



The Role of Logistics in Today's Business

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ABSTRACT

Succinctly, the common view is that the term logistics comes from the late 19th century from French word "Logistique" which simply means TO LODGE and which first appeared in the book "The Art of War" by Baron Henri who was the general in French army during Napoleon's time. The term logistics originated in the military, referring to the movement of equipment and supplies to troops in the field.

Logistics refers to the overall process of managing how resources are acquired, stored, and transported to their final destination. In simple words logistic refers to management of transportation of information, from one place to another. Logistics is used more broadly to refer to the process of coordinating and moving resources (people, materials, inventory, and equipment) from one location to storage at the desired destination. Logistics involves things like transportation, inventory, packaging and warehousing.

Logistic provides fast, accurate and quality service which increases customer satisfaction, boost business value and company positive public image. Therefore, even if a business designs and produces the very best products and services customer's need, if those products do not reach customers, the business may fail. Concisely, that is the major role that logistics plays.

The purpose of this research work is to identify, examine and investigate the Role of Logistics in Today's Business. In the course of carrying out this research work, questionnaire method of research was employed and collected data's were tabulated and simple percentage method was used in order to ascertain the Role of Logistics in Today's Business. .It will be very good to note that the study is a self-conducted research on the Role of Logistics in Today's Business. The study also focused on the development of logistic management, scope of logistics and role and importance of logistics in today's business.



Members of All Farmers Association of Nigeria (AFAN) Kaduna state chapter were selected at random and interviewed with self-administrated questionnaire in order to obtain primary data. The data were analyzed using descriptive statistical analysis methods like Tables and simple percentage method to ascertain the Role of Logistics in Today's Business. Thus, the results obtained indicated that logistics plays a very vital and important role in today's business.

Keywords: Business, Company, Logistics, Management, Organization

1.0 INTRODUCTION

1.1 Background To The Study

Logistics is a critical blueprint of the supply chain. In fact, logistics is used to manage, coordinate and monitor resources needed to move products in a smooth, timely, cost-effective and reliable manner.

The researcher will want to point out that an effective logistics achieves the following:

- i. Improves customer service and satisfaction.
- ii. Reduce distribution and transportation costs.
- iii. Aids in effective transportation of goods and services because without transportation, goods would be unable to move from one stage to another within a supply chain.
- iv. Eliminate factors that cause inefficiency by coordinating and moving resources.
- v. Provides fast, accurate and quality service which boosts business value and company positive public image

It will be good to note that there is a temporal and spacial gap between production and consumption so the most vital and important goal of logistics is to fill in this gap. In the past, the main mission of logistics was to deal with the spatial distance by increasing transportation efficiency and reducing the time to deliver goods but today, the mission extends further to things like transportation, inventory, packaging and warehousing.

1.2 Research Questions

The research attempts to provide answers to the following questions below:

- i. Is the Role of Logistics important in Today's Business?
- ii. Does logistics reduces cost in the business?



- iii. Does logistics improves service in the business?

1.3 Objectives Of The Study

The research attempts explain the following below:

- i. Logistics involves the range of activities related to the production and distribution of goods for consumption and thereby filling the gap between production and consumption.
- ii. Products and services have little or no value unless they are in the possession of customers when (time) and where (place) they are to be consumed.
- iii. The primary objective of any logistics strategy is to deliver the right products to the right customers at the right time and at the least possible cost which in the end helps the business achieve its objective goals.

1.4 Research Hypotheses

In other to achieve the objectives of this study, the hypotheses below are considered:

H₀₁: Logistics does not create and increase the value of businesses.

H₀₂: Logistics creates and increases the value of businesses.

H₀₃: Logistics is very important to Supply Chains.

1.5 Significance Of The Study

The significance of the study is to make us understand that:

- i. Logistics helps delivering your product at the right place timely.
- ii. Logistics helps in reducing costs and improves efficiency.
- iii. Logistics is important for a business to achieve its goals.
- iv. Business in this modern world we are, must pay attention to Logistic.

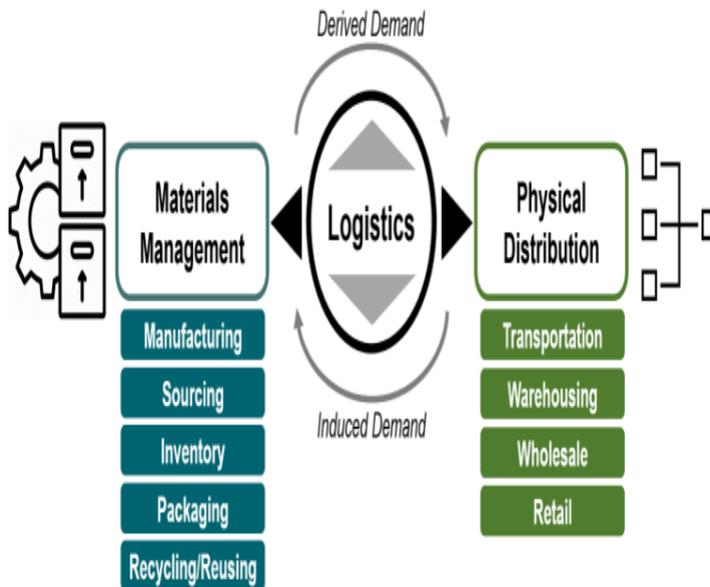
2.0 LITERATURE REVIEW

2.1 Concept Of Logistics

According to the Council of Supply Chain Management Professionals (previously the Council of Logistics Management), logistics is the process of planning, implementing and controlling procedures for the efficient and effective transportation and storage of goods including services and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements and includes inbound, outbound, internal and external movements.

The most popular concepts of logistics management is the concept of the seven ARS. It is concerned with getting the right product in the right quantity in the right condition at the right place at the right time to the right customer and at the right price.

However, the concept of logistics is based on the flow of goods and services from the supplier to the final end user who is the consumer.



SOURCE: Rodrigue, J-P (ed) (2020)

According to Rodrigue, J-P et al. (2020), since logistics involves the range of activities related to the production and distribution of goods for consumption, it is composed of two separate but integrated branches; materials management and physical distribution. Material management involves all the activities related to the production of parts and finished goods, including their packaging and eventual recycling or reusing. Physical distribution involves all the activities related to making parts and finished goods available for consumption, particularly transportation and warehousing.

The more integrated a supply chain is, the harder it is to distinguish between physical distribution and materials management as distribution channels extend from suppliers to consumers and as responsibility for transport and warehousing is shared between manufacturers, wholesalers, and retailers. Logistics must be consistent with the products it supports as customers usually do not have any distinctions between a product and the distribution system that supplies it.



Logistics also involves a fundamental relationship between the derived and induced demands of its activities. Materials management commonly creates a derived demand for physical distribution since what is being produced must be transported, stored, and sold to consumers. However, physical distribution has an induced demand effect on materials management as distribution capabilities will shape production in terms of its organization and location. Supply chains can be considered an integrated relation between production and distribution. Manufacturing and mobility requirements are embedded (synchronized) as what is being produced has to be moved at a similar rate along the supply chain Rodrigue, J-P et al. (2020).

Therefore, logistics involves range of activities related to production and distribution of goods and services to the final consumer which comprises of two separate but integrated branches as follows:

- i. **Materials Management:** Materials management is a core supply chain function and includes supply chain planning and supply chain execution capabilities. Materials management is a core function of supply chain management, involving the planning and execution of supply chains to meet the material requirements of a company or organization. Specifically, materials management is the capability firms use to plan total material requirements.
- ii. **Physical Distribution:** In ecommerce, physical distribution involves several ecommerce supply chain activities including warehousing, inventory control, order processing, retail fulfillment, and shipping. In fact, Physical distribution refers to the movement of finished goods from a company's distribution and fulfillment network to the end user.

Concisely, the most popular concepts of logistics management is the concept of the seven ARS (7 R's) by the Chartered Institute of Logistics & Transport UK (2019) which is concerned with getting the right product in the right quantity in the right condition at the right place at the right time to the right customer and at the right price.

2.2 The Development Of Logistic Management

According to Ackerman (2000) he was of the opinion that one of the first business logistics arrangements is described in the Bible is in Genesis Chapter 41 while on the other hand, some writers were of the view that Ancient Roman and Greek wars are the basis for today's



logistics systems because to them, Rome developed a highly efficient logistic system to supply its legions.

Some had the common view that the term logistics comes from the late 19th century from French word “Logistique” which means TO LODGE which first appeared in the book "The Art of War" by Baron Henri who was the general in French army during Napoleon's time.

Lynch 2000 also pointed out that in Europe, a number of logistics service providers traced their origins back to the Middle Ages with the first commercial warehouse operations having been built in Venice, Italy in the 14th century.

Thus, logistics in the US started to receive attention in the early 1900 and by 1920s, the term logistics was defined in a way similar to the definition used today. Thus, physical distribution of products began with a focus on outbound activity and after World War II in 2 September 1945, logistics moved from warfare to business.

Today the logistic industry is going through a time of rapid and unprecedented transformation to the extent the future of logistics is paving with innovation and technology.

2.3 Scope Of Logistics

Scope of logistics can be broadly classified into the following below:

- i. **Transportation:** Transport, or transportation, is the movement of humans, animals, and goods from one location to another. In other words, the action of transport is defined as a particular movement of an organism or thing from a point A to point B (Wikipedia). It will be good to note that modes of transport include air, land, water, cable, pipeline, and space.
- ii. **Networking:** A logistics network is the system a business uses to move goods from their raw state through production and to customers. In our modern world, to create the most efficient and effective logistics networks, businesses must use logistics network modeling.
- iii. **Order Processing:** Order processing is the process or work flow from order placement to delivery.
- iv. **Procurement:** Procurement is the act of obtaining goods or services, typically for business purposes. In a nutshell, procurement is the term that is used to refer to the process or the act of sourcing or obtaining services or goods for a business.
- v. **Material Handling:** Material handling is the movement, protection, storage and control of materials and products throughout manufacturing, warehousing, distribution, consumption and disposal.



- vi. **Inventory Management:** Inventory management refers to the process of ordering, storing and using a company's inventory and this includes the management of raw materials, components and finished products, as well as warehousing and processing such items.
- vii. **Packaging:** This is wrapping material around a consumer item that serves to contain, identify, describe, protect, display, promote and otherwise make the product marketable and keep it clean.
- viii. **Warehousing:** Warehousing is the process of storing goods which are to be distributed later and a warehouse is any place which is used in the accumulation of goods.

2.4 Types Of Logistics

- i. **Procurement logistics:** This part of the supply chain focuses on purchasing raw materials, replacement parts, auxiliary supplies, operating supplies and other items needed for the manufacturing goods and services. Succinctly, it is the sourcing of materials needed to manufacture products.
- ii. **Production logistics:** This term represents the planning, management and control of the internal storage, handling and transport processes of purchased parts, auxiliary materials, raw materials, spare parts, operating materials and other products that are required for production within a company. Production logistics is transportation of the procurement logistics required for production within a company. It is located between procurement logistics and sales logistics.
- iii. **Sales logistics:** Sale logistics is also referred to Distribution logistics or Transport logistics. Sales logistics is the process of forecasting demand, ordering inventory from suppliers, and making sure that products are delivered to customers on time. In fact it is the ability to build strong relationships with customers and coworkers and is the link between production and the market. Sales logistics comprises all processes involved in the distribution of goods - from manufacturing companies to customers. To be precise, Sales logistics is the link between production and the market. It comprises the planning tasks, control and all processes concerning the flow of goods and information between production and customers.
- iv. **Recovery logistics:** Recovery logistics is also referred to as reverse logistics. Recovery logistics or reverse logistics is the flow that recovers and recycles products, containers, and packaging that have fulfilled their role. Recovery logistics is



concerned with Business continuity and disaster recovery operations. It sets up support operations like food, fuel, security, and all important required logistical.

- v. Recycling logistics: Recycling logistics covers all the flow of products that have been delivered but returned by trying to optimize this reversed flow of products by reuse in the supply chain through repair, catering, remanufacturing partially, recycling or repackaging.

2.5 Role And Importance Of Logistics In Today's Business

Logistics guarantees that your operations are running smoothly and your clients receive an exceptional experience: it is the best way to ensure that your business is different from competitors on the market.

Find below some roles and importance of logistics to business:

- i. Customers receiving your merchandise on time and in good condition are a satisfying experience and make you maintain a competitive edge.
- ii. Logistics guarantees that your shipment is delivered in good condition and on time safeguarding you from spoilage, delay, losses, and theft of products.
- iii. Logistics helps in forecasting demand through managing the cycles of consumer supply and demand, timing inventory flows to better match seasonal shifts in consumer interest and order fulfillment rates.
- iv. Logistics helps in material sourcing through procurement and distribution of raw materials or smaller, individual components that eventually get fabricated into a finished product, thus triggering product flows into the rest of the business logistics cycle.
- v. Logistics helps in rapid expansion because by taking care of your transportation, warehousing etc your business expands and progresses tremendously.
- vi. Logistics helps you build confidence and enhance the recipient's trust.
- vii. Logistics promote transparency because by getting the assurance that your merchandise will be shipped faster is a complete reason to trust logistics.
- viii. Logistics provides reliable customer experience and in addition, when you satisfy your customers, they are likely to come again or even refer your services to friends and family.
- ix. Logistics provides storage of goods across the entire supply chain spectrum: warehousing.



- x. When there is a problem with the logistics you are using, you can change the segment or the vendor for smooth business operations.
- xi. With logistics, when a delay in shipping or movement of goods or services happens, both you and your customers will be able to analyze its history and understand the cause giving you an edge instead of pointing fingers.

Concisely, logistics is an important element of business in transporting and delivery of products because it helps in maintaining a positive public image and boosts a business value. In addition, logistics creates and increases the value of business and ensures the availability of products.

Overall, the logistics industry provides significant macro contributions to the national economy by creating employment, national income and foreign investment influx.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This research work is specifically designed to study the Role of Logistics in Today's Business using the members of All farmers Association of Nigeria (AFAN) Kaduna state branch as a study. The research design is meant to guide the researcher in the use of the best method of collecting data in the course of the study. The research design used in this study is the simple survey approach. The researcher is interested in observing what is happening to the sample subjects without any attempt to manipulate or control them.

3.2 Population Of The Study

The population of the study defines the limit to which research findings are acceptable. The population comprises of the members of All farmers Association of Nigeria (AFAN) Kaduna state branch.

3.3 Sample Techniques And Size

3.3.1 Sample Techniques: For this research work, the simple percentage method is employed with the help of a Table.

3.3.2 Sample Size: The sample size comprises of members of All farmers Association of Nigeria (AFAN) Kaduna state branch and the researcher will not manipulate or tamper with the data received from members of All farmers Association of Nigeria (AFAN) Kaduna state branch so that the researcher can arrive at a result that will be clear from bias in all aspect of the survey.

3.4 INSTRUMENT USED FOR DATA COLLECTION



The researcher used questionnaire as an instrument for the collection of data. These involve sending pre-arranged question to various members of All farmers Association of Nigeria (AFAN) Kaduna state branch and the questions are questions that are relevant to the study.

3.5 JUSTIFICATION OF INSTRUMENT USED

The questionnaire method was used, because it will cover large number of people within a period. The questionnaire will also eliminate the problem of pressure or directing respondent in answering questions. With the questionnaire method, respondents are free to answer the question at their own convenience, without undue pressure from the correspondent.

3.6 METHOD OF DATA COLLECTION

There has always been the need for a fairly accurate data to be collected for any reliable information to be produced from it. This has prompted the researcher to adopt the best and most appropriate techniques and method of data collection needed. The researcher employed both primary and secondary sources of data collection. In the primary sources the researcher used the questionnaire as an instrument for collecting data.

In the secondary sources of data collection the researcher obtained data from text books and previous write-ups on the study, as well as journals and also on the internet.

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter demonstrates analyzing real-world data. However, the researcher used questionnaire as an instrument for the collection of data. A total number of one hundred (100) copies of questionnaires were distributed to members of All farmers Association of Nigeria (AFAN) Kaduna state branch at random but only fifty (50) were collected back.

4.2 Interpretation Of Data

This section provided clear analysis and interpretation of all data collected through questionnaire given to the employees of All farmers Association of Nigeria (AFAN) Kaduna state branch.

The responses to the questionnaire by the respondents are presented in the form of Tables by using the simple percentage method.

This section attempt to provide clear analysis and interpretation of all data collected through questionnaire given to the employees of All farmers Association of Nigeria (AFAN) Kaduna state branch.

Table 4.2.1: Logistics plays a very vital and important role in Today's Business

Decision	No. of respondents	Percentage (%)
Yes	40	80
No	10	20
Total	50	100

SOURCE: Questionnaire Administered 2021

The above Table (4.2.1): response from respondent interviewed shows that 80% of the respondent agrees that Logistics plays a very vital and important role in Today's Business

Table 4.2.2: Logistics does not play a very vital and important role in Today's Business

Decision	No. of respondents	Percentage (%)
Yes	5	10%
No	45	90%
Total	50	100%

SOURCE: Questionnaire Administered 2021

From the above Table (4.2.2): shows that 45 of them representing 90% agreed that Logistics plays a very vital and important role in Today's Business, while only 5 of them representing 10% claimed that Logistics does not play a very vital and important role in Today's Business. "Finally, it will be good to note that we did not use large number of respondents and we also used the simple percentage method because we aimed at employing an ordinary pilot study." A pilot study mainly requires a range of few respondents (10-30), though there may be a Substantial increase in the sample size for a pilot study (Malhotra, 2008).

4.3 Discussion Of Findings

The result in both the two tables 4.2.1 and 4.2.2 reveals that Recruitment and selection process has a significant impact on hiring candidates for a job.

4.4 Implication Of The Findings

The research work has observed that Logistics does not play a very vital and important role in Today's Business.

5.0 CONCLUSION

Logistics is the complete distribution and control of inventory, from its procurement to its point of consumption. This is to say that logistics focuses on multi-step, end-to-end inventory flows from point of production to the final consumer or customer.



Logistics is very important to business since all organizations manage business logistics, because every business, regardless of industry, age, scale or specialization, must at some point get its goods and services moved from point A to point B.

Therefore, the research study opines that logistics plays a very vital and important role in Today's Business

5.1 Recommendation

This research is recommended for further study. This is because it deals with human behavior, which is not static but dynamic and capable of being influenced to change with passage of time.

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