level by determining the customer needs accurately and exceeding the needs. The customer service in logistics had a direct impact on firm's market share, total logistics costs, and profitability (Collins et al., 2001; Bottani and Rizzi, 2006): (cited by Tilokavichai, Sophatsathit and Chandracha 2012).

The improvement of the level of customer service, in order to increase sales, must be performed on the basis of the impact analysis of the service level on costs and profits of the enterprise. The purpose of any customer relationship strategy should be customer retention. At the same time, customer service plays an important role in attracting new customers. A new emphasis in marketing and logistics is more and more widespread - creating customer relationships (Adriana 2010). The idea is that one should seek to create such a level of customer satisfaction, so they do not even see necessary to consider the competitors' offers. Many markets are characterized by promiscuity, with reference to the customer base. In these markets, customers will buy a brand for an opportunity and then it is likely to buy another one next time. Organizations should strive conscientiously to develop relational marketing strategies to maintain and strengthen customer loyalty.

2.1.2.3 Inventory Planning

The overall objective of Inventory Planning and Management is to determine and maintain the lowest inventory levels possible that will meet the customer service policy requirements stipulated in the CSP.

Inventory is the stock of any item or resource used in the organization. An inventory system is the set of policies and controls that monitor levels of inventory and determine what levels should be maintained, when stock should be replenished, and how large orders should be.

According to Meng (2006), inventory is one of the most expensive and important assets of many companies, representing as much as 50% of total invested capital. Managers have long recognized that good inventory control is crucial. On one hand, a firm can try to reduce costs by reducing on-hand inventory levels. On the other hand, customers become dissatisfied when frequent inventory stock out, occur. Thus, companies must make the balance between low and high inventory levels. As you would expect, cost minimization is the major factor in obtaining this delicate balance.

Every organization has some type of inventory planning and control system. Studying how organizations control their inventory is equivalent to studying how they achieve their objectives by supplying goods and services to their customers. Inventory is the common thread that ties all the functions and departments of the organization together.

The overseeing and controlling of the ordering, storage and use of components that a company will use in the production of the items it will sell as well as the overseeing and controlling of quantities of finished products for sale. A business's inventory is one of its major assets and represents an investment that is tied up until the item is sold or used in the production of an item that is sold. It also costs money to store, track and insure inventory. Inventories that are mismanaged can create significant financial problems for a business, whether the mismanagement results in an inventory glut or an inventory shortage.

Successful inventory management involves creating a purchasing plan that will ensure that items are available when they are needed (but that neither too much nor too little is purchased) and keeping track of existing inventory and its use. Two common inventory-management strategies are the just-in-time method, where companies plan to receive items as they are needed rather than maintaining high inventory levels, and materials requirement planning, which schedules material deliveries based on sales forecasts, Christopher 2007.

Inventory plays an important role in a supply chain’s ability to support a company’s competitive strategy. If a company’s competitive strategy requires a very high level of responsiveness, a company can use inventory to achieve this responsiveness by locating large amounts of inventory close to the customer. Conversely, a company can also use inventory to make it more

efficient by optimizing inventory through centralized stocking. The latter strategy would support a competitive strategy of being a low-cost producer. The trade-off implied in the inventory driver is between the responsiveness that results from more inventories and the efficiency that results from fewer inventories, Meng et al. (2006).

Inventory is the stock of any item or resource used in an organization. Inventory includes: raw materials, finished products, component parts, supplies, and work-in-process. An inventory system is the set of policies and controls that monitors levels of inventory and determines what levels should be maintained, when stock should be replenished, and how large orders should be placed.

There are only two fundamental decisions that you have to make when controlling inventory:

1. How much to order
2. When to order

The purpose of all inventory models is to determine how much to order and when to order to minimize the total cost. The significant costs are the ordering cost and the inventory carrying cost. All other costs, such as the cost of the inventory itself, are constant. Thus, if we minimize the sum of the ordering and carrying costs, we also minimize the total cost. As you know, inventory fulfills many important functions in an organization. But as the inventory levels go up to provide these functions, the cost of storing and holding inventory also increases. Thus, we must reach a fine balance in establishing inventory levels. A major objective in controlling inventory is to minimize total inventory costs. Some of the most significant inventory costs are as follows:

1. Holding (or carrying) costs: storage facilities, handling, insurance, pilferage, breakage, obsolescence, depreciation, taxes, and the opportunity cost of capital.

2. Setup (or production change) costs: line conversion, equipment change-over, report preparation, etc.

3. Ordering costs: typing, calling, transportation, receiving, etc. This cost does not depend or vary on the number ordered.

4. Shortage costs (stock out costs): the loss due to losing a specific sale, customers' goodwill, or future business.

5. Cost of the item

One reason companies may accumulate inventories of finished or semi finished product is similar to a reason for accumulating raw materials: transportation economies (Jaillet 1997: cited in Yue 2006). By shipping in carloads or truckload quantities rather than less than carloads or less than truckload quantities, a company may experience lower per unit transportation rates. As long as the transportation cost savings exceed any expenses associated with warehousing the additional volumes of product, it will be advantageous to ship in the larger quantities. Also shipments in large volumes may experience better service, such as faster transit times and more reliable and consistent service. These results will help to reduce other costs such as in transit inventory carrying cost and potential costs of lost sales due to product unavailability at point of sale or use.

2.1.2.4 Supply Management

The 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.

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.

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.

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.

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.

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 reverses 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. (Christopher 2007)

2.1.2.5 Warehouse Management

It 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 to be outsourced.

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 study 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 study 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.

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 (WM). 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 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. (Mulama 2012)

The writer also note that warehouse layout is also important in achieve 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.

Warehouse portrays two critical functions (Lambert and Stock, 1993).

1. Time utility-value created or added to a product by making something available at the right time
2. Place utility- value created or added to a product by making something available at the right place

In addition, contributions of warehouse to business include (Lambert Stock and Ellarm 1998).

- achieving transportation economies (e.g. combine shipment, full-container load)

- taking advantage of purchase discount and forward buys
- supporting the firm's customer service policies
- meeting changing market conditions and uncertainties (e.g. seasonality, demand fluctuations, competitions)
- accomplishing least total cost logistics commensurate with a desired level of customer service
- providing customer with a mix of products instead of a single product on each order i.e. consolidation

A warehouse management system is a group of computer programs designed to help a distributor perform warehouse operations more quickly and consistently with fewer errors. Warehouse management systems can range in complexity from very basic tools to assist warehouse employees in performing daily operations to highly sophisticated systems that replace the warehouse workers entirely.

Warehouse employees (operators) use portable computer terminals to record work performed in real time. The activity performed by an operator is recorded by the computer immediately, not written on paper and recorded in the computer later. The portable terminal is connected to the host computer just like any other workstation.

The most common reasons distributors invest in a WMS are to improve customer service and/or to improve resource utilization (inventory, buildings, and people). A WMS helps improve customer service and resource utilization by eliminating errors. The result of eliminating errors can be measured by the following:

- Inventory accuracy
- Zero returns due to warehouse errors
- Checking operations are eliminated
- Shortened order lead time and improved on-time delivery performance

A WMS with more advanced capabilities can define tasks, plan and prioritize tasks, assign tasks to operators, and guide the operators to perform assigned tasks. Different tasks could be performed at each level within the same warehouse.

2.1.3 Logistics Performance

While providing a brief narration on the historical evolution of an inquiry to logistics performance, Mansidão and Coelho, 2014:4 have highlighted the following:

At the logistical level, the importance of analyzing performance was first shown in the work of Bowersox and Closs (1996), who reported that measurement of logistics performance consisted of a methodology for analyzing resources of the logistic function, and its main objectives were monitoring and control of the logistics operations. After this initial step, analysis of logistics performance has become an important issue in the area of management science research, but despite this attention from researchers, there is little convergence both in terms of methods and in terms of results for its validity. As Robb et al. (2008) mention, since logistics deal with physical, informational and cash flow management, it is generally recognized as a major determinant of business performance, but practices particularly in terms of performance analysis, are still at the stage of being studied by professionals and academics.

> This depicts that the issue of investigating the construct of logistics performance in logistics research is under its development stage, irrespective of its importance in an organizational performance. The available literatures have recognized the importance of logistics performance for improving the well functioning of business processes of an organization and across supply chains (Fugate et. al, 2010:53, Keebler and Plank, 2009:795, Green Jr et. al, 2008, and Mansidão and Coelho, 2014:4). Conceptually, logistics performance may be viewed as a subset of the larger notion of firm or organizational performance (Chow et. al, 1994:23).

Given the lack of any universally-accepted definition for performance in the organizational performance literature, it should not be surprising that extant literature offers many ideas about the dimensions that ought to be incorporated into a conceptualization of “logistics performance” (Chow et. al,1994:23). Mentzer & Konrad (1991) as quoted in Fugate et al (2010:44) defined logistics performance as effectiveness and efficiency in performing logistics activities. Chow et. al, 1994:23) have defined logistics performance as the extent to which goals such as sales growth, job security & working conditions, customer satisfaction, product availability, cost-

efficiency, profitability, social responsibility, on-time delivery, keeping promises, low loss & damage, "fair" prices for inputs, and flexibility are achieved.

2.1.4 Introduction of organization performance

According to Chen (2002), organizational performance means the “transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness)”. There are various ways to understand organization performance but in this thesis it has been judged upon the growth of the company and sales performance which lead towards the growth. Sales performance can be explained as all the activities or investment carried out in the firm in the given period of time. It can be measured by total amount of revenue collected for the goods sold. Growth revenue defines as total amount of money collected by the company for the goods they sold in a specific time and this amount is calculated before any expenses are subtracted. Effectiveness of the organization depends on the three basics performance determinants.

1. Efficiency and process reliability
2. Human resource and relations
3. Innovation and adaptation to environment. (Yuki 2006).

Efficiency is defined as a term practiced by organization or firm to use people and resources to carry out important operations in way which minimizes the costs. When the resources will be used in a proper way as compared to the competitors the cost of operation will decrease and the profit margin will increase. Efficiency is important when the competitive strategy of the firm offers products and services at lower rates than the competitors. Human resource relation is defined as trust, organizational commitment, collective identification and cooperation among the employees. (Bass 1990 Yuki and Tabler 2002). Innovative adaption includes increase in market share, sales growth from year to year, generating and maintaining loyal customer base.

2.1.5 Different conceptualizations of organizational performance

There are different ways or concepts in an organization which can be adopted to improve the organizational performance,

1. Structure drives behavior: Organizational structure includes certain policies and procedures which are followed by the employees when they are performing their day to day activities. It also includes the goal or targets set by the company's management for the organizational population to achieve. The actual work flows that employees are encouraged towards their targets and goals.

2. Cause and effect are not closely related in time and space: While looking forward to organizational decision making it is necessary to consider the delay in time decision was made and the time outcome was seen in most cases this takes several months or years.

3. No single right answer: In an organization decision making some answers to the question is clearly better than the others but there is no one right answer sometimes we think that our answer was the best one but actually it is not in organization decision making the right answer today can be proved wrong tomorrow.

4. Behaviors will get worse before they get better: Whenever we learn something new the effectiveness of our behavior will diminish before the new ability or skills is able to provide the improvements as required. So once again it's a delay between learning the new skill and effectively utilizing it according to the needs.

In this thesis more attention is given to the service sector as the case company is a banking sector which totally relies on customer service, customer satisfaction and results in growth of the company financially as well as in the number of employees.

The conceptualization of organizational performance in such industries where you are interact with the customers face to face basically needs a very high level of behavior and skills to satisfy the customers. The concept here is to listen to the customers as much as you can to actually find out the need of the customers.

2.1.6 Different ways to measure organizational performance

Measuring and analysis of organizational learning has become widely popular and play a very important role in the success of the organization. Lot of work has been done on this. The performance is usually evaluated by calculating the values of qualitative and quantitative performance indicators like profit, cost, and clients. It is quite important for a company to determine the relevant indicators how they relate to the company goals and their dependence on the performed activities. Currently lot of managers recognize this and put the necessary effort to define the company goals, performance indicators and evaluate them. However practically such analysis is done in an informal way and will benefit more from the systematic approach. The initial step towards an improvement in this area is to make explicit the available knowledge on performance indicators and how they are related. In order to use this knowledge in a modern framework for organization modeling it is necessary to validate the concept of a performance indicator together with its characteristics, relationships to other performance indicators and relations to other formalized concepts such as goals, processes and roles. This will not only contribute to the design and analysis of organizations and the evaluation of their performance but will also enable reuse, exchange and alignment of knowledge and activities between organizations (for example supply chains). “Managers must stimulate innovation in the core strategy, Business, Model, processes, policies and productivity.”(James B hangstefer Nov 1999).

A company can easily measure its growth by some new metrics called momentum indicators. One of the most important indicators is revenue margin. Revenue margin is the profit from revenue and is only the source of operating profit. An unsatisfactory trend in revenue margin shows that company’s market position as compared to competitors is not strong. Along with them there are other specific momentum indicators both quantitative and qualitative necessary to create a picture of things if working accurately or not. These indicators are used to measure the three drivers of performance market position strength, organizational vitality and productivity gain. They are also measuring the outcomes financial performance and stake holder value produced.

2.1.7 Marketing Performance

In the past, scholars believed that marketing performance can be measured by growth and profitability (Covin & Slevin, 1991 as quoted in Shu-Hao Chang et. al (2012:86)). Grønholdt and Martensen (2006) argue that marketing performance can be measured by financial outcomes, the outcome of customer feelings, marketing outcomes and the outcome of customer behavior.

Lumpkin and Dess (1996) propose that in addition to conventional accounting factors such as the sales growth rate, market share and profitability, the satisfaction of stakeholders should be considered in measuring marketing performance. Barwise and Farley (2004) indicate that market share and the perception of product/service quality are the most used performance indicators in the US, Japan, Germany, England and France. These show that the conceptions of marketing performance have been different for different objectives in various contexts.

2.2 Empirical Review

2.2.1 Empirical Literatures on Logistics Performance and Organizational Performance

The available limited theoretical and empirical literatures on logistics research have conceptualized (defined) and further measured logistics performance in various ways. The work of Chow et. al (1994) is a pioneer and worth mentioning in providing a systematic review on the existing literatures of logistics performance. With the aim of defining and measuring logistics performance, Chow et al (1994) has provided abridged account on various research works conducted on conceptualizing the notion of logistics performance with respect to their respective data collection methods, sources, and the measures of logistics performance.

As quoted in Chow et al (1994), reviewed performance measurement practices from an efficiency and effectiveness perspective. It seems that Chow have treated the issue of logistics performance as both a matter of achieving logistical objectives and ensuring the optimal utilization of resources for the sake of producing goods or creating a service.

Mansidão and Coelho, 2014:4 conducted an empirical analysis on data obtained by mail survey from executives to define and further measure performance with respect to logistics that resulted

in identifying length of promised order cycle times for base-line/in-stock products, manufacturer's performance in meeting promised delivery dates, fill rate on base-line/in-stock items, advance notice on shipping delays, accuracy of manufacturer in forecasting and committing to estimated shipping dates on contract/project orders, manufacturer's adherence to special shipping instructions, accuracy in filling orders as appropriate measures for logistical performance. The study basically dealt with soft measures of logistics performance that can be characterized with their focus on customer satisfaction. In light of a perspective that dictates the very existence of an ideal logistics service is for identifying the requirement of the customer it serves and ultimately ensuring an excelled customer satisfaction, the attention given to such measures that align with logistics customer service is appropriate and is believed to be highly applicable in a pragmatic manner for an ideal manufacturing business entities. In other words, such soft measures have a significance importance in capturing the logistical performance aspects of firms. However, this empirical work is purely confined to a manufacturing setting there by probably opening a room for questioning its generalize ability in other settings like horticultural supply chains.

Sezen (2005:351) argued that logistics performance can be evaluated by considering logistics costs, customer satisfaction, product availability in the market, conforming to the promised delivery dates and quantities, flexibility in all logistics activities, and efficiency in inventory management.

The available literatures focus on effectiveness and efficiency as key dimensions of logistics performance. However, they failed to incorporate a differentiated logistical service that could be cited as part of an array of logistical functions and further considered as a major distinguishing factor for an improved organizational performance or the success of individual firms like banking sectors, who are participants of logistics activities.

It seems that the conceptualization and measurement of logistics performance is a complex task. However, some literature in logistics research has provided a conceptual model for "Logistics Performance" aiming to treat major logistics process and functions accompanied with their measurements in a manufacturing and retail business setting. To the best of the researcher's

knowledge, a considerable attention has not been given to assessing logistics performance of banking sectors.

Besides, Fugate et. al (2010:14) were conceptualizing logistics performance as multi-dimensional construct that consisted of logistics differentiation, logistics efficiency and logistics effectiveness. To put it in other words, it seems that the most holistic study that objectively accounted the vital aspects of logistics performance is that made by Fugate et. al (2010) where the authors constructed logistics performance in terms of the dimensions of logistics effectiveness, logistics efficiency and logistics differentiation.

Moreover, Fugate et. al (2010:14) also not successful by measuring logistics performance in terms of logistics activities like transportation management, customer service management, inventory planning, supply management and warehouse management aspects; thus the present paper try to utilize the logistics performance model from the view point of logistics activities by researcher's computation.

2.3 Conceptual Frame Work

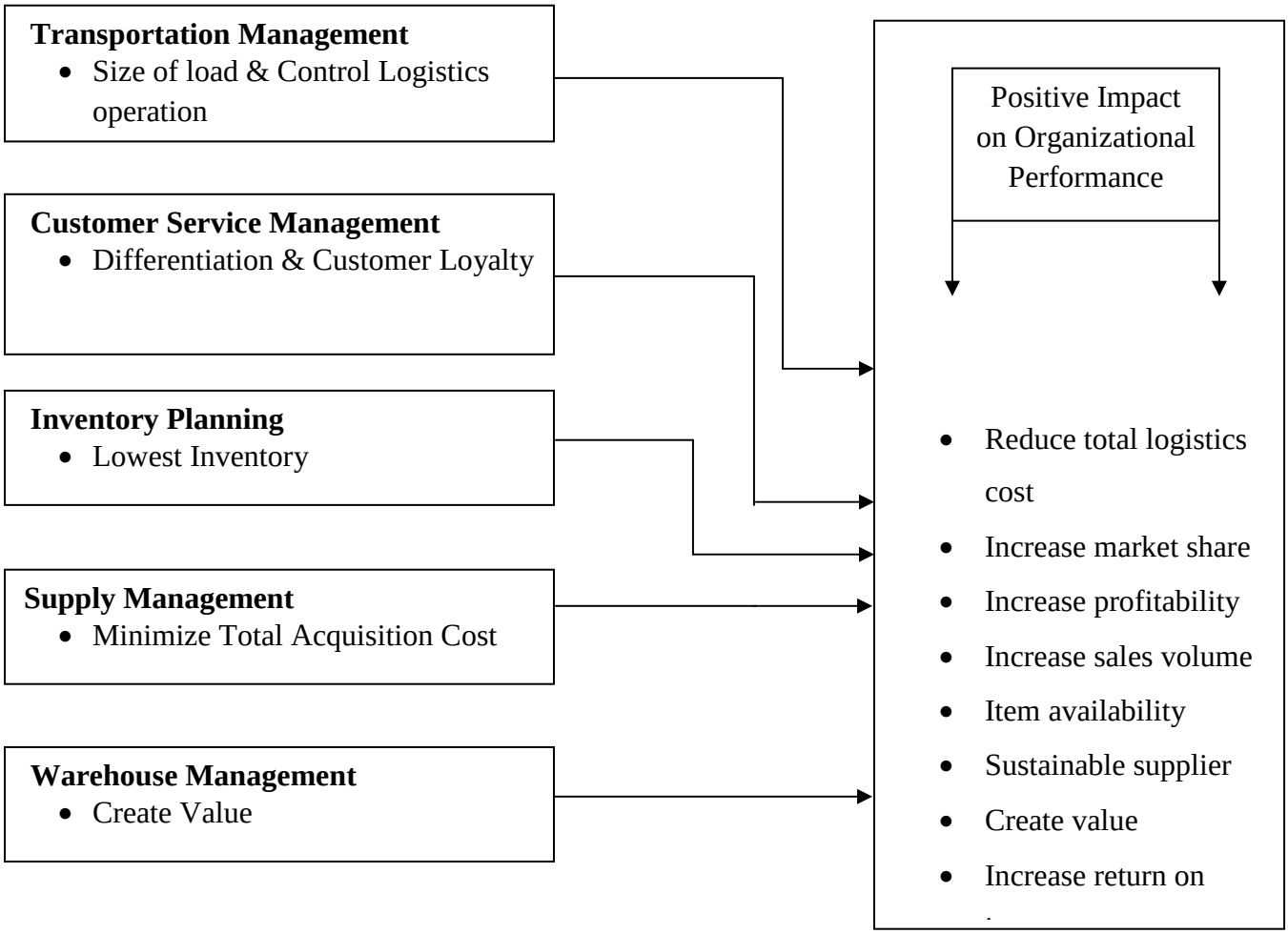

Fig.2.1 General Frame work showing logistics performance positive effect on organizational performance. (Own computation, 2017).

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

Research methodology consists of research approach, source and instruments of data collection-, procedures of data collection, methods of data analysis, validity and reliability, questionnaire scale and ethical issues of the study.

3.2 Research Design

The study adopted empirical investigation with descriptive research design since the major focus of the research is the Impact of Logistics Performance on Organization Performance in the case of LIB S.C.

Descriptive research design are those studies which are concerned with describing the characteristics of a particular individual, or of a group. Studies concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation are all examples of descriptive research studies (Kothary, 2004, p37).

3.3 Population

A research population can be defined as the totality of a well-defined collection of individuals or objects that have a common, binding characteristics or traits. The population for this study comprised of 96 employees who are serving closely in the logistics operation in Lion International Bank S.C. The main reason for using this category of people is that their activities directly or indirectly has a bearing on Logistics activities within applicable area which is the scope for the study. As the study covers all the employees in the stated area and census were used to conduct the research.

3.4 Sources of Data

The required data for the study collected using primary and secondary data collection methods.

Primary data:-primary data collected from employees of the company by using a self-administered questionnaire that consist both open and more of closed ended questions that will be designed to collect responses for quantitative analysis. Different empirical studies used five point likhert scales for measuring effects of logistics on organizational performance (Sabry

2015, Koh et al 2007 and Benito 2010). It is an ideal measurement approach since it helps to ask respondents to rate their opinion for the items of various dimensions. The standard questionnaire is used to collect the necessary information regarding the study is adopted from the work of other studies from (Ronald M. Salazar, 2012) and (Mustefa Mohammed, 2014).

Secondary data: - The source of secondary data for this research is annual report and journals as a stepping board for the research.

3.5 Data Gathering Tools/instruments

For the data collection purposes, only one basic instruments namely; questionnaire analysis has been used.

Questionnaire: It is prepared based on the review of the related literature. Because the numbers of respondents are large, this tool is appropriate to gather the necessary data. The items are close ended supplemented with few open-ended items to get more opinions of the respondents; however most of the respondent fails to answer open ended questions. The questionnaire carefully developed in a way that measure the impact of the proposed independent variables on the dependent variable. The type of questions, form, wording and sequences considered carefully.

Document Analysis: With this data gathering tools, reports, journals and relevant document has been reviewed and gathered from HR department and Marketing & sales. This data gathering tool is used to enrich the data which is obtained through questionnaire method.

3.6 Data Process and Analysis

The researcher has analyzed the data that has been collected from primary and secondary source. The researcher use quantitative types of data. To analyze the data, the researchers summarize the collected data in table and compute percentage to show proportions.

3.7 Data Analysis Technique

To analyze the data, whether or not the study achieved its objectives is determined by analyzing data collected through method i.e., questionnaire surveys of the study by quantitative analysis.

The study is used Statistical Package for Social Science **(SPSS) version 20** to process arithmetic operations of inferential statistics, and tools like tables to show holistic natures and themes of the study. Reliability analysis for each variable is used to assess the internal reliability of each scale for the study. Hair et al. (2010) argue that Cronbach's alpha **above 0.7** is considered acceptable, and Cronbach's alpha value **above 0.7** is a preferable internal consistency. The data often classified by division into, subgroups, and are then analyzed and synthesized in such a way that hypothesis may be verified or rejected. The final result is a new principle or generalization. The study measured variables and express the relationship between variables using effect statistics such as correlations. After completion of preliminary analyses, by virtue of the scale is ordinal, Spearman Rank Correlation is non- parametric test used to test the proposed hypotheses (Bryman, and Camer, 2003).

It should be noted that correlations reach statistical significance when $p < .05$ (Pallant, 2013), and the strength of the relationship is considered small when $r = .10$ to .29; medium when $r = .30$ to .49; and large when $r = .50$ to 1.0 (Cohen, 1988).

3.8 Description of Variables and Measurement

The main stance of this research is to investigate the impact of logistics performance on organizational Performance. Accordingly, the researcher describe different variable which causes the impact. In this research the independent and dependent variables are described as the cause and effect roles of the logistics and organizational performance. The dependent variable in this research is organizational performance (marketing Performance and Financial Performance) and independent variable is logistics performance (transportation management, customer service management, inventory planning, supply management and warehouse management).

3.9 Validity and Reliability

3.9.1 Assessing Reliability

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure while reliability has to do with the accuracy and precision of a measurement procedure. Measuring instrument is reliable if it provides consistent results. As multiple items in all constructs were used, the internal consistency/reliabilities of logistics

performance and organizational performance were assessed with Cronbach‟s Alpha and the reliability values for all constructs are confirmed as greater than 0.7, which are considered ideal (Pallant 2005).The following table shows the summary of reliabilities of all constructs.

Table 3.1: Reliability of constructs

Variable	Reliability
Transportation management practice	.741
Customer service management practice	.761
Inventory planning practice	.757
Supply management practice	.740
Warehouse management practice	.739
Financial performance	.789
Marketing performance	.729

Source: (SPSS Output, 2017)

3.9.2 Analysis of Validity

Malhotra (2010) mentioned about three types of validity in his study: content validity, predictive validity, and construct validity. This study addressed content validity through the review of literature and adapting instruments used in previous research.

3.10 Ethical Clearance

In undertaking any research, there is an ethical responsibility to do the work honestly and with integrity (Adams et al, 2007:35). In light of this view, I am treated any information get from any individual confidentially without disclosing the respondents identity, and try to open minded as possible and express opinions as they are given. The literatures consulted in this study are acknowledged appropriately.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

As discussed in previous chapter, this study attempted to examine the impact of logistics performance on organizational performance in the case of LIB S.C. Therefore, the findings of the study are presented and discussed in this chapter. The questionnaire were developed in five scales ranging from one to five; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagrees. In order to assess the relationship between logistics performance & firm's performance, Correlation analysis were conducted for scale typed questionnaire. A total of 96 questionnaires were distributed to employees and 89 (92.7%) questionnaire were obtained valid and used for analysis. The collected data were presented and analyzed using SPSS (version 20) statistical software. The study used correlation analysis, specifically Spearman Rank correlation to measure the degree of association between different variables under consideration.

4.2 Response Rate

A total of 96 questionnaires were distributed to employees and 89 (92.7%) questionnaire were obtained. The remaining 7 questionnaires were not collected due to unwillingness to provide information and some respondents were in absence of leave. Based on these, the response rate is 74%.

4.3 Respondent Profile

Table 4.1 – Profile of Respondents

Age	Frequency	Percent
18-25	9	10.1
26-35	45	50.6
36-45	33	37.1
more than 45	2	2.2
Total	89	100.0
Gender	**Frequency**	**Percent**
Male	58	65.2
Female	31	34.8
Total	89	100.0
Work Experience	**Frequency**	**Percent**
less than 1 year	7	7.9
1-2 Years	8	9.0
2-5 Years	36	40.4
More than 5 Years	38	42.7
Total	89	100.0
Marital Status	**Frequency**	**Percent**
Married	32	36.0
Single	57	64.0
Total	89	100.0
Educational Qualification	**Frequency**	**Percent**
Diploma	7	7.9
First Degree	64	71.9
Masters Degree	18	20.2
Total	89	100.0

Source: (SPSS Output, 2017)

The analysis of the respondents profile in terms of their Age, Gender, Work Experience, and Marital Status and Educational qualification in line with Table 4.2is presented as follows.

Age: The total number of respondents is 89.This table shows that there are 9(10.5%) respondents in the age group 18-25, 45(50.6%) respondents in the age group 26-35, 33(37.1%) respondents in the age group 36-45 and 2(2.2%) respondents in the age group above 45. The age distribution is shown in Table 4.1.

Gender: The total number of participants who took part in the survey is 89 out of which 58 consists of male (65.2%) and 31 consist of females (34.8%).The gender distribution is shown in table 4.1.

Work Experience: From the total respondents, 7 respondents (7.9%) fall at a work experience of less than 1 year, 8 respondents (9 %) fall at a work experience level of 1-2 years, 36 respondents (40.4%) are with 2-5 years' experience and the rest 38 respondents (42.7 %) are at a work experience of more than 5 years. From this it can be concluded that the majority of respondents, 74 respondents (83.1%) fall at a work experience above two years. This implies the fact that most of the respondents have sufficient knowledge and experience about their firm and the subject matter of the study.

Marital Status: out of the total respondents 32(36%) are married and the remaining 57(64%) are not married. The gender distribution is shown in table 4.1.

Educational Level: 7 respondents (7.79%) have Diploma, 64 respondents (71.9%) have 1st degrees (BA/BSc Degree) and the remaining 18 respondents (20.2 %) have 2nd Degree (MSc/MA Degree) holders. From the educational background of respondents, 82 respondents (92.1%) are 1^{st} and 2^{nd} degree holders. According to the response, the respondents provide relevant and reliable information needed for the study and they are fit in line with the response of the questionnaire.

4.4 The Transportation Management Practice

Table 4.2: The Transportation Management Practice (TM)

Item 1: The current transportation performance provides efficiency in logistics		
	Frequency	**Percent**
Strongly Disagree	9	10.1
Disagree	25	28.1
Neither	24	27.0
Agree	28	31.5
Strongly agree	3	3.4
Total	89	100.0
Item 2: The transportation system of the company like timely delivery and safely satisfy your customer		
	Frequency	**Percent**
Strongly Disagree	6	6.7
Disagree	26	29.2
Neither	29	32.6
Agree	20	22.5
Strongly agree	8	9.0
Total	89	100.0
Item 3: Transportation and distribution of by using other transportation company reduce cost of logistics		
	Frequency	**Percent**
Strongly Disagree	6	6.7
Disagree	22	24.7
Neither	21	23.6
Agree	22	24.7
Strongly agree	18	20.2
Total	89	100.0
Item 4: Is the company reach or applied economies of scale and economies of distance to minimize transportation cost per unit		
	Frequency	Percent
Strongly Disagree	10	11.2
Disagree	18	20.2
Neither	23	25.8
Agree	17	19.1
Strongly agree	21	23.6
Total	89	100.0

Source: (SPSS Output, 2017)

On Item 1, respondents were asked their level of agreement on the current transportation performance provides efficiency in logistics. Out of 89 respondents 9(10.1%) of the respondents disagree with the good practice/system of transportation efficiency in logistics and 25(28.1%) strongly disagree. 24(27%) of the respondents neither agree nor disagree with the item and 28(31.5%) of the respondents agree and the remaining 3(3.4%) strongly agree on the item respectively. In this analysis more than 38.2% of the respondents shows their disagreement and

strongly disagree; around 34.9% shows their agreement. This leads to the current practice or system of transportation provides inefficiency in logistics.

On Item 2, respondents were asked about whether the transportation system like timely delivery and safely satisfy their customer or not. 35.9.5% disagree and strongly disagree with the transportation system supported with timely delivery and safely can affect their customers and 32.6% are neither agree nor disagree with the item. Whereas, 31.5% of the respondents agree and strongly agree with the idea.

On item 3, most respondents 44.9% agree and strongly agree on the item, 23.6% the respondents fall on neither agree nor disagree with the transportation and distribution by using other company's transportation can reduce the transportation cost. Whereas 31.4% of disagree and strongly disagree with the issue.

Finally item 4 a question address to the respondents about the company reaches economies of scale and economies of distance to reduce cost. Majority of the respondents 21 (23.6%) strongly agree, 17(19.1%) agree and 23(25.8%) react as neither agree nor disagree on the item. 18(20.2%) strongly disagree with the item and the least responds goes to disagree 10(11.2%).

4.5 The Customer Service Management Practice

Table 4.3: Customer Service Management Practice (CSM)

Item 1: There is a well-develop tool to check customer satisfaction in logistics activities		
	Frequency	**Percent**
Strongly Disagree	23	25.8
Disagree	32	36.0
Neither	18	20.2
Agree	16	18.0
Total	89	100.0
Item 2: Customer service policy of the company results lowest cost of lost sales		
	Frequency	**Percent**
Strongly Disagree	10	11.2
Disagree	9	10.1
Neither	25	28.1
Agree	40	44.9
Strongly agree	5	5.6
Total	89	100.0
Item 3: Impact analysis of service in logistics on cost incurred and profit earned done on regular basis		
	Frequency	**Percent**
Strongly Disagree	9	10.1
Disagree	10	11.2
Neither	42	47.2
Agree	27	30.3
Total	88	98.9
Missing 99	1	1.1
Total	89	100.0
Item 4: The employees in customer service area has enough knowledge to serve customers		
	Frequency	**Percent**
Strongly Disagree	9	10.1
Disagree	15	16.9
Neither	15	16.9
Agree	44	49.4
Strongly agree	6	6.7
Total	89	100.0

Source: (SPSS Output, 2017)

In the first item, respondents asked about whether there is a well developed tool to check customer satisfaction in logistics activities. Majority of the respondents 32(36%) disagree with this item. 23(25.8%) of the respondents strongly disagree with the items and 18(20.2%) of the respondents neither agree nor disagree with the item. The least respondents of the item belong to agree 16(18%). This indicates that the majority of the respondents show their disagreement that there is no as such a well-developed tool to check customer satisfaction level in logistics activities.

In the 2 item, here respondents were asked about customer service policy of the company result lowest cost of lost sales. The majority of the respondents agree and strongly disagree with a level of agreement of 41(44.9%) and 5(5.6%) respectively followed with 25(28.1%) neither agree nor disagree. 10(11.2%) of the respondents strongly disagree on the item, 9(10.1%) of the respondents disagree with the item. In this analysis the majority of the respondents show their agreement that policy of customer service policy does minimize cost of sales

In item 3, respondents asked about the impact analysis of service logistics on cost incurred and profit earned done regularly. Majority of the respondents 42(47.2%) are neither agree nor disagree and 27(30.3%) of them are agree. 10(11.2%) of the respondents disagree with the item, 9(10.1%) of the respondent strongly disagree with the item, where as the remaining 1(1.1%) of the respondents abstain from the level of agreement. The analysis shows most of them are no idea on analysis of service given in logistics cost and profit earned by the company.

In item 4, respondents were asked about the employees in customer service area has enough knowledge to serve customers. Majority of the respondents 50(56.1%) totally agree and strongly agree with the item and 24(27%) of the respondents reacts as strongly disagree and disagree. 15(16.9%) of the respondents neither with the item. This indicates that the majority of the respondents agree on employees' knowledge in customer service area to serve their customers.

4.6 The Inventory Planning Practice

Table 4.4: The Inventory Planning Practice (IPM)

Item 1: The inventory model used to determine the quantity ordered is based on real demand analysis		
	Frequency	**Percent**
Strongly Disagree	8	9.0
Disagree	7	7.9
Neither	18	20.2
Agree	38	42.7
Strongly agree	18	20.2
Total	89	100.0
Item 2: The inventory model used target to minimize overall total inventory costs like holding, ordering, and stock out		
	Frequency	**Percent**
Disagree	8	9.0
Neither	26	29.2
Agree	46	51.7
Strongly agree	9	10.1
Total	**89**	**100.0**
Item 3: The supply and demand analysis of inventory ordering has a positive impact on customer satisfaction		
	Frequency	**Percent**
Strongly Disagree	5	5.6
Disagree	10	11.2
Neither	10	11.2
Agree	45	50.6
Strongly agree	19	21.3
Total	89	100.0
Item 4: The current inventory management and planning system of the company assist the company's competitive strategy		
	Frequency	**Percent**
Strongly Disagree	4	4.5
Disagree	11	12.4
Neither	28	31.5
Agree	23	25.8
Strongly agree	23	25.8
Total	89	100.0

Source: (SPSS Output, 2017)

In the first item, respondents asked about whether the inventory model used determine the quantity order is based on real demand analysis. Of the total respondents 56(62.9%) strongly agree and agree with this item. 18(20.2%) neither agree nor disagree with the items and 15(16.9%) of the respondents strongly disagree and disagree with the point.

In the 2 item, here respondents were asked about the inventory model used to minimize over all total inventory costs like holding. Then majority of the respondents agree and strongly agree

55(61.8%) and followed with 26 (29.2%) of the respondents neither agree nor disagree with the item and the remaining 8(9%) of the respondents are disagree on the item.

In item 3, respondents asked about the supply and demand analysis of inventory ordering has positive impact on customer satisfaction. Majority of the respondents 64(71.9%) strongly agree and agree and 10(11.2%) are neither agree nor disagree with the item. From the respondents 15(16.8%) strongly disagree and disagree on the item.

In item 4, respondents were asked about the current IPM system of the company assist the company's competitive strategy. Majority of the respondents 46(51.6%) strongly agree and agree with the item, 28(31.5%) of the respondents neither and the remaining 15(16.9%) of the respondents reacts as strongly disagree and disagree with the item.

4.7 The Supply Management Practice

Table 4.5: Supply Management Practice (SM)

Item 1: The supply management system designed in the company target to minimize acquisition cost and logistics cost		
	Frequency	**Percent**
Strongly Disagree	23	25.8
Disagree	28	31.5
Neither	19	21.3
Agree	12	13.5
Strongly agree	7	7.9
Total	89	100.0
Item 2: The organization approach to supplier has an impact on the success of supplier		
	Frequency	**Percent**
Strongly Disagree	18	20.2
Disagree	37	41.6
Neither	25	28.1
Agree	9	10.1
Total	89	100.0
Item 3: The procurement policy of the company is in line with customer service policy of the company		
	Frequency	**Percent**
Strongly Disagree	25	28.1
Disagree	27	30.3
Neither	17	19.1
Agree	14	15.7
Strongly agree	6	6.7
Total	89	100.0

Source: (SPSS Output, 2017)

In the first item, respondents asked about the SM designed in the company target to minimize acquisition cost and logistics cost. The majority of the respondents 51(57.3%) strongly disagree and disagree with this item, followed with 19(21.4%) of the respondents strongly agree and agree and the rest 19(21.3%) neither agree nor disagree agree with the point.

In the 2 item, here respondents were asked about the organization approach to supplier has an impact on the supplier success. More than half of the respondents strongly disagree and disagree with a level of agreement of 55(61.8%), followed with 25(28.1%) of the respondents neither agree nor disagree with the item. 9(10.1%) agree on the point and no one strongly disagree on the point.

In item 3, respondents were asked about the procurement policy of the company is in line with customer service policy of the company. Majority of the respondents 52(58.4%) strongly

disagree and disagree with the item and 20(22.4%) of the respondents reacts as strongly agree and agree. 17(19.1%) of the respondents neither with raised issue.

4.8 The Warehouse Management Practice

Table 4.6: The Warehouse Management Practice (WM)

Item 1: The design of the warehouse is easy to access items, free from damage of items and convenient to load and unload		
	Frequency	**Percent**
Strongly Disagree	17	19.1
Disagree	28	31.5
Neither	22	24.7
Agree	15	16.9
Strongly agree	7	7.9
Total	89	100.0
Item 2: The design of the warehouse system is properly done to improve customer service and eliminate errors in warehouse operation		
	Frequency	**Percent**
Strongly Disagree	12	13.5
Disagree	28	31.5
Neither	29	32.6
Agree	16	18.0
Strongly agree	4	4.5
Total	89	100.0
Item 3: Warehouse operators are skilled to use computer and other technologies to perform warehouse activities		
	Frequency	**Percent**
Strongly Disagree	13	14.6
Disagree	50	56.2
Neither	13	14.6
Agree	4	4.5
Strongly agree	9	10.1
Total	89	100.0

Source: (SPSS Output, 2017)

In the first item, respondents asked about the design of warehouse is to access item, free from damage of item, convenient of load and unload. The majority of the respondents 55(50.6%) strongly disagree and disagree with this item, followed with this 22(24.8%) of the respondents strongly agree and agree and 22(24.7%) of the respondents neither agree nor disagree.

In item 2, here respondents were asked about the design of the WS is properly done to improve customer service. Majority of the respondents 40(45%) strongly disagree and disagree on the item, 29(32.6%) are neither agree nor disagree and the remaining 20(22.5%) are strongly agree and agree with the item.

In item 3, respondents asked about Warehouse operators are skilled to use computer and other technologies to perform warehouse activities. Majority of the respondents 63(70.8%) strongly disagree and disagree on the item, 13(14.6%) are strongly agree and agree. 13(14.6%) are neither agree nor disagree with the item.

4.9 Financial Performance

Table 4.7: Financial Performance (FP)

Item 1: Average return on investment over the past three years		
	Frequency	**Percent**
Well below Industry Average	17	19.1
Below Industry Average	23	25.8
Neither	22	24.7
Above Industry Average	15	16.9
Well above Industry Average	12	13.5
Total	89	100.0
Item 2: Average profit over the past three years		
	Frequency	**Percent**
Well below Industry Average	10	11.2
Below Industry Average	26	29.2
Neither	17	19.1
Above Industry Average	20	22.5
Well above Industry Average	16	18.0
Total	89	100.0
Item 3: Profit Growth over the past three years		
	Frequency	**Percent**
Well below Industry Average	18	20.2
Below Industry Average	21	23.6
Neither	28	31.5
Above Industry Average	10	11.2
Well above Industry Average	12	13.5
Total	89	100.0
Item 4: Average return on sales over the past three years		
	Frequency	**Percent**
Well below Industry Average	13	14.6
Below Industry Average	29	32.6
Neither	30	33.7
Above Industry Average	9	10.1
Well above Industry Average	8	9.0
Total	89	100.0

Source: (SPSS Output, 2017)

In the first item, respondents were asked about average return on investment over the past three years. Of the total respondents majority of them i.e. 40(44.9%) shows their well below and

below the industry average. 27(30.4%) of the respondents are well above and above the industry average. 22(24.7%) are neither.

In item 2, respondents were asked about average profit over the past three years. Of the total respondents majority of them i.e. 36(40.5%) shows their well above and above the industry average. 36(40.4%) of the respondents are well below and below the industry average. 17(19.1%) are neither.

In item 3, respondents were asked about profit growth over the past three years. Of the total respondents majority of them i.e. 39(43.8%) shows their well below and below the industry average. 28(31.5%) are neither. 22(24.7%) of the respondents are well above and above the industry average.

In item 4, respondents were asked about average return on sales over the past three years. Of the total respondents majority of them i.e. 42(47.2%) shows their well below and below the industry average. 30(33.7%) are neither. 17(19.1%) of the respondents are well above and above the industry average.

4.10 Marketing Performance

Table 4.8: Marketing Performance (MP)

Item 1: Average market share growth over the past three years		
	Frequency	**Percent**
Well below Industry Average	9	10.1
Below Industry Average	26	29.2
Neither	26	29.2
Above Industry Average	20	22.5
Well above Industry Average	8	9.0
Total	89	100.0
Item 2: Average sales volume growth over the past three years		
	Frequency	**Percent**
Well below Industry Average	17	19.1
Below Industry Average	30	33.7
Neither	31	34.8
Above Industry Average	7	7.9
Well above Industry Average	4	4.5
Total	89	100.0
Item 3: Average sales growth over the past three years		
	Frequency	**Percent**
Well below Industry Average	26	29.2
Below Industry Average	34	38.2
Neither	16	18.0
Above Industry Average	6	6.7
Well above Industry Average	7	7.9
Total	89	100.0

Source: (SPSS Output, 2017)

In the first item, respondents were asked about average market share growth over the past three years. Of the total respondents majority of them i.e. 35(39.3%) shows their well below and below the industry average. 28(31.5%) of the respondents are well above and above the industry average. 26(29.2%) are neither.

In item 2, respondents were asked about average sales volume growth over the past three years. Of the total respondents majority of them i.e. 47(52.8%) shows their well below and below the industry average. 11(12.4%) of the respondents are well above and above the industry average. 31(34.8%) are neither.

In item 3, respondents were asked about average sales growth over the past three years. Of the total respondents majority of them i.e. 60(67.4%) shows their well below and below the industry

average. 16(18%) are neither. 13(14.6%) of the respondents are well above and above the industry average.

Table 4.9:- Correlations between Variables (Spearman's Correlation)

			transport performance	customer service	inventory planning	supplier performance	warehouse mgmt	financial performance	marketing performance
Spearman's rho	transport performance	Correlation Coefficient	1.000	.459**	-.058	-.315**	.159	-.017	.268*
		Sig. (2-tailed)	.	.000	.591	.003	.136	.873	.011
		N	89	88	89	89	89	89	89
	customer service	Correlation Coefficient	.459**	1.000	.212*	-.348**	.150	-.069	-.178
		Sig. (2-tailed)	.000	.	.047	.001	.163	.526	.097
		N	88	88	88	88	88	88	88
	inventory planning	Correlation Coefficient	-.058	.212*	1.000	-.086	-.124	.104	-.093
		Sig. (2-tailed)	.591	.047	.	.423	.247	.334	.384
		N	89	88	89	89	89	89	89
	supplier performance	Correlation Coefficient	-.315**	-.348**	-.086	1.000	-.462**	.214*	.334**
		Sig. (2-tailed)	.003	.001	.423	.	.000	.044	.001
		N	89	88	89	89	89	89	89
	warehouse mgmt	Correlation Coefficient	.159	.150	-.124	-.462**	1.000	.440**	.282**
		Sig. (2-tailed)	.136	.163	.247	.000	.	.000	.007
		N	89	88	89	89	89	89	89
	financial performance	Correlation Coefficient	-.017	-.069	.104	.214*	.440**	1.000	.150
		Sig. (2-tailed)	.873	.526	.334	.044	.000	.	.161
		N	89	88	89	89	89	89	89
	marketing performance	Correlation Coefficient	.268*	-.178	-.093	.334**	.282**	.150	1.000
		Sig. (2-tailed)	.011	.097	.384	.001	.007	.161	.
		N	89	88**	89	89**	89	89	89*

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

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

Source: (SPSS Output, 2017)

Hypothesis 1: It is proposed that transport performance is positively correlated with marketing performance.

Based on the result of table 4.3 the relationship between transport performance and marketing performance was examined using Spearman rank correlation coefficient is significant at the 0.05 level (2-tailed). There was a statistically significant **small** positive correlation between the two variables**, r = 0.268**, n = 89, $p < 0.05$, which indicates that the more marketing performance the more transport performance they had. Therefore, **Hypothesis 1 was supported.**

Hypothesis 2: It is proposed that supplier performance is positively correlated with financial performance.

Based on the result of table 4.3 the relationship between supplier performance and financial performance was examined using Spearman rank correlation coefficient is significant at the 0.05 level (2-tailed). There was a statistically significant **small** positive correlation between the two variables**, r = 0.214**, n = 89, $p < 0.05$, which indicates that the more supplier performance the more financial performance they had. Therefore, **Hypothesis 2 was supported.**

Hypothesis 3: It is proposed that supplier performance is positively correlated with marketing performance.

Based on the result of table 4.3 the relationship between supplier performance and marketing performance was examined using Spearman rank correlation coefficient is significant at the 0.05 level (2-tailed). There was a statistically significant **medium** positive correlation between the two variables**, r = 0.334**, n = 89, $p < 0.05$, which indicates that the more marketing performance the more supplier performance they had. Therefore, **Hypothesis 3 was supported.**

Hypothesis 4: It is proposed that warehouse management is positively correlated with financial performance.

Based on the result of table 4.3 the relationship between warehouse management and financial performance was examined using Spearman rank correlation coefficient is significant at the 0.01 level (2-tailed). There was a statistically significant **medium** positive correlation between the two variables**, r = 0.440**, n = 89, $p < 0.01$, which indicates that the more warehouse management the more financial performance they had. Therefore, **Hypothesis 4 was supported.**

Hypothesis 5: It is proposed that warehouse management is positively correlated with marketing performance.

Based on the result of table 4.3 the relationship between warehouse management and marketing performance was examined using Spearman rank correlation coefficient is significant at the 0.01 level (2-tailed). There was a statistically significant **small** positive correlation between the two variables**, r = 0.282**, n = 89, $p < 0.01$, which indicates that the more warehouse management the more marketing performance they had. Therefore, **Hypothesis 5 was supported.**

CHAPTER FIVE
SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Major Findings

According to the data analysis in the previous section, summary of the findings presented as follows.

- ✓ The respondents‟ replies on transportation performance imply that majority of respondents agreed to the fact that the company transportation performance is less efficient and late delivery.
- ✓ In this analysis more than 61.8% of the respondents shows their disagreement and strongly disagree on points on well developed tool to check customer satisfaction in logistics activities.
- ✓ Most of the respondents show their disagreement regarding to supply management practice in the company
- ✓ Most of the respondents show their disagreement regarding to warehouse management in the company
- ✓ The result from the study shows that there is significantly small positive correlation between Transportation performance and marketing performance, with correlation coefficient of 0.268 (r=0.268) with significance value less than 0.05.
- ✓ The finding from correlation test between supplier performance and financial Performance show that there is significantly small positive correlation with correlation coefficient of 0.214 (r=0.214) and significance value less than 0.05.
- ✓ The finding from correlation test between supplier performance and marketing Performance show that there is significantly medium positive correlation with correlation coefficient of 0.334 (r=0.334) and significance value less than 0.05.

- ✓ It can be found that the relationship between warehouse management and financial performance was statistically significant medium positive correlation based on Spearman rank correlation coefficient with correlation coefficient of 0.440(r=0.440) and significant value less than 0.01.

- ✓ It can be found that the relationship between warehouse management and marketing performance was statistically significant small positive correlation based on Spearman rank correlation coefficient with correlation coefficient of 0.282(r=0.282) and significant value less than 0.01.

5.2 Conclusion

The main aim of the research is to find the impact of logistics performance on organizational performance. The case company in the research was LIB S.C. questionnaire were distributed for 96 employees working at logistic related areas, out of who 89 responded to the questionnaire. Most of the respondents agreed that there is less efficiency and on timely delivery of transportation and there are no well developed tools to check customer satisfaction. Besides, they disagree with supply management and warehouse management practice.

Moreover, from the results it can be concluded that there is small positive correlation between transportation performance and marketing performance with correlation coefficient of 0.268 and significant value less than 0.05, there is small positive correlation between supplier performance and financial performance with correlation coefficient of 0.214 and significant value less than 0.05, there is significant medium positive correlation between supplier performance and marketing performance with correlation coefficient of 0.334 and significant value less than 0.05up, there is significant medium positive correlation between warehouse management and financial performance with correlation coefficient of 0.440 and significant value less than 0.01 and there is small positive correlation between warehouse management and marketing performance with correlation coefficient of 0.282 and significant value less than 0.01. As far as their causal relationship is concerned, logistics performance has some influence on organizational performance. These results support the positive relationship between logistics performance and organizational performance within the case company.

5.3 Recommendation

Based on the study results and conclusions drawn above, some recommendations are proposed as a means of alleviating the problems found.

- ✓ To address efficiency and on time delivery of transportation the company needs to plan all its functions and sub-functions into the system of goods movement in order to minimize cost as a result maximize service delivery.
- ✓ The company should have any standard tool to check level of customer satisfaction to take corrective action based on the results from the tool
- ✓ As the study clearly indicate the effect of logistics performance on organization performance the company should give due attention in properly implementing logistics activities for efficient delivery service, better warehouse management and better Inventory management.
- ✓ In order to achieve advancement in marketing and financial performance in the long run through enhancing organizational performance, it is better for the organization to give due emphasis on logistics activities.
- ✓ The case company needs to focus on major logistics activities in its operation in order to improve and augment their marketing performance.

5.4 Suggestion for Further Study

The present study used only Lion International Bank S.C future studies should consider expanding their scope to include sectors other than service. Furthermore how supply chain strategies affect organizational performance should be studied by others.

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Annex 1

Questionnaire

Questionnaire to be filled by employees of Lion International Bank S.C

Dear Respondents:

I am conducting a thesis entitled "The Impact of Logistics Performance on Organizational Performance: the case of Lion International Bank S.C." for partial fulfillment of M.A. in logistics and supply chain management at AAU.

This questionnaire has been designed to seek information for purely academic purposes and hence would not affect any one in any case. The information collected through the questionnaire is kept confidential and only used for academic purposes, and thereby, to come up with some workable solutions to overcome the known challenges and difficulties related to logistics performance practices in the company. To this end, the outcome of this study will highly depend upon your response. Therefore, you are kindly requested to fill the questionnaire as per the instruction, carefully and responsibly.

General Directions

1. You are not required to write your name.
2. Respond to all close-ended question items by putting "X" mark in the boxes

Thanking You in Advance.

1. What is your Age?

   ☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ More than 45

2. What is your gender?

   ☐ Male ☐ Female

3. How long you have been working in LIB S.C?

   ☐ Less than 1 Year ☐ 1-2 Years ☐ 2-5 years ☐ More than 5 years

4. Marital Status

   ☐ Married ☐ Single

5. Current Educational qualification

☐ Diploma ☐ First Degree ☐ Masters Degree ☐ above Masters Degree
Other_____

B-Questionnaire (Likhert Scale)

Note: 1= Strongly Disagree 2=Disagree 3=Neither 4=Agree 5=Strongly Agree

6. Indicate your level of agreement on **transportation Performance** practices in your company

No	Transportation Performance Parameters	1	2	3	4	5
1	The current transportation performance provides efficiency in logistics					
2	The transportation system of the company like timely delivery and safely satisfy your customer					
3	Transportation and distribution of by using other transportation company reduce cost of logistics					
4	Is the company reach or applied economies of scale and economies of distance to minimize transportation cost per unit					

7. Indicate your level of agreement on **customer service activity** practices in your company

No	Customer Service Performance Parameters	1	2	3	4	5
1	There is a well-develop tool to check customer satisfaction in logistics activities					
2	Customer service policy of the company results lowest cost of lost sales					
3	Impact analysis of service in logistics on cost incurred and profit earned done on regular basis					
4	The employees in customer service area has enough knowledge to serve customers					

8. Indicate your level of agreement on **inventory planning** practices in your company

No	Inventory Planning Performance Parameters	1	2	3	4	5
1	The inventory model used to determine the quantity ordered is based on real demand analysis					
2	The inventory model used target to minimize overall total inventory costs like holding, ordering, and stock out					
3	The supply and demand analysis of inventory ordering has a positive impact on customer satisfaction					
4	The current inventory management and planning system of the company assist the company's competitive strategy					

9. Indicate your level of agreement on **supplier performance** practices in your company

No	Supplier Performance Parameters	1	2	3	4	5
1	The supply management system designed in the company target to minimize acquisition cost and logistics cost					
2	The organization approach to supplier has an impact on the success of supplier					
3	The procurement policy of the company is in line with customer service policy of the company					

10. Indicate your level of agreement on **warehouse management** practices in your company

No	Warehouse Management Performance Parameters	1	2	3	4	5
1	The design of the warehouse is easy to access items, free from damage of items and convenient to load and unload					
2	The design of the warehouse system is properly done to improve customer service and eliminate errors in warehouse operation					
3	Warehouse operators are skilled to use computer and other technologies to perform warehouse activities					

11. Please rate your company's performance in each of the following areas as compared to the performance of your competitors

No	Financial Performance	1	2	3	4	5
1	Average return on investment over the past three years					
2	Average profit over the past three years					
3	Profit growth over the past three years					
4	Average return on sales over the past three years					

12. Please rate your organization's performance in each of the following areas as compared to the industry average

No	Marketing Performance	1	2	3	4	5
1	Average market share growth over the past three years					
2	Average sales volume growth over the past three years					
3	Average sales (in Birr) growth over the past three years					

13. Do you believe efficient logistics management contributes to business growth?

☐ Yes ☐ No

If your answer is Yes/No explain it why

_____

_____

_____

14. If you have any other comment, please state here

_____

_____

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