

LOGISTICS MANAGEMENT AS A TOOL FOR ACHIEVING COMPETITIVE ADVANTAGES OF THE COMPANY

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***Abstract:** The world of globalization and the growing dynamics of the market economy determine the needs of the internal market and new challenges for the Russian economy. To successfully operate in a market environment and fully meet the needs of economic participants in the distribution system, it is necessary to restructure regional distribution centers. This situation requires a significant revision of the mechanism of functioning of distribution regions of the Russian system based on logistics management. of different order, whose purpose is not only to provide a better level of customer service, but also to strengthen the implementation of international requirements for storage of goods through globalization of applied technologies. Logistics is the most efficient, market-oriented mechanism for economic reforms in the world products, as a way of planning, forming and developing the movement of material flows with minimal time and financial costs. As a catalyst for economic development, logistics has a greater virulence of theoretical and applied tools for the formation of integrated logistics systems covering specific business sectors, as well as entire countries and regions.*

***Keywords:** logistics system, logistics, economy, internal market*

INTRODUCTION

Logistics and logistics management require strengthening integration trends in the regional economy, seeking operational and functional market mechanisms to ensure the efficient functioning of the country's distributive sector. The logistical procedure in trade at the level of trade intermediation institutions is carried out by currents that operate between the components and subsystems of the trading company, but also

between the company and the external environment. The functions of logistics management in a trading company are as follows¹:

- Procurement sector
- Transport department
- Trade Department
- Storage

The implementation of these functions in order to gain a competitive advantage leads to the need for widely popular concepts of logistics in our country and abroad. The importance of logistics in retail has long been underestimated. Today, scientists and practitioners are noticing that logistics, by providing absolutely rational management of all activities, makes trade more efficient and competitive. Logistics keeps the trading company stable in the market, improves the purchasing function, transport, preservation of reserves. The use of logistics increases the efficiency of goods movement by reducing transport costs; by accelerating the circulation of the currency of money invested in commodity reserves; as well as the use of modern information technologies.

TRENDS IN LOGISTICS DEVELOPMENT

Experts cite two basic trends in logistics management. One of them is related to multifunctional traffic schedules. In this case, the rule is that absolutely all operations that need to be performed during the delivery of products from the supplier to the customer are performed through traffic². The other direction, in addition to managing product distribution operations, provides suppliers and customers with market research, demand coordination and prescribed products and services market, as well as harmonizing the interests of participants in the movement of goods. Logistics enables monitoring of the existence of products in the database and turnover of reserves, expanding their relevance and preventing shortages in products affected by losses during transfer, helps reduce transportation costs, reduce total losses, and improves product delivery time and scope, increases quality trade services. Finally, logistics greatly increases the efficiency of individual trading companies in the market. Retail logistics is focused on such changes and enables:

- Organization of fast delivery of products to a separate trading company;

1 Arzhakov, A.V., Silnov, D.S. (2016), New approach to designing an educational automated test generation system based on text analysis. ARPN Journal of Engineering and Applied Sciences.

2 Gerasimov, B. (2010), Fundamentals of Logistics. Moscow: INFRA-M.

- Optimization of delivery routes and transportation costs³;
- Use of current information concepts, which enable control of product receipt and its location in the database, for disposal of commodity reserves, for storage of stocks and much more;
- Quality customer service;
- Active response to changes in demand;
- Using the current application of technologies such as merchandise;
- Minimize the company to treat the total loss, which will reduce costs and increase profitability.

However, the introduction of logistics in the business of small businesses can be difficult for the following reasons:

- Low concentration of funds for own development;
- Lack of economic capacity for the company that has storage space;
- Narrow areas of trade halls, spare rooms;
- Lack of their vehicles and equipment for storage and handling of products;
- Development of a type of inventory, specialized to meet domestic demand (similar to the list of products, usually with a short retention period, traded quickly).

The integration of logistics between production, transport, wholesale and retail organizations takes on the most important role in the integration of trade actions. In retail trade, as a trend of integration achieved by money savings in the market, there are different formats of trade. It can be determined that logistics in the current phase is becoming more relevant and developing in line with trends such as production logistics, reserve management logistics, distribution logistics, sales logistics, transport logistics, warehousing logistics, information and economic logistics. On the other hand, the formation of logistics provides an opportunity to improve the relationship of economic agents, which increases the efficiency of the enterprise in general.

MANAGEMENT OF LOGISTICS AND ENTERPRISE COMPETITIVENESS

In today's market economy, the main purpose of the company is to survive in the market, maximize profits and reduce costs. In fierce competitiveness, it is an important indicator of a company's competitive

³ Spruce, I., Lebedev, I. (2011), *Integrated Logistics Delivery System Resources* (Theory, Methodology, Organization). Minsk: Law and Economics

advantage. The concept of "competitiveness⁴" is used in all spheres of society as its market orientation. The company's competitive advantage in identifying opportunities and dynamic is adapted to different market competitive conditions. Logistics can mean efficient management of material, informal and financial flows with optimal costs of all resources to meet customer needs. Logistics integrates into a single process the various activities of the company, such as production, transportation, warehouse management, transportation, packaging and so on. Currently, the market is characterized by strong competition, and logistics plays a major role in consumer service. Market service has become a major element of the company's marketing strategy and thus increased the interaction between logistics and marketing, key factors in a company's competitiveness.

In order to improve maintenance services, the quality of services in the area of competitiveness of the company's services is increased. These activities are a direct subject of logistics management. Logistics integrates the potential for connecting and improving the interaction between the functional areas of the company, such as procurement, marketing, sales organization. The main rule of logistics must be integration⁵. Logistics activities should help the rapid transfer of data between the company's departments and supplier coordination. Logistics management can ensure efficient coordination in the purchase of material resources and the production of finished products until the planned sale (based on advertising research). In order to find quantitative characteristics of the effects of logistics solutions, some conditions are needed, and these are:

- Presence of a well-functioning accounting and information system;
- Perform a comprehensive cost-benefit analysis of the company's structural departments and all participants, based on the application of the supply chain "mission" principle and a uniform costing methodology;
- Defining the share of profits from the logistics activities of the company.

MAIN FUNCTIONS OF LOGISTIC COMPETITIVENESS

Logistics has an impact on the costs associated with selling a product. Logistics also improves the condition of companies in the market, which means increasing their participation in it. Logistics affects the input capital through the main elements of the company's balance sheet assets and

4 Trujillo, L., Nombela G. (1999), Privatization and regulation of the seaport industry. World Bank, working paper

5 Haryotojo, B. (2015), Analisis Pengaruh Kinerja Logistik Pemasok terhadap Kinerja Bisnis (Studi pada Bengkel AHASS di Kota Semarang). Semarang: Fakultas Ekonomika dan Bisnis Universitas Diponegoro.

liabilities. Because many companies have faced a shortage of cash in the past, items such as cash and receivables are critical and based on a company's liquidity belief. Since logistics affects fixed assets by reducing inventory (supplies raw materials, semi-finished products, devices and finished products), logistics management depends on the company's policy in terms of production levels, volume of control and management levels. The policy of purchasing raw materials, especially related to the accounts of creditors, has an impact on their fixed assets. Consequently, procurement management and production management integration is a component of the company's logistics strategy, which will ultimately provide a significant economic effect. Studies show that in firms where the gradual depletion of reserves meets the planned production requirements for raw materials, production costs decrease and the rate of utilization of invested capital increases⁶.

Renting warehouses, vehicles and other elements of the logistics system represents running costs. The replacement of share capital for operating costs is realized through third-party companies for storage and transportation, instead of acquiring their own funds for their implementation. Studies conducted in the field of logistics for large-scale markets show that manufacturing companies and intermediaries have sufficient opportunities to create more favorable conditions for consumers. However, these features can only be implemented if the logistics operation is fully performed only on the market. In conclusion, it can be argued that the main goal of logistics goes beyond reducing costs and increasing profits. It can be concluded that the competitive advantage of the company is to increase competitiveness by offering additional services and improving their quality. This concept can be used by most companies, cost reduction can again be a matter of priority, but on a different basis.

DESIGNED LOGISTICS PERFORMANCE MEASUREMENT MODEL

The logistics performance measurement model is designed as a tool to evaluate companies that manufacture automotive components, to improve their logistics performance in order to compete in the AEC. The design of the logistics performance measurement model is based on the Logistic Scorecard perspective, divided into two phases: identification of

6 Mutakin, A., Hubeis M. (2011) Pengukuran Kinerja Manajemen Rantai Pasokan dengan SCOR Model 9.0. Jurnal Manajemen dan Organisasi, Vol.II, No.3.

the logistics business strategy for obtaining KPIs and model editing. The result of the measurement can be taken into account when determining policies to improve the competitiveness of performance logistics. The automotive components industry still has limited capacity to meet demand, in terms of quality, cost and delivery (KCD), as well as human resource and technology capabilities. Unsatisfactory national logistics performance is caused by high logistics costs and length of delivery time, as well as supply chain management and logistics. Previous research has developed a method for measuring performance in the application of supplier relationship management using an evaluation framework. This study was reinforced by examining supply chain management practices and its impact on the performance of a manufacturing company in Ghana.

Economic value added and the ABC7 classification are, in practice, used to assess supply chain performance. In addition to these, the supply chain reference operations (SCOR) model can be applied. Based on the above, Anatan conducted research on the effect of applying supply chain management practices to achieve competitive advantage and its performance. By measuring the competitiveness of some industries from Thailand using the Logistic Scorecard model, it was concluded that it can provide information on how industries need to improve their performance in order to improve their business. This study aimed to design a logistics performance measurement model for the automotive components industry in Indonesia, in order to increase competitiveness in working with AEC8 integrations. The Logistic Scorecard perspective consists of five perspectives: business strategy, capacity and planning, logistics efficiency and productivity, information technology and cooperation in the supply chain. The logistics mission should meet the needs of goods that correspond to the right place, at the right time and in the desired conditions. , and thus provides benefits to the company. It takes a long time for companies to understand the importance of logistics to develop a competitive advantage over competitors.

CONCLUSION

It has been proven that the performance of a logistics service affects customer satisfaction, which depends on the quality of the management of

7 Ivanov, D. (2010), Supply Chain Management. Saint Petersburg:Publishing the Polytechnic University

8 Mulyadi, D. (2011) Pengembangan Sistem Logistik yang Efisien dan Efektif dengan Pendekatan Supply Chain Management. Jurnal Riset Industri, Vol. V, No.3.

the flow of goods and services in order to cope with the AEC free market integration. The SCM-Logistics Scorecard (LSC) was developed in 2001 by the Tokyo Institute of Technology with the Japan Institute of Logistics System. LSC is an effective tool that analyzes the relationship between supply chain performance and management performance, explores the relationship between the enterprise environment and supply chain performance, identifies influencing factors that determine the performance of supply chain management and tools to assess the operational performance of the supply chain. could improve operational efficiency. The key competitiveness index used includes: business strategy orientation, capacity planning and execution, logistics efficiency and productivity, information technology implementation, and supply chain cooperation. Strategic planning is done starting from the identification of the organizational vision and mission statement, analysis of the internal environment, analysis of the internal and external environment of the organization, identification of opportunities and threats / challenges.

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