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THE IMPACT OF LOGISTICS PERFORMANCE ON ORGANIZATIONAL PERFORMANCE IN A SUPPLY CHAIN CONTEXT

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ABSTRACT

The paper's aim is to theorize and assess a logistics performance model incorporating logistics performance as the focal construct with supply chain management strategy as antecedent and organizational performance, both marketing and financial, as consequences. Findings – The results indicate that logistics performance is positively impacted by supply chain management strategy and that both logistics performance and supply chain management strategy positively impact marketing performance, which in turn, positively impacts financial performance. Neither supply chain management strategy nor logistics performance was found to directly impact financial performance.

Research limitations/implications: To compete at the supply chain level, manufacturers must adopt a supply chain management strategy. Such a strategy requires integration and coordination of key external processes such as purchasing, selling, and logistics with supply chain partners. In this study the focus is limited to the impact of logistics performance on organizational performance within a supply chain context.

Practical implications: As manufacturers work to improve the logistics processes, they support their organization's supply chain strategy, resulting in improved performance for the overall supply chain and ultimately their manufacturing organizations.

Originality/value: Organizational managers are being asked to focus directly on supply chain functions such as logistics to bolster the competitiveness of the supply chains in which their organizations are integral partners. Does such a supply chain focus ultimately result in improved organizational performance? This study provides evidence that a supply chain focus will enhance logistics performance, which will ultimately result in improved organizational performance.

Keywords: Supply chain management, Organizational performance.

INTRODUCTION

Approaching goods to customers has been called Physical Distribution. Physical distribution is commenced from factories. Managers try to select types of stocks and transportations to deliver goods on time with lower costs.

Recently, physical distribution has been extended and has found a broader concept under title Supply Chain Management. Supply chain management is commenced before distribution and tries to supply proper inputs (primary appliances, combined components, and capital equipment) and to convert them into final outcomes efficiently. Broader view requires its study. Supply chain can help a company to identify vendors to promote its productivity level. This will diminish costs of company.

Unfortunately, supply chain perspective understands market as a destination. Firstly, a company must examine needs of its goal market. Then it can increase efficiency by designing supply chain backward. This modern perspective is the core of modern logistics systems and examines supply chain similar to demand chain.

The initial point of designing a logistics system is what customers need it and what competitors supply. Customers care about due delivery, desire of vendors to immediate supply, much care and precision in commodity administration, returning defected goods, and keeping inventory by vendors. A company must also notice to service standards of its competitors. Every company desires to supply services at least as

good as its competitors, but the goal is maximizing profit, not sale, then a company must notice to costs of services. Some companies deliver fewer services, but have fewer prices.

In the supply chain management approach, logistics is considered as the main supply chain function to enhance competition. Therefore, does supply chain lead to better logistics performance and will enhance organization? The question is that “Do better primary appliances produce better products?” Where should we provide primary appliances, and which prices will have lower costs?

RESEARCH LITERATURE

Logistics

Logistics management: Logistics is the process of effective designing, implementation, and control of circulation and storing goods, services, and data from origin to destination to satisfy needs of customers. Holtan and Boolean (2002) analyze logistics as a flow based system in which there are many limitations and prerequisites. But finally this flow converts this system to a logistics system. Thus logistics system is an integration of transactions of physical, non-material, internal, and environmental elements to produce a special result (Attarsadegh, 2007).

Supply chain management

Actions such as transactions with suppliers are part of supply management and process management includes environmental and social actions without direct interference of suppliers. Supply chain management was propounded from early 1980, and data flow and production and logistics activities were coordinated inside and between companies to describe planning and materials control. One of the dominant specifications of supply chain management is making distinction and coordination between internal and external actions. For example, by many scholars, supply chain management has been introduced as a management method for business and internal and external relations with suppliers. The research literature shows that the most successful producers have connected their internal processes with external suppliers (Gualaudris and Kalschmidt, 2014).

Supply chain management requires information about social, environmental, and economic areas. Social and environmental performance shows reliance of companies to standards and permits to decrease their risks. Tools such as life cycle analysis and economic balance are often used to determine environmental

dimensions of supply chain management (Gold et al., 2013).

In today’s competitive market, cooperation between role players in supply chain is not merely included in two or three levels. Also, supply chain is not turned on managing one product and it may comprise more than one level and one product. One of the complex types of supply chains is “whole production supply chain” that includes reverse logistics, producer, distributor, retail-seller, and third party. Since each member of supply chain follows its special goal, there is a coordinator mechanism to manage the effective flows of raw materials, parts, finished products, and returned products (Jonrinaldi and Zhang, 2013).

Logistics

Logistics is the main components of supply chain. The Specialty Council of Supply Chain Management interprets logistics as a part of supply chain responsible for planning, implementation, and control of commodity flow and information between production and consumption to accomplish customer needs (Green et al., 2008). Logistics requires planning, implementation, monitoring, and control of physical flow of raw materials and final product from origin to destination to remove customer needs and to obtain a conventional profit (Cutler, 2005). Companies that manage value added flows from vendors to final users, coordinate activities of vendors, purchase agencies, producers, marketers, canal members, and customers (same, 636).

Information systems play an important role in administration of market logistics. Great outcomes are due to technical improvements in IT, sale terminals, bar codes, satellite follow-up of electronic transactions. These developments enable companies to accept responsibilities and to monitor their obligations (same, 636). Market logistics requires measures such as prospective sale, which a company determines its production, distribution, and inventory. Production plans determine raw materials that should be ordered. This raw material is added to inventory. Raw material is converted to finished product, which decreased inventory. Customers’ orders decrease inventory, which production compensates it. Finished product goes toward packing department, stock, good export platform, external transportation, external stock, and customer (Cutler, 2005).

Organizational performance

From old times, managers have focused on enhancement of organizational performance. Supply

chain management requires external focus in which, managers must consider the effect of organizational strategy on supply chain. Efforts to optimize organizational performance may affect supply chain negatively, therefore it may damage competitive advantage of this chain. According to Chopra and Mandel, supply chain performance is optimized when an organizational-functional strategy is considered for participants of that supply chain. This approach maximizes inventory to share between all members of this chain. Mardith and Shoffer claim that if this part of supply chain can optimize its value, there will be discontinuities in middle level and unnecessary costs are produced. If an integrated approach is adopted, there should be opportunities to apply excess cost or time to the other sections. Operational strategies that support supply chain should stabilize competitive situation of supply chain to enforce performance of supply chain. While relation between performance and supply chain has been justified, there is no experimental impact for a definite relation (Green, 2008).

SCM marketing

Relationship of SCM marketing in strategies at least is in two top and intermediate management levels, according to MIX marketing principles comprised four 4P elements (promotion, product, price, place). Place element is the distribution system which is related with logistics. Marketing strategy in an organization also relates with SCM supply chain (Ahmadi, 2005).

Financial performance

Organizational performance is external efficacy measures in an organization in three general areas: financial performance (profit, asset return, investment return); market and sale performance, market share,...; equity return (total return, equity, economic value added,...). For evaluation of organizational performance, experts construe a basic difference between market-based indices and financial performance indices. While there is a significant relation between market share (a market performance index) and profitability (a financial performance index), but this relation is not positive and significant necessarily. Therefore, despite many scholars that do not separate these two indices, performance evaluation is a financial performance index. Finally, financial performance indices are used to measure financial performance. Regarding to the definition of organization efficacy and organization performance, and operational goals in financial performance,

financial performance is defined as a degree to which a company is going to reach to achieve the financial goals of stockholders. Operational goals that managing director follows include criteria by which performance of a company can be measured (Sabzehali, 2009).

Theoretical framework of research

Supply chain strategies concentrate on coordination of internal and external trade processes in supply chain and give better services to customers, and meanwhile, enhance performance of members of supply chain. Trade processes that must be coordinated include production, purchase, sale, logistics, and delivery and information for all participants of supply chain. Supply chain management requires notice to modern management styles. Production managers must learn how to communicate and cooperate with participants of supply chain. The goal of supply chain management is value added for customers and decrement of costs. This value added must be reflected in cost, quality, and delivery. This assumption is justified by reasons that relate purchase management and organizational performance measurement such as growth and market share.

This forms first assumption. Organizational strategies that support supply chain strategies must amplify competitive situations of supply chain. It can be said that logistics performance concentrates on role of external production on relations of producer/consumer.

Logistics performance reflects supply chain and producers and suppliers try to coordinate with trade flow, physical flow, money flow, and data flow in supply chain. The main key of finding customers is preserving it. Logistics performance is prerequisite of marketing performance. Logistics performance function provides place, time, quality, and synergy, which provide customer consent and are reflected on assumption 4 and 5. While organizational managers must notice to resources and function of supply chain, they are primarily worry for organizational performance.

Managers try to promote marketing performance, sale, and market share. Market share growth and sale growth affect financial performance by earning. Marketing performance affects financial performance positively.

This research is going to analyze the following assumptions:

1. Supply chain management strategy has a direct relation with logistics performance.

2. Supply chain management strategy has a direct relation with financial performance.
3. Supply chain management strategy has a direct relation with marketing performance.
4. Logistics performance has a direct relation with marketing performance.
5. Logistics performance has a direct relation with financial performance.

RESEARCH METHOD

This is an application research by goal and a survey one by method. This is a causal research that examines relations of dependent variables with independent variable. This research used field and library method to gather data. Data was gathered by the standard questionnaire used in studies of Green and Viten (2008).

The statistical society of this research includes 180 staff of Lajur Co. in Arak City, Iran. Cochran Sampling Method was used to determine sample size, which is 62 (66 persons completed questionnaires). Since this research uses the standard questionnaire used in studies of Green and Viten (2008), the measurement tool is valid. In this research, Kronbach's Alpha Coefficient was used to evaluate reliability of questionnaire, which was 0.942 for 33 questions. Also, multi-variable regression was used to study relations between model components.

DATA ANALYSIS

The assumptions of this research were tested by multi-variable regression method. Regression analysis is a method to model and analyze numerical data. These data includes values for dependent variable and one or more independent variables. The goal of regression analysis is expressing dependent variable as a function of independent variables, coefficients, and error values.

Error values are random variables that indicate non-described changes in independent variables. By this method, coefficients are determined for best fit. Usually, the best fit is measured by least square method. Regression analysis is used to anticipate future values of dependent variable, to test theories, and to analyze phenomena.

This analysis is valid when preassumptions are satisfied (Afshani et al., 2009). Path analysis technique is based on a set of multiple regression analysis and relation between independent and dependent variables. This method emphasized usage of Visual Diagram or Path Diagram. Path diagram is used to show relations between variables in the path analysis (Khalil Kalantari, 2003).

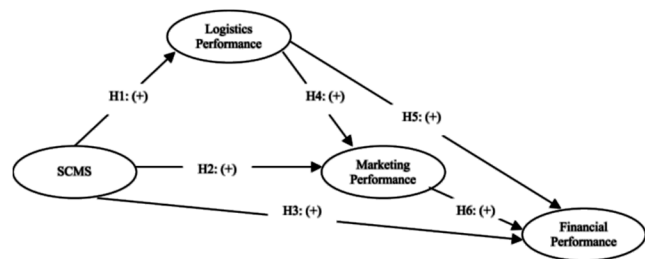


Fig. 1. Path diagram of research variables

Testing assumption 1

There is a significant relation between supply chain management and logistics performance.

This assumption can be expressed by statistical terms as:

The regression model is:

$$y = \alpha + \beta_1 x_1 + \varepsilon$$

in which,

- y : Logistics performance (dependent variable)
- α : Intercept
- β_1 : Estimator of regression line slope
- x_1 : Chain management

We must be sure for meeting necessary assumptions for regression test.

Kolmogorov-Smirnov (KS) Test

This test is used to study the claim for distribution of data of a quantitative variable. The corresponding statistical assumption is:

H0: Variable y (logistics performance) has a normal distribution.

H1: Variable y (logistics performance) has not a normal distribution.

Table: 1. Kolmogorov-Smirnov Test

Numbers	KS	Sig.
66	0.965	0.309

Regarding to Table 1, $p > 0.05$, then H0 is accepted.

Durbin-Watson (DW) Test

One of the regression assumptions is independence of errors (difference between real and anticipated values). If errors are not independent (or errors are correlated), regression cannot be used. Durbin-Watson Test is used to test errors independence. The statistic of this test is in range [0,4].

If this statistic is in range [1.5,2.5], then the independence test between errors are accepted; otherwise, there is correlation between errors. Value of this test is 1.733, which is in the range, so there is no correlation between errors. Table 2 shows

criterion error, determination factor, adjusted determination factor, and multiple correlation factors. Since determination factor is 0.506, changes of

dependent variable are justified by independent variable. This value indicates fitness of this model in the society.

Table: 2. Regression test for logistics performance (dependent variable)

Model	Multiple correlation factor	Determination factor	Adjusted determination factor	Criterion error	DW
1	0.711	0.506	0.498	0.507	1.733

Study of error normalization

One of the assumptions in regression is normal distribution of errors with zero average. Obviously, if this is not met, regression cannot be used. Residual is difference between observed values and anticipated values of dependent variable. If this prerequisite is held, regression can be used for relation between dependent and independent variables. Residual histogram (p-p chart) is used to study normalization. This histogram must obey normal curve (Afshani et al., 2009). p-p chart also is used to test if errors have a normal distribution. Fig. 2, called Normal Paper, is a normalization test. If data belong to a normal society, then the points are near a straight line. According to this chart, data has deviation from the straight line, so errors are normal.

Normal P-P Plot of Regression Standardized Residual

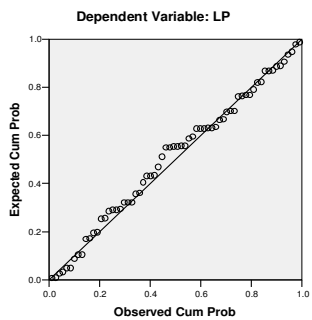


Fig. 2. p-p chart

In a p-p chart, residuals must obey the 45 degrees line. p-p chart does not violate normality assumption.

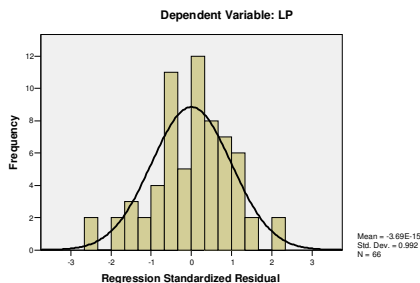


Fig. 3. Histogram of errors

The above diagram indicates normalization of errors as one of the regression assumption. Accordingly, errors shall have normal distribution with zero average. In other words, $SD=1$ and $\mu=0$. By the above diagram, we see an average near zero and SD near 1 (0.992).

Then, normalization assumption for errors is confirmed. Now we test linear regression. Firstly, we examine significance of all regression models by ANOVA table.

Then significance of independent variable factor is examined by coefficients table. The result has four outputs (Table 3).

Table: 3. Dependent and independent variables

Model	Input variable	Deleted variable	Method
1	Chain management		Enter

Table 4 indicates variance analysis to study possibility of zero regression factors. In other words, this test examines the existence of a linear relation between dependent and independent variable. Assumptions of significance test are:

H0: All regression factors are zero.

H1: All regression factors are not zero.

In the Table 4, ($\text{sig}=0.000<0.05$), then H1 for at least one of the coefficients of independent variable is confirmed.

In Table 5, fixed and independent variable coefficients are shown in β column. These coefficients include standard and non-standard beta. For non-standard coefficients, variables have not equal scales, but for standard coefficients, variables have equal scales and variables can be compared. Therefore, to examine the effect of independent variable on dependent variable, standard coefficients are used.

Table: 4. Variance analysis for dependent and independent variables

Model	Sum of squares	Freedom degree	Mean square	F	Sig.
Changes of dependent variable by independent variable	16.870	1	16.870	65.610	0.000
Changes of dependent variable by random factors	16.456	64	0.257		
Total	33.325	65			

Table: 5. One-variable regression coefficients for logistics performance

Model	Non-standard factors		Standard factors	t	Sig.
	B	Std. error	beta		
Fixed value	0.312	0.317		0.984	0.329
Chain management x_1	0.756	0.093	0.711	8.10	0.000

In the above regression model, independent variable is “chain management” (x_1) and dependent variable is “logistics performance” (y).

As you see, its regression factor is 0.711, which means each unit change of independent variable changes dependent variable by 0.711. Since $t=8.10$, this regression factor is significant. Thus, claim of researcher for the significant effect of chain management on logistics performance is accepted (H_1).

Testing assumption 2

There is a significant relation between chain management and marketing performance.

This assumption can be expressed statistically as:

H_0 : ($\beta=0$), There is not a significant relation between chain management and marketing performance.

H_1 : ($\beta \neq 0$), There is a significant relation between chain management and marketing performance.

Testing assumption 3

There is a significant relation between logistics performance and marketing performance.

This assumption can be expressed by statistical terms as:

Zero assumption: There is not a significant relation between logistics performance and marketing performance.

Claim: There is a significant relation between logistics performance and marketing performance.

The regression model is:

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \varepsilon$$

In which,

y : Logistics performance (dependent variable)

α : Intercept

β_1, β_2 : Estimators of regression line slope

x_1 : Chain management

x_2 : Logistics performance

We must be sure for meeting necessary assumptions for regression test.

Kolmogorov-Smirnov (KS) Test

The corresponding statistical assumption is:

H_0 : Variable y (marketing performance) has a normal distribution.

H_1 : Variable y (marketing performance) has not a normal distribution.

Table: 6. Kolmogorov-Smirnov Test

Numbers	KS	Sig.
66	0.668	0.764

Regarding to Table 6, $p>0.05$, then H_0 is accepted.

Durbin-Watson (DW) Test

Value of this test is 1.464, which is in the range, so there is no correlation between errors. Table 7 shows criterion error, determination factor, adjusted determination factor, and multiple correlation factor. Since determination factor is 0.614, changes of dependent variable are justified by independent variable. This value indicates fitness of this model in the society.

Table: 7. Regression test for logistics performance (dependent variable)

Model	Multiple correlation factor	Determination factor	Adjusted determination factor	Criterion error	DW
2	0.784	0.614	0.602	0.506	1.646

Study of error normalization

One of the assumptions in regression is normal distribution of errors with zero average. Obviously, if this is not met, regression cannot be used. Residual is difference between observed values and anticipated values of dependent variable. If this prerequisite is held, regression can be used for relation between dependent and independent variables. Residual histogram (p-p chart) is used to study normalization.

This histogram must obey normal curve (Afshani et al., 2009). p-p chart also is used to test if errors have a normal distribution. Fig. 2, called Normal Paper, is a normalization test. If data belong to a normal society, then the points are near a straight line. According to this chart, data has deviation from the straight line, so errors are normal.

Normal P-P Plot of Regression Standardized Residual

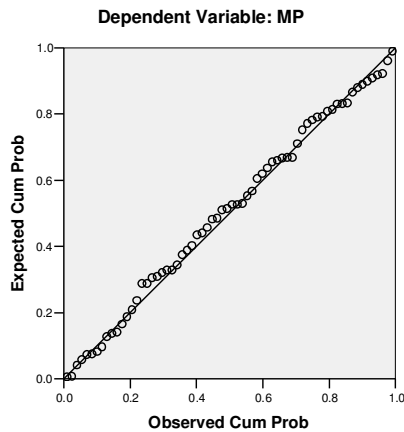


Fig. 4. p-p chart

In a p-p chart, residuals must obey the 45 degrees line. p-p chart does not violate normality assumption.

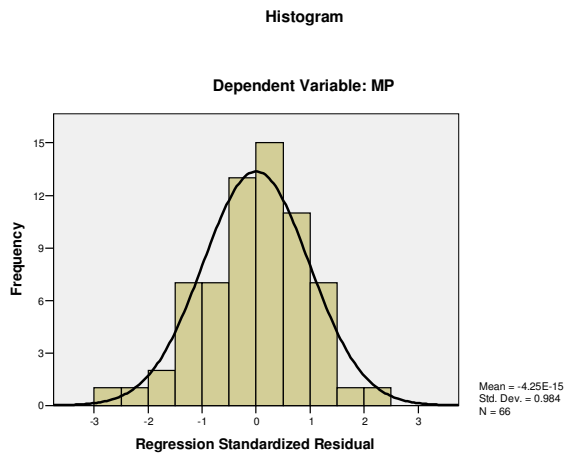


Fig. 5. Histogram of errors

The above diagram indicates normalization of errors as one of the regression assumption. Accordingly, errors shall have normal distribution with zero average. In other words, $\text{std.dev}=1$ and $\mu=0$. By the above diagram, we see an average near zero and SD near 1 (0.984). Then, normalization assumption for errors is confirmed. Now we test linear regression. Firstly, we examine significance of

all regression models by ANOVA table. Then significance of independent variable factor is examined by coefficients table. The result has four outputs (Table 8).

Table: 8. Dependent and independent variables

Model	Input variable	Deleted variable	Method
2	•Chain management • Logistics performance		Enter

Table 9 indicates variance analysis to study possibility of zero regression factors. In other words, this test examines the existence of a linear relation between dependent and independent variable. Assumptions of significance test are:

H0: All regression factors are zero.

H1: All regression factors are not zero.

Table: 9. Variance analysis for dependent and independent variables

Model	Sum of squares	Freedom degree	Mean square	F	Sig.
Changes of dependent variable by independent variable	25.744	2	12.872	50.163	0.000
Changes of dependent variable by random factors	16.166	63	0.257		
Total	41.910	65			

Regression coefficients are:

Table: 10. Two-variable regression coefficients for logistics performance

Model	Non-standard factors	Standard factors	t	Sig.
	B	Std. error	beta	
Fixed value	0.069	0.319		0.829
Chain management	0.718	0.133	0.602	0.000
x_1				
Logistics performance	0.259	0.125	0.231	0.042
x_2				

In the above regression model, independent variable is “chain management” (x_1) and dependent variable is “logistics performance” (y). As you see, its regression factor is 0.602, which means each unit change of independent variable changes dependent

variable by 0.602. Since $t=5.410$, this regression factor is significant. Thus, claim of researcher for the significant effect of chain management on marketing performance is accepted (confirmation of assumption 2). Also, in this regression model, an independent variable is “logistics performance” (x_2) and dependent variable is “marketing performance” (y). As you see, its regression factor is 0.231, which means each unit change of independent variable changes dependent variable by 0.231. Since $t=2.074$, this regression factor is significant. Thus, claim of researcher for the significant effect of logistics performance on marketing performance is accepted (confirmation of assumption 3).

Testing assumption 4

There is a significant relation between chain management and financial performance.

This assumption can be expressed statistically as:

H0: ($\beta=0$), There is not a significant relation between chain management and financial performance.

H1: ($\beta \neq 0$), There is a significant relation between chain management and financial performance.

Testing assumption 5

There is a significant relation between logistics performance and financial performance.

This assumption can be expressed by statistical terms as:

Zero assumption: There is not a significant relation between logistics performance and financial performance.

Claim: There is a significant relation between logistics performance and financial performance.

Testing assumption 6

There is a significant relation between marketing performance and financial performance.

This assumption can be expressed by statistical terms as:

Zero assumption: There is not a significant relation between marketing performance and financial performance.

Claim: There is a significant relation between marketing performance and financial performance.

The regression model is:

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon$$

In which,

y : Logistics performance (dependent variable)

α : Intercept

$\beta_1, \beta_2, \beta_3$: Estimators of regression line slope

x_1 : Chain management

x_2 : Logistics performance

x_3 : Marketing performance

We must be sure for meeting necessary assumptions for regression test.

Kolmogorov-Smirnov (KS) Test

The corresponding statistical assumption is:

H0: Variable y (financial performance) has a normal distribution.

H1: Variable y (financial performance) has not a normal distribution.

Table: 6. Kolmogorov-Smirnov Test

Numbers	KS	Sig.
66	1.140	0.148

Regarding to Table 6, $p > 0.05$, then H0 is accepted.

Durbin-Watson (DW) Test

Value of this test is 1.781, which is in the range, so there is no correlation between errors. Table 12 shows criterion error, determination factor, adjusted determination factor, and multiple correlation factor. Since determination factor is 0.678, changes of dependent variable are justified by independent variable. This value indicates fitness of this model in the society.

Table: 7. Regression test for logistics performance (dependent variable)

Model	Multiple correlation factor	Determination factor	Adjusted determination factor	Criterion error	DW
3	0.823	0.678	0.662	0.416	1.781

Study of error normalization

Normal P-P Plot of Regression Standardized Residual

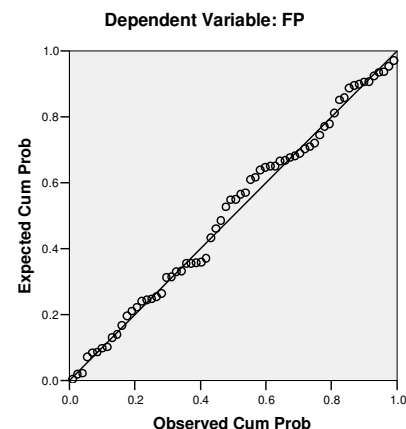


Fig. 6. p-p chart

In a p-p chart, residuals must obey the 45 degrees line. p-p chart does not violate normality assumption.

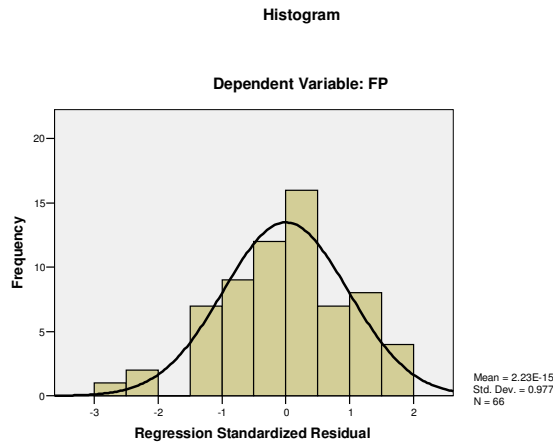


Fig. 7: Histogram of errors

The above diagram indicates normalization of errors as one of the regression assumption. Accordingly, errors shall have normal distribution with zero average. In other words, $\text{std.dev}=1$ and $\mu=0$. By the above diagram, we see an average near zero and SD near 1 (0.977).

Then, normalization assumption for errors is confirmed. Now we test linear regression. Firstly, we examine significance of all regression models by ANOVA table. Then significance of independent variable factor is examined by coefficients table. The result has four outputs (Table 13).

Table: 13. Dependent and independent variables

Model	Input variable	Deleted variable	Method
3	- Chain management - Logistics performance - Marketing performance		Enter

Table 14 indicates variance analysis to study possibility of zero regression factors. In other words, this test examines the existence of a linear relation between dependent and independent variable. Assumptions of significance test are:

H0: All regression factors are zero.

H1: All regression factors are not zero.

Table: 14. Variance analysis for dependent and independent variables

Model	Sum of squares	Freedom degree	Mean square	F	Sig.
Changes of dependent variable by independent variable	22.574	3	7.525	43.462	0.000
Changes of dependent variable by random factors	10.734	62	0.173		
Total	33.309	65			

In the above table, ($\text{sig}=0.000<0.05$), then H1 for at least one of the coefficients of independent variable is confirmed. Regression coefficients are:

Table: 15. Three-variable regression coefficients for marketing performance

Model	Non-standard factors		Standard factors beta	t	Sig.
	B	Std. error			
Fixed value	0.457	0.262		1.741	0.087
Chain management x_1	0.301	0.132	0.283	2.279	0.026
Logistics performance x_2	0.281	0.106	0.281	2.648	0.010
Marketing performance x_3	0.313	0.103	0.351	3.025	0.004

In the above regression model, independent variable is “chain management” (x_1) and dependent variable is “financial performance” (y). As you see, its regression factor is 0.283, which means each unit change of independent variable changes dependent variable by 0.283. Since $t=2.279$, this regression factor is significant. Thus, claim of researcher for the significant effect of chain management on financial performance is accepted (confirmation of assumption 4). Also, in this regression model, an independent variable is “logistics performance” (x_2) and dependent variable is “financial performance” (y). As you see, its regression factor is 0.281, which means each unit change of independent variable changes dependent variable by 0.281. Since $t=2.648$, this regression factor is significant. Thus, claim of researcher for the significant effect of logistics performance on financial performance is accepted (confirmation of assumption 5).

Also, in this regression model, an independent variable is “marketing performance” (x_3) and

dependent variable is “financial performance” (y). As you see, its regression factor is 0.351, which means each unit change of independent variable changes dependent variable by 0.351. Since $t=2.648$, this regression factor is significant. Thus, claim of researcher for the significant effect of marketing performance on financial performance is accepted (confirmation of assumption 6).

CONCLUSION AND DISCUSSION

Performance model was studied, which is proportional with data. 6 assumptions were proved. Logistics performance is affected by supply chain management, and affects marketing performance, and it also affects financial performance. This shows a positive relation between logistics performance and organizational performance. Production managers must notice to concepts and importance of supply in decision making. Evaluation of supply chain performance is as important as organizational performance. The problem of experts and researchers is that evaluation of supply chain is hard, and this research used logistics performance instead of supply chain performance. Logistics is one of the functions of supply chain, which connects customers to producers, although they may be the final customers of supply chain. The results show that producers must concentrate on enhancement of supply chain. This improves logistics performance and organizational performance. Organizational performance is improved due to supply chain performance. The goal of supply chain management is value added for customers and decrement of costs. This value added must be reflected in quality, cost, flexibility, and delivery. Purchase management and supply relate with organizational performance such as profitability and market share. It was concluded that there is positive relation between supply chain performance and company performance. Product flexibility depends on capital return.

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