Factors that affect efficient management of logistics and supplies in multinational companies in Kenya: a case of selected tea firms

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Abstract:

The researcher studied factors that affect logistics and supplies management in multinational organizations. The concept of logistics covers all activities relating to the procurement, transport, transshipment and storage of goods. Logistics as generally understood is concerned particularly with material flow (raw materials, interim and final products), but also involves providing companies with services and information. For the purposes of this study logistics involves the procurement of services and goods for the ongoing operations of the firm. Every year agricultural organizations spend large sums of money to finance purchase of capital assets, farm and other inputs and also to transfer their output to the market. Expenditures are mainly on labour, capital and production inputs, which are essential in production. Labour is mainly local. Capital and input items are purchased largely from overseas either directly or indirectly using local companies. Multinationals - companies that operate in many nations have a significant presence in Kenya. The agricultural region of Central Rift valley around Kericho houses several tea firms whose operations also span the globe to countries such as India, Democratic Republic of Congo,' Ghana, Cote de' Ivoire, United Kingdom, Netherlands, South America and Tanzania. The research did cover tea firms of Unilever, George Williamson and James Finlay. These together with other firms such as Sasini, Sotik Tea Company and Eastern Produce contribute to well over 10% of all tea produced in Kenya. The country is the fourth largest producer of tea in the world after India, Pakistan and Sri Lanka. Over 80% of tea produced by these firms is exported directly or sold at the Mombasa auction to foreign merchants. The inputs required to enable tea firms to grow, manufacture and sell the product are procured by the logistics function. The most effective way to function efficiently and thus raise the net worth of the company is to have an efficient logistics function that is responsive to the needs of the various sections. The size of the multinationals' gardens cannot be compared to the small-scale tea farmers, customers of the government parastatal, Kenya Tea Development Agency (KTDA). The latter operates factories whose management may not exhaustively employ robust segregation of duties because of the limited numbers in the management team. KTDA factories may be viewed as a section of the multinational firm and stand to borrow a lot from sound management and ethical practices employed in their logistics operation. The researcher had set out to establish the most outstanding factors that affect logistics in a multinational firm in the dynamic internal and external environments. This should be a pointer to new comers into the industry and students whose aspirations are to work for such firms. The findings might also be extrapolated to act as a guide to possible problem areas in similar firms especially in Africa and the third world where governance and ethics issues abound in the way they are run.