

ABSTRACT

Sugar processing industries have in the recent past suffered continuous losses arising from mainly operational challenges attributed to poor planning of logistics management practices. Sugar is an important commodity though the cost of producing sugar in Kenya is higher compared to other producing countries in East Africa and COMESA member states. Report by The Kenya Sugar Industry Strategic plan (2010-2014) indicated the challenges such as irregular factory maintenance, low crushing capacity, low sugar extraction rates, slow adoption of new and appropriate technology, inadequate industrial research and high cost of sugar production, and dilapidated processing equipment. The study aimed at investigating the effects of strategic logistics management on performance of Kibos Sugar Company. The specific objectives of the study were; to establish the effects of reverse logistics on performance of Kibos Sugar Company, to establish the effects of inventory management on performance of Kibos Sugar Company and to establish the effects of strategic warehousing on performance of Kibos Sugar Company. The study was guided by a conceptual framework where independent variable was strategic logistic practices while dependent variable was performance. The research design adopted was a case study using Kibos Sugar Company Limited as the unit of study. The targeted population for the study included 250 staff from selected departments of Kibos Sugar Company. Stratified random sampling technique used to select the predetermined sample size of 62. In testing the validity and reliability of questionnaires, questionnaires were pre-tested outside the sample population using the test re-test method and validity was gauged using pilot study. The data was collected through primary data collection with the use of questionnaires which were administered on personal basis. In addition, secondary data was collected from libraries and the internet. Frequencies and percentage were used to describe individual indicators of strategic logistics practices on performance. The results of the study were presented using tables and graphs. The regression result was $R^2 = 0.25$ which indicates that overall strategic practices explains 25% of the changes in firm performance, $R^2 = 0.63$ which indicates that only 6.3% of the dependent variables is explained by the strategic logistic practices in Kibos sugar manufacturing company. Finding of the study revealed that strategic logistic practices, reverse logistic, inventory management and strategic warehousing have significant positive influence on firm performance ($r=0.06$, $r=0.049$ & $r=0.019$). The study provides ways in which the logistics management systems can be strengthened to become more efficient and effective to an organization, it also helps upcoming companies in the industry in designing logistic strategies that would see their success. The study recommends further study should be conducted to assess the effects of reverse logistic on performance of manufacturing firms in Kenya.