

In today's highly competitive environment, many companies are striving to gain a share of the global market and to take advantage of higher production and sourcing efficiency. A key determinant of business performance nowadays is the role of logistics management functions in ensuring the smooth flow of materials, products and information throughout the company's supply chain (Kilasi, *et al.*, 2013). Due to the trend of nationalization and globalization in recent decades, the importance of logistics management has been growing in various areas. For firms, logistics management helps to optimize the existing production and distribution processes based on the same resources through management techniques for promoting the efficiency and competitiveness of enterprises (Tseng, *et al.*, 2005).

Logistics management plays an important role of adding competitive advantage to a firm in customer support and business excellence (Buyukozkan, *et al.*, 2008). Effective logistics management provides the right product in the right place at the right time that is why it has received much attention over the past decade from practitioners and government (Tilokavichai & Sophatsathit, 2011). Realizing the importance of sustainability in logistics management it is critical for competitive advantage (Buyukozkan, *et al.*, 2008) because operational performance has a positive impact on company's financial performance (Horvath *et al.*, 2005; Liu & Lyons, 2011). In business, sustainability is defined as a capability to possess and hold continuous competitiveness (Kang *et al.*, 2012; Hassini, *et al.*, 2012).

However, for logistics management to be considered contributing to a firm's performance, logistics performance needed to be measured (Keebler & Plank, 2009). In their study Fugate, *at el.*, (2010) confirmed that, due to increasing awareness of logistics management implications in firm performance and growing awareness of the benefits of leveraging logistics to increase customer value, measuring of performance of logistics had become a high priority. According to Keebler and Plank (2009), there were at least three basic reasons why a firm would want to measure logistics performance: firms could reduce operating costs, use these measures to drive revenue growth, and hence enhance shareholder value. He continued to say, by measuring operating costs, a researcher could identify whether, when and where to make operational changes to control expenses and very importantly, point out areas for improved asset management.

Even valuable customers could be attracted and retained by improving the price value relationship of products offered through cost reductions and service improvements. Finally, returns to stockholder investments and the market value of the firm could have been significantly impacted by logistics performance improvements working through the processes that led to share price and dividend policy (Keebler & Plank, 2009). This study has therefore considered logistics performance as an intervening variable to logistics management on influencing firm performance.

The study concentrated on evaluating the influence of logistics management core activities (transportation, inventory, order processing and information flow Ballou, (2004) on manufacturing firm performance in Kenya. The support functionality of logistics warehousing, materials handling, and packaging also represents an integral part of a logistics operating solution (Bowersox, Closs& Cooper, 2010). However, these functions do not have the independent status of those (core) previously discussed (Bowersox, *et al.*, 2010) and they vary from company to company (Njambi & Katuse, 2013).

The study provided a model that allowed firms to see which logistics activities were most important to them, and then how much value the firms were gaining from these activities relative to their costs, growth and customer satisfaction. It intended to identify the major aspects of logistics activities since due to the enormity of logistics operations, not all aspects were being covered in this research, but rather those that were determined to be of the most importance and significance to a firm's success. This research focused on forward logistics rather than reverse logistics (which refers to the activities involved in customers returning goods) and analyzed both physical activities and non-physical activities that were transportation,

Inventory management, order processing and information flow as independent variables while logistics performance acted as intervening variable

—the flow of goods|| was a part of the definition, transportation seemed a natural piece of logistics and therefore a vital factoring influencing firm performance. Based on this review the following null hypothesis was formulated:

Prior research had provided some empirical support that inventory management was important to business and vital to logistics success (Laird, 2012; Mangarulkar, *et al.*, 2012; Bowersox, *et al.*, 2010). Inventory management was directly related to warehousing and was vital to the manufacturing industry performance as the industry wanted to consistently have the optimal amount of raw materials for transformation and finished products available for their buyers