

**Liudmyla Kysh**

*Department of Computer Sciences and Economic Cybernetics,  
Vinnytsia National Agrarian University, Vinnytsia, Ukraine*

*E-mail: lyudmilaakish@gmail.com*

*ORCID: <https://orcid.org/0000-0002-3664-3871>*

## **Current trends in the field of logistics management at the enterprise**

**Abstract**

In terms of management content, logistics management includes logistics activities and other activities directly related to logistics activities. The content related to supply chain management is more complex. Supply chain management is a model that connects suppliers, manufacturers, distributors and retailers through information feedback. Supply chain management includes business flow management, information flow management, capital and value flow management, and logistics management. Logistics management is part of supply chain management. The purpose of this study is to analyze existing tools and practices for innovation in logistics management in enterprises. Increased competition in the market forces traders to use various methods in order to maintain the profitability of the firm by reducing logistics losses. The main course to reduce logistics losses in trade is considered to be a separate association, which allows the optimal way of goods movement. Integration of logistics between production, transport, wholesale and retail organizations plays a crucial role in trade integration. Research on logistics for a wide range of markets (from food markets to capital-intensive manufacturing) shows that manufacturing companies and intermediaries have ample opportunity to create favorable conditions for consumers. However, these possibilities can only be realized if the logistics operation extends entirely exclusively to the market. In conclusion, it can be argued that the main goal of logistics goes beyond reducing costs and increasing profits. During the development of logistics in industrialized countries, a system of indicators has been formed, in general, to evaluate its effectiveness, efficiency and efficiency. General logistics costs are the total costs associated with the complex functional management and administration of logistics in the logistics system. Common to Western business is the allocation and accounting costs of transportation, warehousing, materials handling, inventory management, order management, information and computer support, and more.

**Keywords**

Globalization, logistics, management, enterprise, trends

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**1 Introduction**

The world of globalization and the growing dynamism of the market economy determine the needs of the domestic market and new challenges for the economy. Regional distribution centers need to be restructured to function successfully in a market environment and fully meet the needs of economic entities in the distribution system. This situation requires a substantial revision of the functioning of distribution system regions on the basis of logistics management, taking into account the formation of integrated organizational, economic and information systems. Their goal is to provide a higher level of customer service and strengthen compliance with

international requirements in the field of custody of goods through the intellectualization of the technologies used in the globalization of economic activity. Logistics is the most effective, market-based mechanism of economic reforms, it operates in the world of distribution systems as a way to plan, form and develop the movement of material flows with minimal time and financial costs (Anikin, 2011: 357–366). As a catalyst for economic development, logistics has a large number of theoretical and applied tools for the formation of integrated logistics systems, covering both individual business sectors and countries and regions.

Theoretical, methodological and practical foundations of logistics management as the starting

point of the modern market mechanism of economic reforms, studied in the works of many scientists (Anikin, 2011: 357–366; Hajinsky, 2013: 377; Kobersky, et al., 2014: 1167; Kurganov, 2009: 501; Ivut & Kissel, 2012: 312–315).

## 2 Main Part

### 2.1 Purpose and objectives

The purpose of this study is to analyze the existing tools and practices of innovation in logistics management in enterprises. This goal implies the solution of a number of the following tasks:

- – to research the concept of logistics management;
- – to research modern trends in logistics management at enterprises.

### 2.2 Methodology

This paper uses such methods of research as analysis, synthesis, description and comparison. Their use is due to the theoretical nature of the research. It included such stages as setting the problem, analysis of information on the topic, comparison and description of different scientific views on the research issues, synthesis of different approaches to the problem. The information base of the study consisted of scientific publications published in authoritative publications.

### 2.3 The concept of logistics management

In terms of management, logistics management includes logistics activities and other activities directly related to logistics activities. The content associated with supply chain management is more complex. Supply chain management is a model that connects suppliers, manufacturers, distributors and retailers through information feedback. Supply chain management includes business flow management, information flow management, capital flow management, value flow management, and logistics management. Logistics management is part of supply chain management. From a management perspective, supply chain management is based on e-commerce, business flow, information flow and capital flow can be easily implemented through online transmission. However, logistics activities are not possible directly through network broadcasting. In other words, logistics can operate under the same conditions of network technology (Arzhakov & Silnov, 2016: 2995).

Logistics management was proposed in the early 1980s and has a history of nearly 40 years. As part of supply chain management, logistics management is a logistics chain, information chain, capital chain and value chain. It is also an integrated idea and method of supply chain management as the core. It refers to the method of management planning, organization, management, coordination, control and supervision

of logistics activities in accordance with the law of material data flow, using basic principles and scientific management methods to improve logistics efficiency and economic benefit (Darling, 2011: 317).

The core content of supply chain management basically consists of four aspects. First, supply chain management covers a large amount of business content. If one link is not managed properly, it can affect the overall effect of supply chain management. Second, quick response to logistics business orders is done through business order coordination, increasing the speed of business processes in the logistics supply chain. Third, consider the end needs of customers fully and optimize the overall supply chain management process. Fourth, control the cost of supply chain management and minimize the cost of supply chain management. There is a close relationship between supply chain and logistics. The development of supply chain management originated in logistics management, but its development preceded logistics management. Supply chain management encompasses the business process from the purchase of raw materials to the consumption of products. Logistics is the connection between businesses. The customer value of products produced in supply chain nodes cannot be reflected without logistics (Gerasimov, 2010). Logistics management has overtaken supply chain management, and logistics management has become part of supply chain management. In terms of management goals, logistics and supply chain management coincide in serving customers. However, the nature of their work is different. The supply chain coordinates the relationships that exist between suppliers, manufacturers, distributors, retailers, and end users. Logistics management focuses on logistics workers with specific logistics production skills who use logistics tools, logistics methods, and other segments of work to influence the production activities of logistics facilities.

Modern logistics has become an important part of business strategy. It has the following characteristics in terms of system concept, state of nature, target concept, service object and function positioning. First of all, modern logistics management is aimed at optimizing a company's operations. It is not a separate production, sales department or enterprise. It is a joint activity of suppliers, wholesalers, retailers and other entities. Modern logistics management strengthens the relationship between all businesses to achieve optimal business value and behavior. Second, modern enterprise logistics is customer service logistics. Customer service is the driving force of innovation in logistics management. The business philosophy shifts from production to marketing and customer service, extends to the upstream and downstream process of production, emphasizing differentiation of customer and competitor service. Finally, the business goal of modern enterprise logistics management is to achieve efficiency in the entire supply chain. Information is

the core of logistics management. Modern logistics activities must understand and reflect market needs in a timely manner to ensure correct production and management decisions and uninterrupted operations (Grigoriev, et al., 2011: 725–728).

It is no longer a competition between individual companies, but a competition between supply chains in the market of the future. It should be seen as a long-term plan for the development of enterprise management, paying attention to customer needs, informing supply chain enterprises in a timely manner through customer suggestions and constantly improving the supply chain. It is necessary to direct enterprises to cooperate with companies in the upper and lower chain to form a supply chain, fully exploit the strong advantages of the supply chain to increase market share and achieve mutual benefits and profits of enterprises. First, it is necessary to establish the concept of consumer demand, to change the basic idea of economic benefit from the advantages of scale, to introduce advanced concepts of logistics services and to formulate market-oriented levels of logistics services. The focus should be on increasing value to customers by fully increasing value to customers as a goal of logistics services. It is necessary to promote the innovative content of logistics services, promote the expansion of basic logistics services to value-added services, the expansion from logistics services to management services, the expansion from physical services to information and capital flows. Talent development is the key to the development of modern logistics. We must pay attention to building our own unique corporate culture. By hiring the right talent from similar companies, we will allow people with exceptional characteristics to stand out. The government should also pay attention to the development of human resources in the field of logistics, study best international practices in logistics management, encourage universities to combine courses in logistics theory with practice and improve the qualifications of students (Hadjinsky, 2013: 326).

In trade at the level of trade intermediaries, the logistics procedure is implemented by the flows acting between the components and subsystems of the trading company, between the company and the external environment. Company management, integrating the complex functions of strategic planning, motivation and control, sets the desired characteristics of state trading companies to confirm their results through a system of incentives. Logistic actions on the management of resources and products are considered as an information flow, a set of updates, their properties and characteristics are determined by the concept of channels, means of communication, data sources and customer notification. The flow of information is distributed between units through channels of direct and indirect communication. These departments carry out the logistical flow of purchases, sales, transportation, service, etc. The final properties

of the commodity flows requested by the subjects are temporary buyers (trading and intermediary companies, low-cost structures, etc.) and final consumers (households), demonstrated by individual buyers.

Functions of logistics management in a trading company:

- Procurement Department: selection of partners and development of optimal relations, including communication with suppliers, i.e. analysis of the supply market; selection of appropriate modifications and conditions of purchase, including the establishment of service level management, setting the price of procurement; creation of appropriate scheme, conditions, mode and unit of monetary settlement, controlling payment on the stock established by the enterprise (Gerasimov, 2010: 304);
- Transportation Department: calculation of the need for transportation; establishment of the characteristics of transport, establishment of the appropriate technique of movement of vehicles; selection of the vehicle and carrier; finalization of the application for transport services; flow of engine management; establishment of special circumstances in transportation (forwarding, insurance, order and physiological need for transportation, etc.);
- Sales Department: selection of customers, organization of communication with customers; analysis of demand; creation of appropriate delivery terms with regard to delivery costs; creation of service policies, business management, customer logistics services; development of appropriate methods of calculation, timing, circumstances, payment methods; customer delivery control; legal criticism, including complaint handling activities; analysis of financial performance of deliveries.
- Warehouse: loading and unloading operations; implementation of quality and numerical acceptance of luggage; creation of technological schemes of internal movement of transport and preservation units, placement of commodity mass arriving in storage and preservation areas; inventory management (Darling, 2011: 315); organization and industrial use of products.

The importance of logistics in retail has long been underestimated. Today, scientists and practitioners note that logistics provides absolutely rational management of all activities, the company makes trade more efficient and competitive. Logistics maintains the stability of the trading company in the market, improves the function of procurement, transportation, stock security. It is advisable to buy the disposal of products, delivery of goods to retail outlets, inventories, logistics save losses; reduce production costs; increase profitability of business (Kunelbayev, et al., 2016: 4069–4070). The use of logistics increases

the efficiency of the movement of goods by reducing transportation costs; accelerates the turnover of currency invested in inventory, and accelerates the use of modern information technology.

## 2.4 Trends in logistics development

According to management, economic and scientific literature, experts currently identify two major trends in logistics management.

One of them is related to multifunctional vehicles, so the rule contains absolutely all the physiological operations that must be performed when delivering products from the supplier to the buyer (Kurganov, 2009: 507–510). The other direction is characterized by extensive planning; it provides market research for suppliers and customers, coordinates demand and regulates the market for goods and services, and coordinates the interests of participants in the movement of goods. To summarize the importance of logistics and the competitive advantages of the sales tool, it is of strategic importance and affects all financial results, including profits and revenues.

Without logistics it is impossible to carry out a basic procedure in trade. Logistics allows you to control the availability of goods in the base and stocks of goods turnover, it increases their relevance and prevents product shortages, affects the change (reduction) of transactional losses, reduces transportation costs, reduces overall losses, improves the timing and range of goods, affects the quality of trade services. Finally, logistics greatly improves the efficiency of individual merchants in the marketplace.

Buyers are interested in the quality of products, level of service, cost, product level, the availability of additional services in the process of finding and buying goods in the store, which are formed by the gradual introduction of logistics approaches in the retail company.

Retail logistics can focus on the following changes:

1. Organization of fast delivery of products to a separate trading company.
2. Optimization of delivery routes and transport costs.
3. The use of modern information concepts makes it possible to monitor the receipt of goods and their location, to manage and conduct inventories.
4. Quality customer service.
5. Actively respond to changes in demand.
6. The use of technologies such as merchandising.
7. Reducing the overall losses of the trading company, which will reduce costs and increase profitability.

Most companies use a low-level logistics approach, as this word implies both the formation of transport logistics and warehouse logistics, i.e., a more limited volume of logistics. The main conditions under which the implementation of logistics plans in small commercial enterprises is difficult is the low

concentration of funds for their own development; insufficient economic capacity of the enterprise equipped with warehouses; small areas for the sales floor and premises; lack of vehicles and equipment for storage and processing of products; development of inventory to meet domestic demand (similar to the list of goods with a short shelf life, which sells quickly).

Increased competition in the market forces traders to use various methods to maintain the profitability of the firm by reducing logistics losses. The main way to reduce logistics losses in trade is a separate association, which allows the optimal organization of the movement of goods. Integration of logistics with production, transport, wholesale and retail organizations plays a decisive role in the integration of trade activities. The integration of the movement into a separate trade is due, on the one hand, to the low competitiveness of many stores that do not have sufficient concentration of funds for their own formation, and on the other hand, the need to improve the functioning of trade enterprises.

It should be noted that quantitative and qualitative changes in retail logistics contribute to the improvement of trading companies:

1. Increasing the size and frequency of purchases by retailers.
2. Due to the increase in assortment at retailers, the number of suppliers and employees at retailers has increased.
3. The increase in the share of semi-finished and perishable products has increased the speed at which inventory flows through the retail supply chain.
4. The level of centralization of purchases is decreasing due to the growth of market share and the corresponding retail network.
5. Increasing interoperability, integration and partnerships across the supply chain.
6. Continuous reduction of losses (including logistical losses) of the retail trade through a constant increase in the volume of work performed.
7. Increases the importance of retail logistics for redistribution in the sales channel, as direct selling companies determine which products and which manufacturers will be featured in the store.
8. Implement the concept of rapid response, aimed at improving inventory management, speeding up the movement of goods, responding to changing consumer needs and reducing product shortages by introducing the concepts of electronic data exchange, bar coding and modern packaging, which allows the movement of goods without prior preparation of retail facilities. The integration of flow logistics in individual firms has taken over all logistics functions in a company. Logistics integration is a procedure for organizing certain logistics functions and commodity resources of trading companies in order to increase their productivity. Thus, at present, logistics is developing in such areas as production logistics, inventory management logistics, distribution logistics, sales

logistics, transportation logistics, warehouse logistics, information logistics and economic logistics. The formation of logistics activities provides an opportunity to improve the relationship of economic agents, which increases the efficiency of companies. In today's market economy, a company's main goal is to survive in the market, maximize profits and reduce costs. In a highly competitive environment, they are considered an important indicator of a company's competitive advantage.

The concept of competitiveness is a universal concept applicable in economics, politics, technology, etc. The common feature of this concept is its market orientation. The competitive advantage of the enterprise allows determining the capabilities and dynamic adaptation to various market competitive conditions. At present, there is a growing competitive advantage due to the use of logistics. This is confirmed by the results obtained in the economies of capitalist countries. Logistics can be understood as the effective management of material, information and financial flows with optimal consumption of all resources to meet the needs of consumers. Logistics integrates various activities into a single company process, such as manufacturing, transportation, warehouse management, shipping, packaging, and so on.

Today's market is characterized by fierce competition, and logistics play an important role in consumer services (Kurochkin, 2012: 225–231). Market service has become a key element of a company's marketing strategy. This has increased the interaction between logistics and marketing as key factors in firms' competitiveness. Improving the quality of competitiveness services grows to improve after-sales service. These activities are the direct focus of logistics management. Logistics brings together the potential for communication and improved interaction between the functional areas of a company, such as purchasing, marketing and sales organization.

The activities of logistics companies to improve competitiveness according to the seven rules of the logistics participant. The main rule of logistics should be integration. The activities of logistics companies should facilitate the rapid transfer of data between company divisions and the coordination of suppliers.

Logistics management can ensure the effective coordination of procurement of material resources and production of finished products for predictable (based on promotional research) sales. In order to find quantitative characteristics of the effects of logistics solutions, some conditions are necessary, namely:

1. Well-functioning accounting and information system.
2. Conduct a comprehensive analysis of costs and revenues of the company's structural units and all participants, using the principle of supply chain mission and a unified methodology for calculating costs.

3. Determination of the share of profits from the logistics activities of the enterprise.

### 3 Results and discussion

Logistics influences the inflow of capital through the main elements of a company's balance sheet of assets and liabilities. Since many companies are currently facing a shortage of cash, elements such as cash and receivables are crucial and more appropriate. Logistics affects fixed assets through inventory reduction (it supplies raw materials, semi-finished products, appliances, and finished goods), logistics management depends on company policies at the level of production, control, and management. The policy of purchasing raw materials and supplies affects fixed assets. Thus, the integration of purchasing management and production management is part of a company's logistics strategy, which will have a significant economic effect. According to recent studies, if the phased use of inventories in companies corresponds to the planned production needs for raw materials, production costs are reduced, and the degree of utilization of invested capital is increased.

Warehouses, vehicles and other elements of the logistics system are leased at the current expense of the lessee. Replacement of fixed capital with operating costs is achieved by engaging third parties to perform warehousing and transportation operations instead of acquiring its own funds to perform them.

Logistics studies for a wide range of markets (from food markets to capital-intensive manufacturing) show that there are many opportunities for manufacturing companies and intermediaries to create favorable conditions for consumers. However, these opportunities can be realized if logistics operations are carried out in the market. It can be said that the main goal of logistics is to reduce costs and increase profits.

It can be concluded that the competitive advantage of the enterprise is to increase competitiveness by offering additional services and improving their quality. This concept can be used by most companies, cost reduction can be a priority. However, improving the competitiveness of firms through logistics is a continuous and adaptive process.

### 4 Conclusions

Any business organization that integrates logistics and forms an appropriate logistics system with its own objectives, seeks to evaluate its actual or potential efficiency. To assess its effectiveness and efficiency in the development of logistics in industrialized countries has formed a system of indicators. Total logistics costs are the total costs associated with the complex functional management and administration of logistics in the logistics system. It is common in Western business to allocate and account for the costs of transportation,

warehousing, materials handling, inventory management, order management, information and computer support. General logistics costs include lost profits from freezing products in the warehouse, losses caused by logistics risks or poor logistics services to solve problems of structure optimization or management in the logistics system. These losses are usually estimated as a possible decrease

in sales, reduction of market share, loss of profits, etc. Herbert W. Davis is a well-known American logistics consultant, and for several years he has tracked the logistics costs of American industry for warehousing, transportation, order management, customer service, distribution management and inventory management as an integral part of final product pricing and customer service.

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