

**LOGISTICS MANAGEMENT PRACTICES AND
ORGANIZATIONAL PERFORMANCE OF DAIRY FIRMS IN
KENYA**

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DECLARATION

This research project is my original work and has not been presented to any examination body.

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Declaration by the supervisor

This project has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this project to my family for their provision and encouragement in my academic endeavors.

ACKNOWLEDGEMENT

First would like to acknowledge God for health and strength given to me during the writing of this research project. I want to appreciate the time as well as the effort of my supervisor, Mr. Onserio Nyamwang who gave me professional guidance in writing this project. My gratitude to my lecturers; Dr. Ombati and Dr. Yabs for their tireless effort in guiding us through this post graduate programme. Last but not least, I am deeply indebted to my colleagues for their moral support in pursuit of this project.

ABSTRACT

This study sought to establish the effect of logistic management practices on organizational performance. The specific objectives of the study were to; establish logistics management practices in Dairy firms in Kenya and examine the effect of logistics management practices on organizational performance of Dairy firms in Kenya. The study adopted a descriptive survey design. Study was carried out in Dairy firms in Kenya. According to the Kenya Dairy Board (KDB), there are 34 dairy firms in Kenya. The study therefore targeted all the 34 dairy firms. Since the population is small (34) census was used to collect information from the entire population. Questionnaire and data sheet were used in data collection. The researcher conducted pilot study to ascertain validity and reliability of research instruments. Descriptive statistics as well as regression analysis with the aid of SPSS were used to analyze the collected data. The study findings indicated that there was a significant relationship between information flow and organizational performance ($p=0.000$); there was a significant relationship between transport management and organizational performance ($p=0.000$); there was a significant relationship between warehousing management and organizational performance ($p=0.000$) and that there was a significant relationship between inventory management and organizational performance ($p=0.000$). The study concludes that IT helps in sharing information on transfer or exchange of information indicating the level and position of inventory, sales data, and information on the forecasting information, information about the status of orders, production schedules and delivery capacity, and firm performance measures. Transport management have a positive significant effect on organizational performance of dairy firms and that inventory management practices within the operations of the firm is positively significant on their performance. Logistics management plays an important role of adding competitive advantage to a firm in customer support and business excellence. The study recommended investment on information systems useful to managers in dairy operations to bring about quality products and reduce the cost of transformation of goods. Managers in dairy firms should incorporate transport management in their operations processes such as procurement of raw materials and distribution of products to increase overall cost efficiency, enhanced market share, and reduced lead time thereby impacting positively on their performance and the inclusion of inventory management in the strategic plans of the dairy firms in Kenya.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Logistics has now advanced across the world to many companies' strategic function from the warehousing simple concepts. According to the explanation by Sople (2010) on capabilities of logistics supplement and the supply chain operation as the important role in both organizational environment and strategy. Logistic system comprises of information systems, logistics services as well as resources/infrastructures. Logistics services include undertakings like transportation and warehousing that maintains the products and materials drive of resources to the point of consumption from its point of origin, and vice versa. Infrastructure on the other indicator comprises of packaging materials, financial resources, warehouses, human resources, transport and communication.

The three main objectives of logistics strategy are; capital reduction, cost reduction and service improvement. Due to better technology in transport and communication in the past dual decades, the flow of products has been significantly enriched. The major challenges that face logistics systems are globalization of marketing, increased variety of goods and seasonal variation which leads to effective development of logistics strategies (Gebresenbet & Bosona, 2012).

Globally, the role of logistics management on organizational performance has been recognized. For instance, logistics services transformation in the US as noted by Wilson (2007) reduces costs of transportation from simple means and to one halt service result that comprise information management, storage and consultation transportation. The

ability to respond to the requirements of a customer efficiently due to globalization is important so as to withstand reasonable advantage.

In China, it exists a scarcity of skilled persons dealing logistics largely owing to enduring problems with the training/education systems. Lower level worker, in terms of position in a typical Chinese firm, it is highly likely that he is poorly educated, particularly in the logistics industry case in China, unlike other countries in Asian for instance, Taiwan, Korea as well as Singapore where workers are mostly well educated and highly competent. National Certification Standards: Logisticians (certificate issuance system issued officially) was found out by the Social Security Ministry and Labour of China to promote logistics importance (MOLLS, 2013).

1.1.1 Logistics Management Practices

Logistics management is managed as a bit of the stock system organization that game plans with organization of stock capably. It is the organization method that consolidates the improvement of stock, organizations, information and capital, perfect from the purchase of unrefined item, to the purchaser (Wallenburg & Springinklee, 2012). The logistics goal in the organization is giving the right thing at the right quality at the specified period in the advantageous location at the right expense to an authoritative customer (Mentzer *et al.*, 2004). The achievement of logistics organization is settled through the blend of capability, sufficiency and detachment (Fugate *et al.*, 2010).

The logistics organization hones are a perplexing system that incorporates related on-screen characters with an abnormal state of collaboration. The criticalness of these logistics is foreseen to expand since the capability to alter obtaining, transport and production to user solicitations will, oneness with the organization of brisk and correct

details streams, wind up principal in business conditions (Shankar 2011). Logistics organization hones covers the surge of things and information between firms with the essential regard including features of time and place utility.

Transportation expects a connective occupation among the few phases that result in change of benefits into supportive stock for an authoritative client. It is the masterminding of each one of these limits and sub-limits into a system that of stock advancement remembering the ultimate objective to constrain costs and extend organization to customers that contains the possibility of logistics (Tseng, Yue, and Taylor, 2005). Logistics management practices entail information flow management, warehousing management, transportation management and inventory management.

Managers of logistics give watchful thought to the details kept of the period required for sourcing as well as support according to each product. For each product in stock they must realize the time needed for their purchase from interest to development, the period each product takes in stock all round lessens the forecasting of the product. There is an essential for maintaining items in stock is far less understandable. For any timeframe which the proportion of things in stock is less than the stock expense which is less.

1.1.2 Organizational performance

In an organization, performance may take various forms depending on what and who is being targeted. Different performance indicators are required by different stakeholders to offer assistance in making informed decision (Manyuru, 2005). Organizational performance includes three regions of firm results: item showcase performance (piece of the pie, deals, and so on.); budgetary performance (return on resources, benefits, rate of return, and so on.); and investor return (financial esteem include, add up to investor

return, and so on.) (Richard et al., 2009). Mahapatro, (2009) characterized organizational performance as the hierarchical capacity to satisfy its central goal through solid administration, sound administration and a tireless re-dedication to accomplishing results. Successful non-benefits are versatile, mission-driven, client centered, results situated, entrepreneurial and manageable.

As indicated by Thompson et al, (2007), utilizing money related estimates just ignores the way that what empowers an organization to convey or accomplish better monetary results from its tasks is the achievement of key objective that develop its market strength and competitiveness. There are various methods to measure organizational overall performance as listed by Kaplan and Morton (1992) which are; accounting measures (liquidity, profitability measures, growth measures, cash flow and leverage measures), market based measures (holding period returns, market value add, return on shareholder), operational performance (changes in intangible assets for instance personnel resource or patents, stakeholder performance, market share and customer satisfaction), economic value measures (cash flow on investment, economic value added, residual income and) and survival measure (takes time horizons of utmost five years).

1.1.3 Dairy industry in Kenya

The Kenya Dairy industry has been heralded as a key driver of the government's Economic Recovery Strategy and important to the achievement of vision 2030. The industry recorded a significant growth in the year 2007 with a production of 3.8 billion liters of milk and revenue of \$810 million. Presently, the dairy industry is regulated by the Kenya Dairy Board. According to Kenya Dairy Board (2010), Kenya has shown the

ability to export and satisfy its own market in dairy products owing the fact that has well developed and the largest dairy herd in Sub-Saharan Africa.

Dairy creation in the country is prevalently by little range ranchers, who claim one-three dairy creatures, and deliver around 80% of the milk in the nation. Dairy production under small scale frameworks extend from slow down encouraged cut and convey frameworks, enhanced with obtained focus nourish to free touching on unchanged characteristic field in the raised negligible territories (Thorpe et al., 2000). Overhauled dairy breeds will in general be kept in slow down nourishing units, cross-reared cows in semi-zero-eating frameworks, and zebu cows in free-nibbling frameworks. The production frameworks are affected by the agro and climatic qualities of the zone, arrive profitability possible and commonness of creature sicknesses. The broad appropriation of dairy cows in the nation was invigorated by a few cooperating variables, for example, the favorable arrangement and institutional situations given by progressive Governments; the nearness of noteworthy dairy populaces (claimed by pilgrim ranchers); a subtropical geology reasonable dairying cows; and, little ranch networks who rear cows and who milked as a critical piece of their eating regimen (Thorpe et al., 2000).

In the course of the most recent couple of years, dairy preparation in the country has been overwhelmed by 3 noteworthy convertors, in particular, the Brookside Dairy Limited, New KCC as well as Githunguri Dairy Farmers Cooperative and Processors. These three processors offer direction to a huge piece of the pie, in the sector with around twenty seven processors. Githunguri and Brookside Dairies process 150,000 and liters 400,000 liters every day, separately amid the peak season. New KCC then again forms 450,000 liters of milk multi day amid the peak season, and commands 37 percent of the piece of

the overall industry. New KCC operates and manages 11 cooling plants; 11 production lines as well as 12 deal stops across the country, and has been expanding its handling limit to a great extent through expanded milk conveyance coming about because of altruism and dedication of ranchers. Brookside similarly has been extending via the obtaining of other middle and little handling firms, for example, the coming together with Spin Knit Dairy (Standard daily paper, 2010). Following this combination, the consolidated aggregate introduced limit remained at 600,000 liters for every day, up from 450,000 liters recently dealt with by the firm. Right now, Brookside limited has an introduced preparing limit of 750000 liters for every day (Brookside Dairy, 2017).

Industry insights by the KDB demonstrate that the greatest processing firm was Brookside in the long stretch of 2009 December, however in 2010 January unstuck by the New KCC, processing approximately 620,000 liters of milk. In 2010, Brookside had a 40% offer of the country's milk advertise, with milk bought from roughly 120000 providers. About 7% of these providers were business ranchers while the rest are little range farmers (Business Daily, 2010). Githunguri Dairy Cooperative had a normal introduced handling limit of 170,000 liters for every day (Githunguri Dairy Farmers Cooperative site). Despite the fact that dairy segment in Kenya has a huge commitment to the country's economy, family unit livelihoods as well as sustenance security, the dairy sector faces various specialized, monetary and institutional issues in milk production, preparing and promoting (Karanja, 2003). These requirements influence the capacity of the division to take an interest and contend in the residential and territorial markets. In particular, a portion of the fundamental imperatives to expanded milk production in Kenya have been recognized as regularity underway, insufficient amount and nature of

feed, including constrained utilization of made cows feeds, and absence of good quality creature cultivation and cultivating rehearses. Poor access to rearing, creature wellbeing and credit administrations and mind-boggling expense of planned impregnation (AI) benefit are other obliging variables. In a few regions, dairy makers are looked with the issue of poor framework (streets, power), deficient milk accumulation and promoting framework, poor collaboration and need setting between research, expansion and preparing, and restricted ranchers' contribution in the yield advertise, henceforth lessening the motivating forces to expand milk generation (SDP, 2005). Milk preparing and promoting then again is restricted by a few components. Essential promoting faces framework hiccups brought by poor systems and absence of fitting coolants and storerooms. The lowly street foundation in the little range production zones influences the vehicle of milk from ranches to the accumulation focuses, and in this manner from the gathering focuses to the processors. The absence of power in many territories has restricted the foundation of cooling plants. Accordingly, especially amid the flush time of March-June, there is more milk that can't be invested in the household advertise. What's more, low and unpredictable maker installments that harmonize with the flush time frame could be to a great extent in charge of the absence of interest in efficiency upgrading contributions to the dairy business. In the course of the most recent couple of periods, the expense of power has been ascending with the expansion in operational costs. This expansion is probably going to affect on the processing firms' expense of work done and consequently the shopper cost for handled products of dairy. Then again, larger part of the processing firms' works underneath limit, and they confront rivalry from a liquid,

money based casual market. Regular vacillations in amount of milk conveyed and cultivate entryway costs do likewise influence the overall revenues.

1.2 Research problem

Logistic management has received much attention in the recent past. This is attributed to its critical role in the competitive advantage of the organization. Logistic management practices enhance operational performance reduced cost, reduced capital and improved service delivery (Onyango, 2011). A robust and efficient logistic management enables an organization to gain a competitive advantage through superior customer service.

Milk production in Kenya is dominated by small-scale producers' production systems spread throughout the country, which mainly rely on rain-fed agriculture (Kenya Dairy Board, 2010).The major cooling plants purchase milk from the farmers and small private cooling plants within their catchment. The major problem is coordinating the operations spread in the entire country to achieve efficiency and customer satisfaction. The movement of goods across the network is also hampered by poor road networks in most parts of Kenya. The therefore require an efficient logistic management practices.

In Africa, dairy industry is diversified and highly sophisticated that it requires effective and efficient management of its logistics. For companies dealing with milk production and distribution, logistics has been treated as a strategic function and one of the core activities. For example, in South Africa, milk collection activities have improved the performance of companies involved (Spence & Bourlakis, 2009).

In Kenya, logistics management importance has grown with Quick Selling Customer Merchandise Corporations choosing this means of logistics to distribute own goods

within and beyond the nation (Njambi&Katuse, 2013). Further, Njambi and Katuse (2013) explained that the use of logistics within an organization formed an essential part in gaining competitive advantage in an age of proliferation of merchandise lines, shrinking life sequences of the merchandise, rapid change in technological advancement and shifting distribution chains.

Green *et al.*, (2008) looked at the effect of management of logistic on performance of U.S firms dealing with manufacturing; the outcomes indicated that efficient logistics practices enhance performance. Hyvonen (2007) conducted an examination of the effect of logistics management on firms' performance in Finland. The study established that when information technology is adopted, it enhances performance. Vijayaragharan and Roju (2008) studied the impact of logistics management on Indian based companies' performance, the study revealed a progressive correlation between logistics management and company's performance.

Local studies have been conducted in Kenya on influence of logistics administration actions on performance of milk processing companies. Bwariet *al.*, (2016) conducted a study on the chain of supply in EABL. The study established that distribution management, inventory control as well as management of transportation influence supply chain performance. Mugo (2013) investigated logistics and transportation in the telecommunication sector (Mobile service providers) in Kenya. The investigation indicated that logistics aids the efficiency in the operations through enhancing business activities, reducing aggregate cost, minimizing business risk and enabling business to gain competitive advantage. Kiraga (2014) studied transport management practices in

humanitarian organization in Kenya established that transport management practices influence performance.

The above studies were conducted in firms dealing with non-perishable goods. The logistics management practices in companies dealing with perishable goods like milk processing firms could be different, the current study therefore seeks to answer the following research questions; what logistics management practices are used by dairy firms in Kenya? And do logistics management practices affect performance of dairy firms in Kenya?

1.3 Objectives of the study

The general objective of the study was to establish the effect of logistic management practices on organizational performance.

The specific objectives of the study included;

- i. To establish logistics management practices in dairy firms in Kenya.
- ii. To determine the effect of logistics management practices on organizational performance of dairy firms in Kenya.

1.4 Value of the study

The study was of significance to the Kenyan governments in formulating policies governing logistics practices in firms.

The research was of significant to the executives of dairy firms in Kenya and other dairy firms in coming up with strategies to enhance logistics management practices in the organization as well as enhancing the overall performance.

The study contributes to literature to students and researchers in logistics management and related disciplines by providing the empirical literature, and areas for additional research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The section presents the theoretical review, logistics management practices, empirical literature review, summary of literature review and conceptual framework.

2.2 Theoretical Literature Review

The study was guided by theory of constraints and systems theory;

2.2.1 Theory of Constraints

The study adopts the Theory of Constraints (TOC) (Goldratt, 1984). This theory encourages a constant development procedure that allows corporations to concentrate on the blockages of the processes of business. The measures are intended to perceive whether the organization is on the correct track. The basic of the development procedure that TOC proposes originates from five core phases. The five stages of the Endless Development Procedure used by the Theory of Constraints are to recognize system's restraints, to subordinate, to beat them, to raise the system's constraints and to get posterior to phase one, but not permitting energy to turn into the following structure's limits. Once the constraints has been identified, the theory suggest a management tool referred to as The Thinking Procedure (TP) a device of management for accepting what the association wants to become, where the organization is and also how the organization intends to get to the top. It aims to elevate the theory of constraints to a management philosophy from a manufacturing philosophy. The Thinking Process consist of three steps mean to explain the needs of an association in attaining its aims. The steps are; to what to alteration to? What to modification to? how to cause the transformation? (Goldratt, 1990). The theory finally suggests new set of measurements of performance

that would benefit organizations in the manufacturing industry to focus on the bottom line.

The theory is relevant to this study as it will guide the study in establishing the influence of logistic management practices on organizational performance. The study will therefore establish whether logistics management practices adopted in dairy firms in Kenya; information flow management, warehousing management, transportation management and inventory management influence organizational performance.

2.2.2 Systems Theory

The study adopted systems theory advanced by Richard et al., (1964) the model gives a structure to picturing interior and outside ecological factors as an incorporated entirety. It permits recognition of the most excellent possible capacity and location of the subsystems. The frameworks in which agents should operate are importantly perplexing. Contrary, management by way of systems ideas promotes a nature of mind which, from one viewpoint, pulls down a piece of the intricacy and, moreover, permits the manager to conceive the notion of the perplexing matters as well as consequently work within the apparent situation.

This theory is relevant in the current study in that it will provide a framework for managing logistic practices; warehousing, transport, inventory and information flow in an integrated manner that will ensure smooth running of materials across the entire supply chain in an efficient and cost-effective manner, hence enhancing organizational performance.

2.3 Logistics Management Practices

According to the Council of Supply Chain Management Professional (CSCMP), they characterized coordinations as the way toward controlling, arranging and actualizing methodology for the powerful and effective capacity and transportation of merchandise and enterprises, and related data to the point of utilization from its unique point to meet client prerequisites. This definition incorporates inside, outer, inbound and outbound developments and in addition data streams. In modern word where supply chains are keen to clarity and more complicated, the role of information flow has turned out to be a crucial.

As indicated by Mentzer (2004), data in a production network may be ordered in diverse means; tactical or key; calculated or relating to shoppers. Honest to goodness, visit and including individual contacts among purchasing and offering work force portray powerful between association correspondence. Lee and Whang (2000) talk about different sorts of shared data and their potential advantages. For example, sharing request status can lessen installment cycles, enhance quality administrations to clients and additionally diminish work cost. While sharing data, it is significant to consider opportuneness and advantages level to the clients; the upstream level of production network is influenced by postponed data transmission expanding its belongings.

Warehousing is an imperative piece of an organization's logistics systems that supply items (parts, raw materials, goods-in-process as well as finished) and amongst purposes of source and purposes of utilization. Storage may be given by whichever stockrooms or conveyance focuses (Murphy *et al.*, 2008). An essential choice for some, organizations is the measures for finding the distribution center offices. Price factors are common in the

basic leadership representations. Assets, for example, gifted work are likewise stressed in a portion of the models. Another overwhelming element is the thing that may be named as openness, which means foundation and accessibility of conveyance modes (Melachrinoudiset *al.*, 2000). Additionally, stresses period and unwavering quality correlated contemplations. This incorporates the closeness of clients fabricating offices and providers (Alberto, 2000).

Transport management practice is characterized as procedures or techniques observed to be most down to earth and viable means in accomplishing targets of transportation, for example, auspicious conveyance, low expenses of transportation, related data to clients and to whatever remains of big business, increment transportation speed while making perfect utilization of assets of the firm. Younkin, 2006 propelled the accompanying transport administration best practices; transporter administration practices, stack arranging and streamlining works on, getting ready and executing shipments practices, shipment observing practices, cargo installment and review practices, and performance checking practices.

2.4 Organizational Performance Measurement

Measuring organizational performance is a multi-dimensional concept. Effectiveness and efficiency are the two fundamental dimensions of performance. This is emphasized by Abasilim (2014) in the argument that effectiveness refers to the extent to which stakeholders' requirements are met, while efficiency is a measure of how economically the firm's resources are utilized when providing a given level of stakeholder satisfaction. To attain superior relative-performance, an organization must achieve its expected objective with greater efficiency and effectiveness than its competitors (Abbasi &

Zamani-Miandashti, 2013). Monetary proportions of execution are gotten from the records of an organization or can be found in the organization's benefit and misfortune articulation or the accounting report. Furthermore, money related measures are additionally alluded to as target measures since they can be separately estimated and confirmed (ElKordy, 2013). Notwithstanding, it is fundamental to present non-money related proportions of execution related to monetary measures with the end goal to completely gauge execution. The non-monetary measures are otherwise called the abstract execution proportions of execution. The utilization of non-monetary proportions of execution supplements bookkeeping measures and gives information on advancement in respect to client prerequisites or contenders and other non-budgetary goals that might be vital in accomplishing productivity.

Most generally utilized strategies for estimating association execution may be ordered into 5 classes of execution that is authoritative performance, operational execution, loyalty of the consumer, worker fulfillment and learning as well as development (Tonga, 2007). Hierarchical execution can similarly be estimated by profitability rate, focused location part of the growth, by and more importance, sales volume growth, profit and income improvement (Yeung *et al.*, 2006). Operational execution is estimated through efficiency, quality performance, auspiciousness, qualitative feature enhancement, squanders decrease, generation performance enhancement (Fuentes & Montes, 2006). Employee fulfillment is estimated by employee assurance, worker development as well as their profitability (Rahman, 2006).

According to Erkutlu (2008) no one proportion of execution ought to be gone up against its own. To acquire a genuine proportion of how an organization is performing,

distinctive measures (monetary and non-money related) ought to be utilized together dependent on past examinations. Along these lines, in this investigation, authoritative execution was estimated by utilization of budgetary measures (Return on Assets (ROA), Return on Equity (ROE), deals development, and benefit development) and non-money related measures (worker development, consumer loyalty, fulfillment with execution contrasted with contenders and by and large fulfillment).

Like a machine, a business will disregard to work adequately if key segments, for instance, techniques, systems, and structure are misaligned or blocked by disintegration between those segments and like a machine, a business must be arranged, worked, and kept up. These limits are performed by the capacity – the human capital used by the undertaking. Unquestionably, capacity (i.e., an affiliation's delegates), typically is the single most noteworthy switch for driving updates in business execution. The total capacities of the capacity used in an affiliation for the most part incorporate the affiliation's middle limits.

2.5 Empirical Literature Review

Green (2008) led an examination on the effect of logistics performance on firm performance in an inventory network setting. The theory of the investigation was; supply network administration technique is decidedly connected with logistics performance, production network administration system is emphatically connected with advertising performance, an inventory network administration methodology is decidedly connected with budgetary performance, logistics performance is decidedly connected with promoting performance and that logistics performance is decidedly connected with money related performance. Information from a national example of 142 plant and tasks

supervisors from New York were dissected utilizing a basic condition demonstrating strategy. The outcomes show that logistics performance is emphatically affected by production network administration technique and specifically impacts advertising performance which, thus, impacts money related performance. These outcomes show a positive connection between logistics performance and firm performance inside the manufacturing sector.

Toroitich and Nondi (2017) considered impacts of logistics administration on the performance of association of transportation companies in the County of Mombasa. The goal of the investigation was to set up the impact of warehousing, stock administration and transportation administration on authoritative performance. The examination utilized a clear overview plan and focused on all the transportation lines in the town. Information was gathered from the sixteen (16) delivery lines that were operative in Mombasa. The information was accumulated utilizing organized polls and examined utilizing both elucidating and inferential measurements. The investigation built up that distribution center administration, Inventory Management, turn around logistics and transport administration altogether impact authoritative performance.

Wathe (2016) did an examination on impact of logistics administration on execution of manufacturing firms in Kenya. The goals of the investigation were to; break down the impact of transport administration on execution of manufacturing firm in Kenya, assess the impact of stock administration on execution of manufacturing firm in Kenya, investigate the impact of request process administration on execution of manufacturing firm in Kenya, build up the impact of data stream administration on execution of manufacturing firm and to evaluate the directing impact of logistics data framework

because of logistics administration on execution of manufacturing firm in Kenya. The investigation received unmistakable and logical research outline. The objective populace was all manufacturing firms in Kenya. The investigation examined 320 firms. The information was gathered utilizing surveys. The information was dissected utilizing expressive and inferential measurements. The investigation set up that vehicle administration, stock administration; arrange process administration and data stream administration essentially affected firm execution.

Adhiambo (2016) led an examination on supply network administration practices and inventory network execution of private colleges in Kenya. The destinations of the examination were to set up the production network practices that are completed by private colleges in Kenya, and to build up the effect of inventory network administration hones on supply network execution of private colleges in Kenya. The examination adjusted an enlightening plan. The examination set up that every one of the four production network administration hones have been actualized in private colleges in Kenya with lean practices and data innovation sharing executed to a huge degree, while outsourcing of non-center administrations and vital provider organizations to a direct degree. Every one of the four practices was found to have positive factual association with execution.

Mulwa, Onserio and Mutisya (2015) did an investigation on supply chain sustainability management practices and United Nations Agencies' performance of in Nairobi, Kenya. The destinations of the investigation were; to build up the SSCMP received by UN offices in Kenya and the degree to which these practices have been embraced; to decide the connection between SSCMP embraced by UN organizations and their execution; and

to set up the difficulties looked by UN offices in actualizing SSCMP. This investigation embraced an expressive cross-segment review plan. The example measures for this investigation involved all the 23 UN offices situated in Nairobi. Survey was utilized to gather information. The information was examined utilizing spellbinding insights; mean and standard deviation and relapse investigation. The investigation set up that appropriation of supportable production network administration practices enhances hierarchical execution. The enhanced execution is reflected through cost-reserve funds, upgraded representative inspiration, item quality change and new market openings.

Atieno and Wanyoike (2015) an appraisal of the impact of logistics administration hones on operational productivity of Mumias Sugar Company Limited, Kenya. The target of this investigation was to logistics survey administration rehearses on functioning effectiveness of Mumias Sugar Company Limited, Kenya. The objective populace for the investigation comprised staff from chosen divisions of Mumias Sugar Company, stratified examining method was utilized to choose the foreordained example size of 92. Information was examined utilizing average, standard deviation as well as inferentially through relationship and relapse investigation. The examination uncovered that compelling administration of data stream enhances the organization's inward and outer procedures. Computerization of warehousing exercises significantly upgrades precision, speed of tasks and diminishes wastage. Transport administration and physical circulation hones then again permits quicker and savvy stream of products and crude materials in this way enhancing operational effectiveness.

Makena and Iravo (2014) contemplated effect of production network administration practices on hierarchical execution inHaco Industries Limited (Kenya). The fundamental

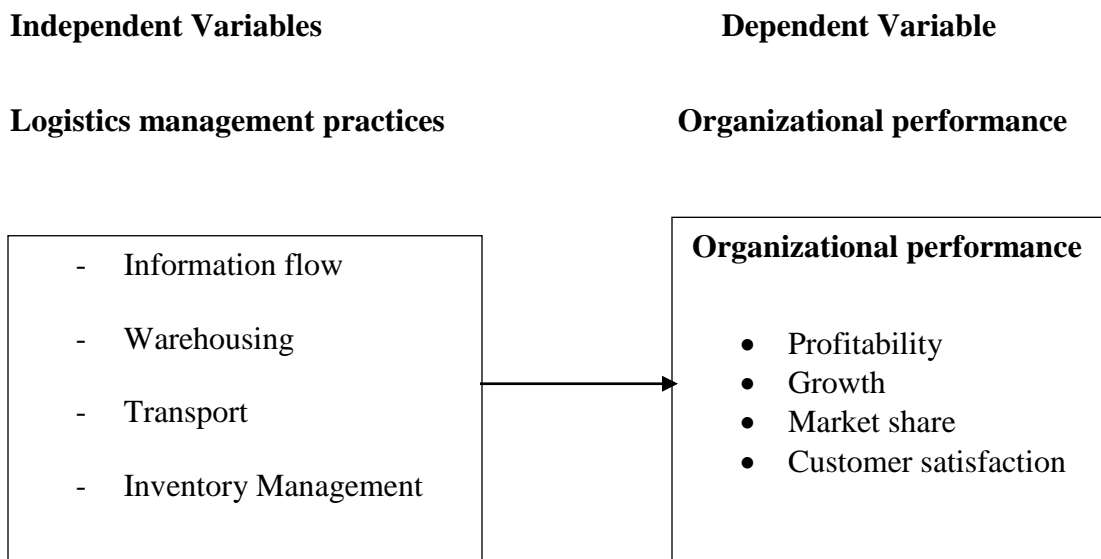
destinations for this examination were; to survey the near of usage of SCM actions in Haco Industries Ltd, and to contemplate the connection amid SCM hones and hierarchical execution in similar enterprises and to build up the connection between warehouse network management practices as well as firms' execution. An example of 40 workers was taken advantageously. A poll was utilized as an exploration device for the gathering of information. The examination uncovered that there is an abnormal state of down to earth carrying out of SCM observes in Haco Industries Ltd and that they all positively affected association's implementation that is they enhanced the association's execution as far as carrying down its operative charges, decrease of lead period, high customer benefits stages, quality of the product, immediate response to changes in the market and developing its piece of the entire sales and industry.

Kiraga (2014) did an examination on transport administration practices and logistics execution of compassionate Organizations in Kenya. The examination was guided by the accompanying exploration questions; what transport administration practices are being utilized in philanthropic associations in Kenya? Is there any connection between transport administration practices and logistics execution of philanthropic associations? The research configuration utilized was expressive plan. the investigation discovered that the company take into account the closeness of transportation suppliers to distribution centers, ports, airplane terminals; the firm considers vehicle booking and course streamlining and consistence on stacking controls and requirement (pivot stack limits) combination chances to decrease costs; the company takes into account the limit of conveyance suppliers to expand on thrifts of scale and the company takes into account the open doors for consistent backhaul and truckload moves to minimize expenses.

2.6 Conceptual Framework

The study sought to find out the influence of logistics management practices on organizational performance. The independent variables were; types of logistics management practices and effect of; information flow management, warehousing management, transportation management and inventory management, while the dependent variable was the organizational performance. The information flow management was measured through indicators such as; tracking of goods, customer management system, loading system among other indicators. The indicators for transport management was based on; fleet system management, fleet system control and fuel system management while the indicators for inventory management was automatic recording, inventory control, and cycle counting, as demonstrated in Figure 2.1.

Figure 2.1: Conceptual Framework



Source: Author (2018)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the study design, population targeted, data collection instruments and analysis of data.

3.2 Research Design

The study adopted descriptive census survey design. As per Kothari (2011), survey is an unquestionable procedure for research that is supported in light of the way that it enables the investigator to examine diverse other darken conditions in the conditions and it engages a researcher to assemble data from a more broad zone in a brief time period. Also, explaining outline arrangement has been most extensively used research procedure in education. It is the fundamental means through which ability, supposition, mindset proposals for improvement of educational practices and direction and other data procured (Koul, 2009). It allows the amassing of data from people from masses to choose the status of that masses worried no less than one variables and it furthermore gives space for social affair of quantifiable information from the model. The design was therefore appropriate for establishing effect of logistic management practices on organizational performance.

3.3 Target Population

According to the Kenya Dairy Board (KDB), there are 34 dairy firms in Kenya. The study therefore targeted all the 34 dairy firms. Since the population is small (34) census was employed to solicit information from the whole population (Kothari, 2004).

3.4 Data Collection Instruments

Questionnaire was the main tool for data collection. Questionnaires can be defined as an evaluating instrument that ask respondent to respond a set of statements or an individual to answer set of questions (Schwab, 2005). There are several merits of using questionnaires, for instance, cost effective where the study area is large and widely spread geographically, the response are the own words the respondent, it is bias free from the interviewer, answers are well thought as the respondent have adequate time, conveniently reach the uneasily approached respondents, results is more reliable and dependable as large samples is used.

The questionnaire was arranged in five sections; section one covered general information, section 2,3,4,5 covered the objectives of the study while section 6 covered the organizational performance. Prior to the actual study, the researcher conducted pilot study in New KCC, Eldoret. The process of conducting data collections instruments' preliminary test with an aim of eliminating problems of data collection that may lead to low data reliability and validity is pilot study (Dempsey, 2003). Thus, the pilot study was conducted to aid in error identification in instruments used to collect data and therefore give room for necessary adjustments to ensure reliable and valid data was collected. The study also solicited secondary data from published and documented sources.

3.5 Data Analysis

The data was scrutinized using descriptive statistics including frequencies, percent, mean, standard deviation and inferential statistics. Regression analysis was used to association between dependent variable and the independent variables. The data was analyzed with the help of SPSS Version 21.0 of SPSS. The regression model used is as indicated;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y – Organizational performance

α – Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = coefficients of regression

X_1 – Information flow

X_2 – warehousing

X_3 – Transport management

X_4 – Inventory management

ϵ – error term

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The purpose of the study was to examine the effect of logistic management practices on organizational performance. The study was conducted among dairy firms in Kenya. The study targeted 34 dairy firms in Kenya. The study sampled respondents and managed to gather data from 73 respondents. This chapter presents results of the findings and discussion of findings.

4.2 General Information of the Respondents

The study endeavored to find out the general data of the respondents. The study sought to establish the department, gender, age bracket, educational level and length of service of respondents. The study results were as follows;

Table 4.1 Background Information of the Respondents

Gender	Frequency	Percent
Male	45	61.5
Female	28	38.5
Total	73	100
Age Bracket	Frequency	Percent
21-30 Years	9	12.1
31-40 Years	10	13.9
41-50 Years	26	35.8
51-60 Years	17	23.0
Total	73	100
Educational Level	Frequency	Percent
Diploma	24	33.2
Bachelor's Degree	27	37.4
Master's Degree	17	22.8
PhD	5	6.6
Total	73	100

The study results on the gender of the respondents showed that 61.5% were male while 38.5% were female. This shows that the study managed to collect data from both genders and both gender opinions were represented in the study.

The study results on the age of the respondents indicated that 12.1% of the respondents were aged between 21-30 years; 13.9% were of age of between 31-40 years, 35.8% were of age between 41-50 years old, 23.0% were of age of between 51-60 years. This implies that most of the respondents were of age between 41-50 years and that the study collected data from all the age brackets represented in the study.

The study findings on the education level of the respondents indicated that 33.2% were diploma level, 37.4% were bachelor's degree; 22.8% were masters' degree; 6.6% were PhD holders. This infers the respondents were educated and consequently comprehended the examination questions and this could be deciphered to imply that they gave a genuine and reasonable perspective of the investigation questions.

Table 4.2: Length of Service

Length of Service	Frequency	Percent
Less than 5 years	12	15.9
5-10 years	34	46.9
11-15 years	7	9.3
15 years and above	20	27.9
Total	73	100

The study findings on the length of service of the respondents indicated that 15.9% were of had worked for less than 5 years, 46.9% had worked for 5-10 years, 9.3% had worked for 11-15 years and 27.9% had worked for 15 years and above. This shows that the study

collected data from various levels of experience and therefore the study results reflect the views of the various lengths of duration of work in the county.

4.3 Logistics Management Practices and Organizational Performance

4.3.1 Information flow and Organizational performance

The study sought to determine the effect of information flow on organizational performance of dairy firms. The respondents were required to indicate on a scale of 1-5 (SD- Strongly Disagree, D- Disagree, U- Undecided, A- Agree, SA- Strongly Agree).

The study responses were as in table 4.3.

Table 4.3: Information flow and Organizational performance

Statements		Mean	Std Dev
The organization has invested in ICT infrastructure to enhance quality of information flow	F %	4.52 90.4	1.165
The organization share its logistic information with distributors and suppliers hence improving its performance	F %	4.51 90.2	0.275
The organization provide training with employees on information management and usage for the benefit of the organization	F %	4.48 89.6	0.450
The organization use the information in business for making decisions which impact on tits performance	F %	4.28 85.6	0.273
The organization has invested in SCM application software which consolidates information of suppliers as well as their performance	F %	4.28 85.6	0.236
The organization uses Real Time Gross Settlement (RTGS) to settle invoices when due which aids in maintaining good relations with suppliers	F %	4.42 88.4	0.905

The study results on the effect of information flow on organizational performance indicated that a mean of 4.52 strongly agreed that the organization has invested in ICT infrastructure to enhance quality of information flow, a mean of 4.51strongly agreed that the organization share its logistic information with distributors and suppliers hence

improving its performance, a mean of 4.4 agreed that the organization provide training with employees on information management and usage for the benefit of the organization, a mean of 4.28 agreed that the organization use the information in business for making decisions which impact on its performance, a mean of 4.28 agreed that the organization has invested in SCM application software which consolidates information of suppliers as well as their performance and that a mean of 4.42 agreed that the organization uses Real Time Gross Settlement (RTGS) to settle invoices when due which aids in maintaining good relations with.

These study findings indicated that majority of the respondents were of the view that the organization has invested in ICT infrastructure to enhance quality of information flow. This implies that ICT arrangements have frequently been drawn closer from different measurements with an emphasis on the general impact on effectiveness, client esteem and cost. Dairy firms have strived to actualize different ICT applications in their coordination chain forms. Effectiveness and unwavering quality in the business through different modalities, for example, selection of ICT arrangements has seen enhancements in traditions the board frameworks, security (following and following shipments) and data sharing. ICT Infrastructure is a fundamental condition for the sending of ITS administrations, giving applicable and astounding information from frameworks that screen the circumstance.

These study results are in line with results by Christopher (2011) who noted that organizations can use ICT solutions in the management of supplier networks, facilitating traceability and managing distributions networks. Nowadays, competition is no longer company to company but supply chain to supply chain. Industries find that they must rely

on effective supply chain management to compete globally. The globalization of supply chains has forced companies to look for better and more inter-linked systems between competencies, multiple logistical strategies and the implementation processes and logistic capabilities to coordinate the flow of materials into and out of the company as opposed to the fragmented systems, which have characterized many organizations.

4.3.2 Transport management and Organizational performance

The study sought to establish the effect of transport management on organizational performance of dairy firms. The respondents were required to indicate on a scale of 1-5 (SD- Strongly Disagree, D- Disagree, U- Undecided, A- Agree, SA- Strongly Agree).

The study findings were as tabulated in 4.4.

Table 4.4: Transport management and Organizational performance

Statements		Mean	Std Dev
The organization has invested fleet management system which manages inventory on transit and therefore can manage orders	F %	3.80 76.0	1.047
The organization has adopted customer orientation transportation scheme hence customers receive their orders on time	F %	3.79 75.8	1.074
The organization has put in place vehicles maintenance policy which ensures all routes to customers' premises are gathered for.	F %	4.04 80.8	0.342
The organization outsource transportation services whenever it is overwhelmed by customer orders hence customer satisfaction is attained	F %	3.93 78.6	0.346

The study findings revealed that a mean of 3.80 agreed that the organization has invested fleet management system which manages inventory on transit and therefore can manage orders, a mean of 3.79 agreed that the organization has adopted customer orientation transportation scheme hence customers receive their orders on time, a mean of 4.04 agreed that the organization has put in place vehicles maintenance policy which ensures

all routes to customers premises are gathered for, a mean of 3.93 agreed that the organization outsource transportation services whenever it is overwhelmed by customer orders hence customer satisfaction is attained.

These study findings indicated that majority of the respondents believed that their organization has put in place vehicles maintenance policy which ensures all routes to customers' premises are gathered for. This implies that a vehicle approach will give explicit rules to the administration and utilization of vehicles and other versatile resources. Approaches are intended to encourage and energize responsibility, observing of utilization and expenses, give inside control and to fill in as an administration device for better choice.

These study findings are in consonance with findings by Neely, Gregory and Platts, (1995) who found that transport management practice is characterized as procedures or techniques observed to be most down to earth and viable means in accomplishing targets of transportation, for example, auspicious conveyance, low expenses of transportation, related data to clients and to whatever remains of big business, increment transportation speed while making perfect utilization of assets of the firm. Younkin (2006) propelled the accompanying transport administration best practices; transporter administration practices, stack arranging and streamlining works on, getting ready and executing shipments practices, shipment observing practices, cargo installment and review practices, and performance checking practices

4.3.3 Warehousing management and Organizational performance

The study sought to examine the effect of warehousing management on organizational performance of dairy firms. The respondents were required to indicate on a scale of 1-5

(SD- Strongly Disagree, D- Disagree, U- Undecided, A- Agree, SA- Strongly Agree).

The study results were as shown in table 4.5.

Table 4.5: Warehousing management and Organizational performance

Statements		Mean	Std Dev
The organization considers the ideal location of the warehouse to minimize on the cost and time in distribution of goods	F %	4.00 80.0	1.187
The organization has invested in forklifts to move bulky goods	F %	3.55 71.0	0.969
The layout in the warehouse has ensured efficient stocking and removal of goods	F %	3.55 71.0	0.764
The organization use hand-held RF readers to manage the stocks	F %	3.16 63.2	0.606

The study results on the effect of warehousing management on organizational performance revealed that a mean of 4.00 agreed that the organization considers the ideal location of the warehouse to minimize on the cost and time in distribution of goods, a mean of 3.55 agreed that the organization has invested in fork lifts to move bulky goods, a mean of 3.55 agreed that the layout in the warehouse has ensured efficient stocking and removal of goods, a mean of 3.12 were undecided that the organization use hand-held RF readers to manage the stocks.

These findings showed that most of the respondents believed that the organization considers the ideal location of the warehouse to minimize on the cost and time in distribution of goods. The poor logistics planning and decision making can result in excessive expenditures, missed delivery deadlines and damaged goods. Therefore, optimizing operational efficiency and reducing logistics costs are so important. In fact, dairy firms need to be among the top priorities for any business that does a lot of shipping and hopes to remain financially viable.

4.3.4 Inventory management and Organizational performance

The study sought to investigate the effect inventory management on organizational performance of dairy firms. The respondents were required to indicate on a scale of 1-5 (SD- Strongly Disagree, D- Disagree, U- Undecided, A- Agree, SA- Strongly Agree).

The study findings were as shown in table 4.6.

Table 4.6: Inventory management and Organizational performance

Statements		Mean	Std Dev
The organization undertakes regular inventory checks	F	4.52	0.764
	%	90.4	
The organization has adopted automatic recording in inventory management	F	4.49	0.606
	%	89.8	
The inventory department maintains constant communication with supplies and customers on inventory situation	F	4.52	1.446
	%	90.4	

The study results on the effect of inventory management on organizational performance revealed that a mean of 4.52 strongly agreed that the organization undertakes regular inventory checks, a mean of 4.49 agreed that the organization has adopted automatic recording in inventory management, a mean of 4.52 strongly agreed that the inventory department maintains constant communication with supplies and customers on inventory situation.

These study results indicated that most of the respondents were of the view that the firm undertakes regular inventory checks. This implies that spares organizations from undertaking physical stock relies all the time, physical tallies are as yet fundamental now and again. Stock records can here and there change from real stock dimensions because of breakage, misfortune, recording mistakes, or burglary so physical checks empower organizations to confirm stock records and to modify if fundamental.

These study findings are supported by findings of Taygi (2014) who proposed an advancement of stock model where things fall apart in stock conditions. Stock administration is considered as significant worries of each association. In stock holding, numerous means are taken by administrators that outcome a cost engaged with this line. This expense may not be steady in nature amid time skyline in which transient stock is held.

4.3.5 Organizational performance

The study finally sought to determine the indicators of organizational performance of dairy firms. The respondents were required to indicate on a scale of 1-5 (**SD-** Strongly Disagree, **D-** Disagree, **U-** Undecided, **A-** Agree, **SA-** Strongly Agree). The study results were as tabulated in table 4.7.

Table 4.7: Organizational performance

Statements		Mean	Std Dev
Increased market size in new markets in relation to the firm's competitors	F	3.99	0.971
	%	79.8	
Increased market size in new markets in relation to the firm's competitors	F	2.81	0.439
	%	56.2	
Increase in number of employees of the dairy firms	F	2.97	0.546
	%	59.4	
The adoption of fleet transport management has reduced delay in orders	F	2.80	0.167
	%	56.0	
Growth in profits in relation to the firm's expectations	F	2.88	0.123
	%	57.6	

The study findings indicate that a mean of 3.99 of the respondents agreed that increased market size in new markets in relation to the firm's competitors is a measure of organizational performance, a mean of 2.81 disagreed that increased market size in new markets in relation to the firm's competitors is a measure of organizational performance,

a mean of 2.97 disagreed that increase in number of employees of the dairy firms is a measure of organizational performance, a mean of 2.80 were undecided that the adoption of fleet transport management has reduced delay in order is a measure of organizational performance while a mean of 2.88 were undecided that growth in profits in relation to the firm's expectations is a measure of organizational performance.

These study findings showed that most of the respondents were of the view that that increased market size in new markets in relation to the firm's competitors was the main indicator of organizational performance. This implies that piece of the pie is a proportion of the shoppers' inclination for an item over other comparable items. A higher piece of the overall industry for the most part implies more noteworthy deals, lesser exertion to pitch progressively and a solid obstruction to section for different contenders. A higher piece of the overall industry additionally implies that if the market extends, the pioneer acquires than the others. By a similar token, a market pioneer - as characterized by its piece of the overall industry - likewise should extend the market, for its own development.

4.4 Relationship between Logistics Management Practices and Organizational Performance

The study performed ANOVA and regression analysis to estimate the relationships between the study variables. The study results were as tabulated in table 4.9 and table 4.10.

Table 4.8: ANOVA Model

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.936 ^a	0.877	0.868	0.0868	99.676	0.000 ^b

The ANOVA model indicated the simple correlation was 0.936 which indicates a degree of correlation. The total variation in organizational performance was 87.7% explained by effectiveness of logistics management practices (R Square=0.877).

The study results further revealed that the ANOVA model predicted organizational performance significantly well ($p=0.000^b$). This indicated the statistical significance of the regression model that was run and that overall the regression model statistically significantly predicted the organizational performance (i.e., it was a good fit for the data).

Table 4.9: Logistics management practices and Organizational performance

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.369	0.224		1.648	0.105
Information flow	0.263	0.024	0.534	10.744	0.000
Transport management	0.170	0.026	0.319	6.604	0.000
Warehousing management	0.231	0.024	0.476	9.876	0.000
Inventory management	0.248	0.026	0.485	9.737	0.000

a. Dependent Variable: Organizational performance

The regression equation generated for the study was as follows.

Y (Organizational performance) = 0.369 (Constant) + 0.534 (Information flow) + 0.319 (Transport management) + 0.476 (Warehousing management) + 0.485 (Inventory management) + 0.224 (Std Error).

From the regression equation, information flow was the most important variable to organizational performance contributing 53.4 percent to organizational performance followed by inventory management with 48.5 per cent. Transport management and warehousing management contributed 47.6% and 31.9% to organizational performance respectively.

The regression equation further revealed that there was a significant relationship between information flow and organizational performance ($p=0.000$); there was a significant relationship between transport management and organizational performance ($p=0.000$); there was a significant relationship between warehousing management and organizational performance ($p=0.000$) and that there was a significant relationship between inventory management and organizational performance ($p=0.000$).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The study results on the effect of information flow on organizational performance indicated that a mean of 4.52 strongly agreed that the organization has invested in ICT infrastructure to enhance quality of information flow, a mean of 4.51 strongly agreed that the organization share its logistic information with distributors and suppliers hence improving its performance, a mean of 4.4 agreed that the organization provide training with employees on information management and usage for the benefit of the organization, a mean of 4.28 agreed that the organization use the information in business for making decisions which impact on its performance, a mean of 4.28 agreed that the organization has invested in SCM application software which consolidates information of suppliers as well as their performance and that a mean of 4.42 agreed that the organization uses Real Time Gross Settlement (RTGS) to settle invoices when due which aids in maintaining good relations with.

The study findings revealed that a mean of 3.80 agreed that the organization has invested fleet management system which manages inventory on transit and therefore can manage orders, a mean of 3.79 agreed that the organization has adopted customer orientation transportation scheme hence customers receive their orders on time, a mean of 4.04 agreed that the organization has put in place vehicles maintenance policy which ensures all routes to customers premises are gathered for, a mean of 3.93 agreed that the organization outsource transportation services whenever it is overwhelmed by customer orders hence customer satisfaction is attained.

The study results on the effect of warehousing management on organizational performance revealed that a mean of 4.00 agreed that the organization considers the ideal location of the warehouse to minimize on the cost and time in distribution of goods, a mean of 3.55 agreed that the organization has invested in forklifts to move bulky goods, a

mean of 3.55 agreed that the layout in the warehouse has ensured efficient stocking and removal of goods, a mean of 3.12 were undecided that the organization use hand-held RF readers to manage the stocks.

The study results on the effect of inventory management on organizational performance revealed that a mean of 4.52 strongly agreed that the organization undertakes regular inventory checks, a mean of 4.49 agreed that the organization has adopted automatic recording in inventory management, a mean of 4.52 strongly agreed that the inventory department maintains constant communication with supplies and customers on inventory situation.

The study findings indicate that a mean of 3.99 of the respondents agreed that increased market size in new markets in relation to the firm's competitors is a gauge of organizational operability, a mean of 2.81 disagreed that increased market size in new markets in relation to the firm's competitors is an indicator of organizational performance, a mean of 2.97 disagreed that increase in number of employees of the dairy firms is a measure of organizational operability, a mean of 2.80 were undecided that the adoption of fleet transport management has reduced delay in orders is a measure of organizational operability while a mean of 2.88 were undecided that growth in profits in relation to the firm's expectations is a measure of organizational operability.

From the regression equation, information flow was the most important variable to organizational performance contributing 53.4 percent to organizational performance followed by inventory management with 48.5 per cent. Transport management and warehousing management contributed 47.6% and 31.9% to organizational performance respectively. The regression equation further revealed that there was a significant

relationship between information flow and organizational performance ($p=0.000$); there was a significant relationship between transport management and organizational performance ($p=0.000$); there was a significant relationship between warehousing management and organizational performance ($p=0.000$) and that there was a significant relationship between inventory management and organizational performance ($p=0.000$).

5.2 Conclusions

The study concluded that the stream of precise and constant data in coordination is viewed as essential to the stream of materials. IT helps in sharing data on exchange or trade of data showing the dimension and position of stock, deals information, and data on the gauging data, data about the status of requests, generation calendars and conveyance limit, and firm execution measures.

From the investigation it was likewise inferred that vehicle administration has a positive huge impact on hierarchical execution of dairy firms. In perspective of this; administration of dairy firms has found a way to set up satisfactory instruments to address transportation of provisions and items to upgrade execution of the whole production network framework and consequently enhanced hierarchical execution.

On Inventory management, the study established a significant positive relationship between inventory management and firm performance. It is therefore concluded that inventory management practices within the operations of the firm is positively significant on their performance. The study also confirmed that inventory checks positively impacts on the performance of dairy firms. An improvement on inventory checks within the logistics process results on a positive significant increase in firm performance.

Logistics management plays an important role of adding competitive advantage to a firm in customer support and business excellence. Effective logistics management provides the right product in the right place at the right time. Realizing the importance of sustainability in logistics management it is critical for competitive advantage because operational performance has a positive impact on company's organizational performance.

5.3 Recommendations

The study recommended that managers in the dairy firms in Kenya ought to incorporate data administration in their vital arrangement and interest in data innovation which may make it simple to realize advancement in the firm and great data sharing to the two providers and clients. Furthermore, the examination prescribes speculation on data frameworks helpful to administrators in dairy tasks to achieve quality items and lessen the expense of change of products.

The examination prescribes that supervisors in dairy firms should fuse transport administration in their tasks procedures, for example, acquirement of crude materials and dispersion of items to build generally speaking cost productivity, improved piece of the overall industry, and diminished lead time consequently affecting emphatically on their execution.

The investigation likewise suggests the incorporation of stock administration in the vital plans of the dairy firms in Kenya. Stock administration as prove in this investigation, of being fit to decreasing costs, ensuring there is full use of assets utilization, diminishes wastage of materials, enhances nature of generation, limits inertness in dairy plants, and enhances client benefit in this way affecting emphatically on both monetary and none hierarchical execution of the organizations.

5.4 Limitations of the Study

A few respondents were reluctant to give the required data on time, prompting delay in finishing up the examination. Be that as it may, to beat the issue the respondents were clarified the significance of the examination and guaranteed classification of people. Moreover, the respondents with their busy schedules at work did not have enough time to fill the questionnaires hence time was a limitation to the study. The researcher however overcame this by leaving the questionnaires with them for some days so that they could take their time filling them.

5.5 Suggestion for Further Studies

This study limited itself to the effect of logistics management practices on organizational performance of dairy firms in Kenya. Further study should be conducted on the effect of logistics management practices on organizational performance of other organizations such as manufacturing firms, service firms and companies so that comparison can be made from the findings.

This study looked at the logistics management practices of information flow management, warehousing management, transportation management and inventory management, further study should be conducted focusing on other logistics management practices.

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APPENDICES

APPENDIX: QUESTIONNAIRE FOR EMPLOYEES

Introduction

I am a post graduate student at University of Nairobi. Currently undertaking a study as part of the requirement for my academic programme titled;**Logistic Management Practices and Organizational Performance of Dairy firms in Kenya**. You have been selected as a respondent in this study. You are requested to respond to this questionnaire to the best of your knowledge. The information given was treated with utmost confidentiality and was used only for the purpose of this study.

SECTION A: Background information

1. Name of the Dairy firm
2. Location of the firm (Nearest town)
3. Years of operation of the firm (Years)
4. What is your gender?

Male [] Female []

5. What is your age

20-30 [] 31-40 [] 41-50 [] 51-60 []

6. Indicate your highest level of education

Diploma [] Bachelor's degree [] Master's degree [] PhD degree []

Other (specify).....

7. What is your experience in Dairy firms in Kenya

Less than 5 years [] between 5-10 years [] 11years – 15 years []

Above 15years []

SECTION B: INFORMATION FLOW

Key: SD- Strongly disagree, **D-** disagree, **U-** undecided, **A-** agree, **SA-** Strongly Agree

8. Respond to the questions below by ticking the box the best describes your opinion on information management adopted by your organization

Information management practices	SD	D	U	A	SA
The organization has invested in ICT infrastructure to enhance quality of information flow					
The organization share its logistic information with distributors and suppliers hence improving its performance					
The organization provide training with employees on information management and usage for the benefit of the organization					
The organization use the information in business for making decisions which impact on tits performance					
The organization has invested in SCM application software which consolidates information of suppliers as well as their performance					
The organization uses Real Time Gross Settlement (RTGS) to settle invoices when due which aids in maintaining good relations with suppliers					

SECTION C: TRANSPORT MANAGEMENT

Respond to the questions below by ticking the box the best describes your opinion on transport management adopted by your organization

Transport management practices	SD	D	U	A	SA
The organization has invested fleet management system which manages inventory on transit and therefore can manage orders					
The organization has adopted customer orientation transportation scheme hence customers receive their orders on time					
The organization has put in place vehicles maintenance policy which ensures all routes to customers premises are gathered for.					
The organization outsource transportation services whenever it is overwhelmed by customer orders hence customer satisfaction is attained					

SECTION D: WAREHOUSING MANAGEMENT

Respond to the questions below by ticking the box the best describes your opinion on warehousing management adopted by your organization

Warehousing management practices	SD	D	U	A	SA
The organization considers the ideal location of the warehouse to minimize on the cost and time in distribution of goods					
The organization has invested in fork lifts to move bulky goods					
The layout in the warehouse has ensured efficient stocking and removal of goods					
The organization use hand-held RF readers to manage the stocks					

SECTION E: INVENTORY MANAGEMENT

Respond to the questions below by ticking the box the best describes your opinion on inventory management adopted by your organization

Inventory management practices	SD	D	U	A	SA
The organization undertakes regular inventory checks					
The organization has adopted automatic recording in inventory management					
The inventory department maintains constant communication with supplies and customers on inventory situation					

SECTION F: ORGANIZATIONAL PERFORMANCE

Below is statement that your firm might have achieved since your started it. Please rate the following statements according to the best of your knowledge concerning organizational performance

5= very high; 4= high; 3= Neutral; 2= low; 1=poor

Organizational Performance	SD	D	U	A	SA
Increased market size in new markets in relation to the firm’s competitors					
Increased market size in new markets in relation to the firm’s competitors					
Increase in number of employees of the dairy firms					
The adoption of fleet transport management has reduced delay in orders					
Growth in profits in relation to the firm’s expectations					

APPENDIX II: RESEARCH BUDGET

Description	Total amount
Typing & Printing of project draft and final copy	40,000
Lunch and fare	10,000
Data collection & photocopy of questionnaires	25,000
Typing and printing of draft report and final report	15,000
Contingencies amount	30,000
Total	120,000

APPENDIX III: TIME PLAN

	Feb-April 2018	May-Aug 2018	Sept - Oct 2018	Nov- Dec 2018	Nov- Dec 2018
Project Writing & correction					
Project defense & correction					
Data collection					
Thesis writing and correction					
Thesis defense and correction					
Submission of final copies					

APPENDIX III: LIST OF DAIRY FIRMS IN KENYA

1. Kenya Co-operative Creameries (KCC)
2. Brookside
3. Premier Dairy
4. Spin Knit Dairy
5. Meru Central Dairy
6. Limuru Milk Processors
7. Kilifi Plantation
8. Lelkina Dairy
9. Aberdare Creameries
10. DonyoLessos
11. Delamere
12. Nyota Dairy
13. Kenya Milk Products
14. Ilara Dairy
15. Sotik Dairy
16. Guilford Institute
17. Eldoville Farm
18. Chesumot
19. Happy Cow
20. Palm House Dairy
21. Unigate Dairy
22. Echuka Farm

23. Eldairy Products Ltd
24. Teita Estate
25. SolaiMawa Factory
26. Aberdare Cheese
27. Sunpower Products
28. Bio – Foods
29. Stanley & Sons Ltd
30. Kiambaa Dairy
31. Farmfresh
32. Danoma Ltd
33. SupaDukaNakuru
34. Crystal Dairy Kikuyu

Source: Kenya Dairy Board (2017)