CHAPTER – V
Discussions of Results

5.1. Introduction

The present research proposes a model of logistics performance with logistics effectiveness as a focal construct with competitive capability as a mediator and organizational performance consisting of marketing and financial performance along with customer satisfaction as consequences. A set of measures for each of the constructs was developed after an iterative and interpretative study of the literature. Based on these measures, a survey instrument was constructed and administered to 113 respondents representing 63 firms in the home textile sector in the Textile industry. The data was analysed with the help of structural equation modelling techniques.

The logistics performance model developed in this study brings out the clear linkages amongst different essential variables which have been overlooked or have received minimal attention in earlier studies. Although the proposed model developed in this research is novel in comparison to earlier studies, it seeks to build on and extend the works of Fugate, Mentzer, Stank (2010), Green et al (2006) and Kim (2006, 2009).

The analysis and interpretation of the results of this research have brought out some essential findings which are discussed in this Chapter.

5.2. Main Hypotheses

5.2.1. The Overall Effect of Logistics Performance on Organizational Performance

The findings of this research which has conceptualized Logistics Effectiveness as a reflective indicator of Logistics Performance and examined it's relationship with Organizational Performance support the previous studies (Green et al 2008; Larson et al 2007) exploring this relationship. The path weight between Logistics Effectiveness and Organizational Performance in our research is 0.28, p<0.1 and the relationship is positive.

Amongst the significant studies in the literature bringing out the relationship between logistics performance and organizational performance is the one undertaken by Fugate, Mentzer et al (2010). They conceptualized Logistics Performance as being multi-dimensional and defined it as the degree of efficiency, effectiveness and differentiation associated with the
accomplishment of logistics activities. Their empirical analysis of responses from middle rung and top level logistics professionals who were members of the Council of Supply Chain Management Professionals (CSCMP) in USA showed that Logistics Performance as a second order construct formed by logistics efficiency, effectiveness and differentiation had a significant positive relationship with organizational performance with a standardized estimate of 0.51, p <0.001.

The present research finds a significant relationship between Logistics Effectiveness as a dimension of logistic performance and marketing performance. On the other hand, the study undertaken by Green et al (2008) finds a significant relationship between Logistic Performance and Marketing Performance but not with Financial Performance. Towards this end our findings are more comprehensive.

The operationalization of Logistics Effectiveness as a focal construct has led to greater clarity regarding the interrelationships among various performance dimensions.

The seasonal nature of the home textile sector requires products to be delivered on time for the season, sale events or even heavy shopping days. The firms in pursuit of enhancing their overall organizational performance aim to provide effectively the highest level of in-stock position at the lowest possible landed cost of every product at the point-of-sale and into the hands of the customer.

The findings show that in the Home Textiles Sector of the Textile Industry, effective logistics in terms of reduced logistics cost, high order fill rate, maintaining delivery schedules can lead to higher marketing and financial performance.

5.2.2. The Overall Effect of Logistics Effectiveness on Competitive Capabilities

A second outcome of this research is that Logistics Effectiveness as a dimension of Logistics Performance supports Competitive Capability in a positive manner. Very few studies in the supply chain and logistics literature have examined the relationship between Logistics Performance and Competitive Capability. Most of the studies have examined the relationship in the context of supply chain integration. Other studies establish a positive relationship between Logistics Capability and Competitive Advantage. Daugherty et al (2009) study the impact of marketing logistics effectiveness and information capability and find the relationship

The findings of a positive relationship between Logistics Effectiveness as a dimension of Logistics Performance in impacting Competitive Capabilities adds a new perspective to the literature on Logistics and Supply Chain Management.

It supports the contention that the dimension and antecedents of important constructs should be explored in supply chain research, once they are defined formally in the field for its further theoretical advancement (Durach et al 2015). The concept of competitive capability has been well defined in literature and is seen as in part of the Resource Based Theory (RBT).

The present research with its focus on a competitive capability approach, in order to leverage effective logistics, offers a valuable new perspective on how to achieve and sustain a competitive market position. While this research studies linkages between capabilities such as cost leadership, organisational flexibility and customer service, it attains more significance to understand how each of these variables can be distinctively utilised in the strategic framework making them unique and defensible enough to benefit organisational goals in the realm of customer satisfaction, market performance and financial realisations.

The Home textiles segment of the textile industry, which is the context of the present research, creatively innovates new combinations of existing materials, designs, patterns, structures, colours etc. to derive a novel product. This leads to further challenges translating these research efforts in to financial gains with an effective integration of physical distribution and other functional areas across the value chain. It is at this juncture where a shared understanding of the industry structure, the needs of the target customer segments, the positional advantages being sought, and the trends in the environment leads to an understanding of the choice of which of the capabilities to nurture and which investment commitments to make that would guide the strategy for success.

An outcome of this research is the positive linkage between Logistics Effectiveness as a dimension of Logistics Performance in expanding Competitive Capabilities. This finding demonstrates the processes by which resources like logistics can be transformed by organizations into delivering value for the customers by acquiring capabilities which contribute to competitive advantage.
5.2.3. The overall effect of Competitive Capabilities on Organizational Performance

The present research also finds a positive relationship between Competitive Capability and Organizational Performance and the findings are in line with the findings reported in extant literature.

The findings in this research are also on par with contemporary theoretical extensions of the Resource Based Theory (RBY) (Barney et al 2011) as a framework providing an explanation on how companies acquire competitive advantage.

Logistics Effectiveness has been isolated in this Research as a tangible resource available to the firms and it has been demonstrated that its application with the right capabilities can lead to higher levels of firm performance. This finding is in line with the contention that effective and efficient applications of resources is as important as possessing them. (Sermon et al 2007). In other words, the way in which resources are managed and deployed can create differential outcomes for organizations that possess comparable resources.

Our findings also support the view that logistics is a key strategic resource differentiator for acquiring sustainable comparative advantage. This is in line with previous works. (Michigan State University Global Logistics Team, MSU G LRT, 1995; Bowersox et al 1999; Lynch et al 2000; Kuo - change and Marlow 2005; Ding and Kam 2012.)

The findings of the present research show that the structural path for Competitive Capability and Organizational Performance is robust with a standardized regression weight of 0.47, 'p value' 0.01 suggesting a strong relationship.

Thus, the study shows that by acquiring the competitive capabilities of cost leadership, organizational flexibility and customer service, the Home Textiles firms can not only enhance their financial and marketing performance but also provide customer satisfaction.

5.3. Sub- Hypotheses

Apart from the main hypothesis mentioned above several sub- hypothesis were also tested to gain deeper insights into relationships between Logistics Effectiveness and each of the elements of Competitive Capabilities viz. Cost Leadership, Organizational Flexibility and Customer Service.
The relationship of Logistics Effectiveness is also examined with reference to the elements of Organizational Performance included in this study viz. Financial Performance, Marketing Performance, Customer Satisfaction. Similarly the relationship between each of the elements of Competitive Capability viz. Cost Leadership, Organizational Flexibility and Customer Service is examined with reference to the elements of Organizational Performance viz. Financial Performance, Marketing Performance, Customer Satisfaction.

The relationship between Competitive Capability at a generic level with each of the elements of Organizational Performance viz. Financial Performance, Marketing Performance, and Customer Satisfaction is also examined in this research in line with previous researches.

5.3.1. Logistics Effectiveness (LEF) is positively associated with Financial Performance (FNP)

In this research Logistics Effectiveness as a dimension of Logistics Performance has been isolated and it's relationship with organizational performance has been tested in terms of the component of financial performance and the relationship has been found to be significant.


Our research findings reinforces the argument recognizing logistics as a supply chain asset and a key strategic resource for acquiring sustainable competitive advantage. With increasing inflation and liquidity constraints firms are under pressure to improve productivity of resources including capital employed and to make the "assets sweat".( Gunasekaran et al 2004). The Research findings call for management decisions to deploy assets in an effective manner as it has been found to better financial performance and improved cash flows.

The home textile sector in India is a prototypical buyer-driven commodity chain because it generates a highly aggressive pattern of dealing with a variety of organizational channels in the domestic market, including cost-driven discount chains (Shoppers Stop, Big Bazaar), upscale branded marketers (Westside), home textile specialty stores (Home Town, Home Center), and
burgeoning private label programs among mass merchandise retailers (Reliance Mart). Therefore a consolidation of logistic activities and targeted development of effectiveness in logistics and supply chain operations enables the sector to bring jointly harmonized financial gains by providing a base for joint decision support and collaborative use of logistical performance in its entirety (the design, production, and marketing of a product).

The Home Textiles companies appear to be achieving this goal. Accordingly, the findings in this research support a positive relationship between Logistics Effectiveness as an important dimension of Logistics Performance and Financial Performance.

5.3.2. Logistics Effectiveness (LEF) is positively associated with Customer Satisfaction (CSN)

In the current research it is found that Logistics Effectiveness as a dimension of Logistics Performance does not have a significant relationship with Customer Satisfaction.

Customer Satisfaction has been viewed as an important dimension of non-financial performance measure and it use has rendered mixed results in the logistics and supply chain literature.

In the present research logistics effectiveness has not been found to be positively associated with customer satisfaction. However with the mediating impact of Competitive Capability like cost leadership, organizational flexibility and customer service, the association becomes positive. It is therefore necessary to not only ensure operational efficiencies but also strengthen them with what Stank et al (2003) term as relational performance. An ability to combine the delivery process with offerings of a variety of products, value packages and active response to customer concerns leads to higher levels of customer satisfaction. To this extent the study findings acknowledge the need to develop customized product lines and services as order winning combinations from satisfied customers.

The initial findings of Stank et al (1999) found strong support for the notion that operational component of performance (product availability, product condition, delivery reliability and delivery speed) influences customer satisfaction. They however found marginal support for the influence of the relational component of performance (communication and responsiveness) on customer satisfaction. In a subsequent study of third party logistics (3PL) industry, undertaken
in 2003, Stank et al., found support for the impact of the relational component of logistic service performance but not for the operational component on customer satisfaction.

A plausible explanation given by (Stank et al 2003) for the non-existence of a significant relationship between operational service performance and customer satisfaction is that basic operational service and cost performance are recognized as "order qualifiers" and not as "differentiators" in the eyes of the customers.

Considering the choices available to customers, it is quite clear that operational efficiencies may not be enough to provide a sustained level of engagement with them. Logistic resources need to be employed to not only deliver products but also experiences in terms of the joys of making the purchase to sustain the vital connect with the customer over long periods of time.

5.3.3. Logistics Effectiveness (LEF) is positively associated with Market Performance (MKP)

In this research Logistics Effectiveness as a dimension of Logistics Performance has been isolated and it's relationship with Market Performance as a component of Organizational Performance has been tested. The relationship has been found to be positive and significant. These findings are also in line with some of the findings reported in extant literature (Green et al (2008), Kheyrabadi and Hori (2015), Stank et al (2003)

The findings of a significant relationship between Logistics Effectiveness as an important dimension of Logistics Performance and Marketing Performance in terms of sales growth has important implications for trade and industry with "speed to market" becoming an important attribute of competitive advantage. In this scenario effective logistics arrangements in terms of delivery dependability and reliability, high levels of order fill rate become critical factors in reducing the time for market penetration thereby leading to gains in market share.

The study also empirically demonstrates that logistics effectiveness provides the valuable link in integrating the firm’s supplies with the downstream marketing channel (Juttner et al 2010)

Firms need to ensure that they are able to provide an assortment of product ordered (Tracey et al 2005) to the customers. They must also respond promptly to queries made by the customer on the status of their orders. Better integration with the customer and distribution partners also enhances market pressure leading to overall sales growth.
The Home Textiles sector in India is fast making a transition from mere assembly to providing full-package supply solutions and thus requires in large measure to establish close linkages with a diverse array of distribution channels (DCs) in buyer-driven chains. Higher market performance is also increasingly dependent on the forging of closer relationships with distribution partner through time compression, shorter end-to-end pipeline time and real time information network. The Home Textiles industry in India seems to be realising the growing need for aligning logistic needs with defined customer segments of the market place.

5.3.4. **Logistics Effectiveness (LEF) is positively associated with Cost Leadership (CLE)**

In the present research Logistics Effectiveness as a dimension of Logistics Performance is positively associated with cost leadership. Direct studies linking Logistics Effectiveness with cost leadership have been few and far between. Most of the studies have been however focussed on supply chain integration and its relationship with cost leadership. (Rosenzweig (2003), Feng et al (2012). The findings of this research are in line with the pioneer work undertaken by Hallgren et al (2011) on delivery capability and cost efficiency. The results showed that high levels of delivery capabilities significantly support the development of cost efficiency.

The goal of cost leadership strategy is to offer products or services at the lowest cost in the industry. The challenge of this strategy is to earn a suitable profit for the company, rather than operating at a loss and draining profitability from all market players. To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals. This spells the need for logistic excellence through effectively coordinating not just the transportation and distribution but also the work procedures involved in order to streamline operations and reduce cost.

In recent years, India has been experiencing a rapid expansion of retailing activity due to rising levels of consumption on account of availability of disposable income. Lifestyles are also undergoing a change and thereby impacting buying patterns. The domestic market for home textile products is growing rapidly even as growth in overseas markets are being sustained. However, a lack of standardization of sizes, product quality, inefficient distribution network are adding to costs. Further the weaving and processing sectors which serve as the backbone of the Home textile industry are characterized by low technology. Thus, production costs get impacted and the firms are under tremendous pressure to realize higher prices per unit of output. Considering these factors, managing logistics effectively reduces the transaction cost and cost
of operations. The sector is rapidly focusing on reducing the costs along with improving the overall logistic effectiveness in order to benefit from the paradigm shift seen in the sector from commodity-based trading to high value-added home textile products.

5.3.5. Logistics Effectiveness (LEF) is positively associated with Customer Service (CSE)

The result in the present research show that the relationship between Logistics Effectiveness as a dimension of Logistics Performance and Customer Service is positive and significant. As Gunasekaran et al (2004) point out in a modern supply chain, customer can reside next door or across the globe and in either case they must be served well. The findings of our research are in line with the findings reported in the literature (Pavlis et al 2012, Tilokavichai et al (2012).

Indian home textile sector is at the crossroads of rapid change in the business environment, constant breakthrough in information technology and higher customer expectations. The increased market share and reach of Indian Home Textiles to homes across the world bears testimony to the success of the country’s capabilities as a reliable manufacturer of distinct home products. This establishes the philosophy that Logistics Effectiveness can positively influence the level of customer engagement.

On the other hand, the recognition of the growing need to provide services customized or tailored to the buyer’s needs have persuaded some Indian home textile firms to ensure that the relevant services are provided in a consistent and reliable manner. By offering logistical services such as creation of value-added new and unique solutions or capturing value not previously offered (service faster than before) including after sales service in Indian home textile firms have been successful in responding to customer requirements thereby leading to enhancement of their overall performance.

5.3.6. Logistics Effectiveness (LEF) is positively associated with Organizational Flexibility (OFL)

The findings in this research indicate that the relationship between Logistics Effectiveness and Organizational Flexibility is significant. Hallgren et al (2011) also report that high levels of delivery capabilities significantly support flexibility capability.

Other significant studies in the logistics and supply chain management literature (Hosseini et al 2012, Ozdemir and Aslan 2011, Feng et al 2010, Hosseini Baharanchi 2009, Simchi Levi et
al 2003, Rosenzweig et al 2003) have focused on supply chain integration and organizational flexibility and found direct positive relationship between them. Direct positive influence of Supply Chain Integration on Organizational Flexibility has been reported.

The logistics challenge is that organizations need to become more responsive with high level of flexibility in delivery. The emphasis on continuous improvement in logistics service quality requires service improvement and tailoring services to specific customers in a timely and cost effective manner. Doing things differently from competitors and giving customers a unique mix of value and satisfaction, firms can achieve differential performance. Thus proactive planning in managing logistic effectiveness will increase the quality and reliability of the firms as well as result in reducing cost.

The respondents of this research – Indian home textile firms’ are realising the growing need to improve logistics effectiveness through service improvement and services tailored for specific customers to deliver customized products. Further the industry has developed the ability to practice flexibility in operations for servicing both small volumes and large quantity of orders of home textile products in a timely manner and at competitive costs leading to enhancement of organizational performance.

5.3.7. Competitive Capability (CC) is positively associated with Financial Performance (FNP)

The findings of this research show that Competitive Capability at an aggregate level has a significant relationship with Financial Performance. These results are in line with the major findings in the Literature. Mzoughi et al (2008), find that improvement in product quality can increase a firm’s profit margin and return on investment. Ozdemir and Aslan (2011) report that the regression model built between competitive capabilities and financial performance are found to be significant. Vickery et al (2003) also showed that competitive capability impacts financial performance directly and positively. These findings support the findings of this research.

Competitive capabilities and organizational processes are closely entwined as demonstrated in these research findings because it is the capability that catalyses the business activities of a firm in a manner that it achieves competitive advantage.
Firms in the Indian Home Textile sector have upscaled their integration efforts by forging backward and forward linkages with customers and suppliers. The idea is that choice and consumption pattern at the point of sale should be effectively reflected in the strategic goal sets of the firm and be further translated into effective operations. This has helped the firms deploy differentiators through adequate levels of strategic flexibility leading to attainment of cost leadership position and improvisations in the operational performance. Efficiencies in order procurement and deployment both have helped them optimize the resources used and marginalize costs involved leading to profitable operations and better financial performance. The linkages between a firms’ flexibility, cost leadership and financial performance have also led to higher organizational performance.

5.3.8. Competitive Capability (CC) is positively associated with Customer Satisfaction (CSN)

The findings in the present research show that the relationship between Competitive Capability at an aggregate level and Customer Satisfaction is significant. Capabilities of cost leadership combined with an ability to meet the requirements of the customers through supply of customized products and a sense of urgency and alacrity in responding to customer concerns leads to customer satisfaction.


Home textile products continue to compete in many ways across the global markets – be it product/market access, product attributes or perceived value offer linked with the products. Indian home textiles have gained wider acceptance in view of both flexibility in offer, quality and price attributes and the aesthetic values linked to the country’s traditional craftsmanship and making-up skills of the artisans. Customers have generally expressed higher level of satisfaction for these products owing to various capabilities relating to cost leadership, flexibility and customer service offered by the manufacturing firms. The customers are able to get the vendors to alter the shipment size, mix and match product lines and procure the items at comparatively lower prices than other suppliers.
5.3.9. **Competitive Capability (CC) is positively associated with Market Performance**

The findings in this Research show that Competitive Capabilities are positively related to Market Performance. These findings are in line with literature (Tracey 1999, 2005, Rosenzweig (2003), Ogazhi (2009), Hosseini et al (2012).

Marketing and Logistics & Supply Chain Management (L&SCM) build on the same strategic assets viz. customer and channel (or supply chain) relationships (Rust et al 2000). Consequently, utilizing these assets in a manner so as to confer differential outcomes requires capabilities to skillfully manage and deploy these strategic assets of the firm in the channels of distribution and marketing through which the consignments are routed to the eventual destination.

This study demonstrates that the supplier- distribution channel can be made to deliver greater value to customers if the capabilities of cost leadership, organizational flexibility and customer service are harnessed in an integrated manner. The study clearly brings out the fact that mere possession of resources like logistics alone is not enough but the strategic choices regarding their use would confer greater competitive advantage to firms. Skill management of resources in terms of speedy delivery, order fulfilment, response to customer queries all add to the market value growth and market performance. Some of the Home Textiles firms in India are strengthening their distribution channel by offering discounting value packs across the retails formats including use of electronic commerce platforms. This strengthens their market presence leading to higher sales and eventual growth in market share.

5.3.10. **Cost Leadership (CLE) is positively associated with Financial Performance (FNP)**

The present research finds a positive relationship between Cost Leadership and Financial Performance. These research findings are also in line with findings in the literature. Kim (2006) in his study of Japanese and Korean firms finds that cost leadership enhances financial performance. The home textile companies are striving to achieve low per unit cost for their products.

By product innovation and offering attractive value packs combining one or two items of utility the companies are trying to achieve cost leadership. Higher sales of these products generate additional resources and help manage the cash flow leading thereby to better financial performance.
Cost Leadership (CLE) is positively associated with Customer Satisfaction (CSN)

In this research a positive association between Cost Leadership and Customer Satisfaction is reported. These findings are in line with the findings of Tracey et al (1999, 2005) that "firms with high level of competitive capabilities specifically the ability to control pricing .... are high performing as measured by customer satisfaction". However, the studies undertaken by Rosenzweig et al (2003), Kim (2006), Swink et al (2007), Ozdemir and Aslan (2011), Hosseini et al (2012) suggests that cost leadership does not impact customer satisfaction.

Some of the respondent Home Textile companies included in the sample have succeeded in employing economies of scale and others are out sourcing some product lines. However all the companies are known to have taken advantage of technology, controlled overhead expenses and pursued high levels of operational efficiencies. These management initiatives have enabled them to pursue a cost leadership strategy towards achieving cost competitiveness in their operation.

Another important reason for this positive association between Cost leadership and Customer satisfaction is that the Home Textiles products are high volume standardized products and thus compete on price and hence the companies are focussed on cost efficiency. Further the companies in the Home Textiles sector also produce a large number of items and are able to take advantage of specialized equipment. This goes a long way in ensuring that more products are produced with less finance. The low cost strategy is centred on the capability of the company to produce and deliver products of competitive quality at lower costs.

Owing to these factors, it is observed that the Home Textiles companies are able to achieve cost competitiveness and leadership and hence satisfy their customers.

5.3.11. Cost Leadership (CLE) is positively associated with Market Performance (MKP)

The present research finds a positive relationship between Cost Leadership and Market Performance. It is in line with the work undertaken by Rosenzweig et al (2003) who reported that Cost Leadership capability improves Market Performance. The finding in the research is supported by Oghazi (2009) in their study of Swedish Companies who contend that by optimizing their cost structure, firms can offer competitive prices and enhance their market performance. Hosseini et al (2012) also state that their research shows that the cost leadership capability leads to an improvement of market performance.
On the other hand Swink et al (2007) in their study of different industries in North America state that cost leadership capability does not enhance market performance but actually weakens it. Ozdemir and Aslan (2011), also do not find a significant effect of cost leadership on market performance.

Cost leadership strategies have generally been viewed as supporting the viability of large firms owing to their ability to benefit from economies of scale and large volumes of production. However, smaller firms can also achieve cost leadership by keeping the operational costs low and the level of output per unit cost high. The home textile companies are striving to achieve cost leadership by both managing cost and by increasing the value for the customers by bundling services. For example some of the Home Textile Companies are known to bundle free pillow cases with standard bed linen as to attract price conscious customers. Another aspect of maintaining cost leadership in the home textile sector is by offering “value packs”. For instance utility items in the kitchen linen range are sold in sets in order to garner value for money. Some of these schemes have succeeded in attracting customers thereby improving the market performance of the home textile manufacturers.

5.3.12. Customer Service (CSE) is positively associated with Financial Performance (FNP)

In this research, the findings support a positive relationship between customer service and financial performance. These findings are also in line with the major studies reported in the literature.


Tilokavichai et al (2012), in their study of firms in Thailand find that customer service performance has a positive association with financial performance. It is clear that improved customer service will increase financial performance because firms will be able to retain old customers and attract new customers which will give a boost to total sales.
The role of customer service has grown in importance as businesses seek to increase their sales and reach across markets. The realization that a satisfied and engaged customer can contribute to the financial performance of the company through loyalty, repeated purchase has led to companies ensuring quality of their products and delivery and also providing them value for money.

For the discerning home textile consumer, the ‘new luxury’ is all about unique experiences, possessing eco-credentials and deriving status and pleasure from redecorating the living room or enjoying a Spa at home. Thanks to increasing disposable incomes… consumers of home decorations and textiles products are increasingly spending a sizeable portion of their disposable income on home goods. As trend conscious consumers, they are translating their identity into home decoration products with their increasingly sophisticated taste and demonstrate this exquisite taste to visitors. Part of this trend includes an awareness and appreciation of the core values of the product: its design, materials and techniques and increase in referral purchases of such products.

On the other hand, while businesses have long known that customer-centricity is vital, they are now better able to understand the financial ramifications of their customer service strategies. It is cheaper to service and retain a customer versus acquiring and adding a new one. Profit margins on customer service programs are higher than those on product selling. Retained customers make up a significant component of revenue streams. Referrals are a big source of revenue.

To summarize all of the above attributes, home textile firms that are able to attain higher customer satisfaction level and have created loyalty for their products are able to extract premium prices. They have also been able to retain their customer base and by providing quality and value to customers by supplying customized product lines to them, they are also able to enhance overall revenue growth.

5.3.13. Customer Service (CSE) is positively associated with Customer Satisfaction (CSN)

In today’s day and age a serviced customer is a satisfied customer. The findings in this research suggest that Customer Service is positively associated with Customer Satisfaction. Investing resources to improve level of customer service by enhancing product quality and responding to customer concerns in an effective manner leads to high level of customer satisfaction.
A reading of the literature shows mixed results with some studies like Kim (2006), Swink et al (2007) and Ho et al (2016) reporting a positive relationship. Others like Ozdemir and Aslan (2011) do not find a significant relationship. The findings of this research are in line with the results reported by Kim (2006), Swink et al (2007) and Ho et al (2016).

Service refers to offers made by a person or a firm or any other entity to carry out an act or perform a duty with or without exchange of money for pleasure without conferring ownership. Satisfaction could be the pleasure derived by someone from the consumption of goods or services offered by another person or group of people; or it can be the state of being happy with a situation.

Customer Satisfaction in the context of this research has been understood as an overall post-purchase evaluation by the customer of the level / extent and quality of customer service received. Home textile customers do not want to be seen as just ordinary buyers of utilities and, therefore, they create their own ‘brand identity’. These identities do not toe the line with individual buying patterns. For instance, growing prosperity and the abundance of choice in retail formats and on the internet give people more freedom to demand their own choice of products and affiliated services bundled with these products. The individual choices can be experienced and enjoyed alone, but can also be shared with others via social networks. The home textile companies are striving to provide customized solutions in an integrated manner to retain the loyalty of the customers.

5.3.14. Customer Service (CSE) is positively associated with Market Performance (MKP)

The findings in this research show that Customer Service positively affects Market Performance. A study of the literature indicates mixed results. In the home textile sector the companies have recognized the need to engage the customers with new product lines in terms of pricing, offering value packs and attractive packaging.

A mechanism for redressal of complaints on quality, delivery and packaging has also been put in place. Feedback from customers is also being regularly solicited. All these activities make the firms responsive to customer needs leading to higher sales and improved market performance.

Considering the works of Swink et al (2007), Kim (2006, 2009), Oghazi (2009) it can be discerned that customer service capability enhances market performance. However the study
in Tunisia by Mzoughi et al (2008) found that market performance was not effected by customer service. Ozdemir and Aslan (2011) in their study of Turkish SME's did not discern any significant effect of customer service capability on market performance.

It has been widely understood that good service increases the customer base, builds loyalty and patronage amongst existing customers and also reduces the cost on account of attracting them through special promotion programmes. Loyal customers with their repeated purchases and referrals contribute to building the brand values of the product, realization of premium prices. This also leads to increase in market share as the products gain wider market presence and acceptance of output.

5.3.15. Organizational Flexibility (OFL) is positively associated with Financial Performance (FNP)

In this research, Organizational Flexibility is having a positive association with Financial Performance.

A survey of the literature shows mixed results. The study undertaken by Kim (2006) does not show a relationship between differentiation capability (also termed as flexibility capability) and financial performance. Hosseini et al (2012) also do not find a positive effect of differentiation/ flexibility on financial performance.

On the other hand, Ozdemir and Aslan (2011) report that Flexibility Capability has a significant effect on Financial Performance.

Flexibility is a wide concept and it’s meaning varies from one context to another. When an organization is flexible, it is capable of multiple responses to its environment. In sectors like Home Textiles, flexibility relates to the ability to produce innovative products by combining different fibres or including new features in existing products etc. This ability to introduce or design products or respond to customers’ expectations leads to enhanced financial performance as customers are able to select from different choices and also order customized products which often command higher prices.

The Home Textiles industry also uses various designs, motifs, and a variety of fibres and fabrics depending on demand in various geographies and markets. For example products like “Khangas”, “Kitangas” – printed fabrics used by African Men and Women as head gear and
dress are typical products in India commanding high market presence in African markets. These are specialized products consisting of large and floral prints and Indian manufacturers offer them as premium product to the African markets. The flexibility to produce these items has led to firms specializing in their production and thereby ensuring high financial gains. The ability to offer variety of products and flexibility in operations enables manufacturers to select the right product for the right markets and maintain cost efficiencies. By doing so the companies are also able to generate higher revenue from their sales and generate higher cash flow.

5.3.16. **Organizational Flexibility (OFL) is positively associated with Customer Satisfaction (CSN)**

In this research a significant relationship has been established between Organizational Flexibility and Customer Satisfaction which finds support in the Kim (2006) study.

In their study of Korean and Japanese companies, Kim (2006) show that Differentiation/ Organizational Flexibility have a positive impact on Customer Satisfaction. However in contrast to Kim (2006), Ozdemir and Aslan (2011), and Hosseini (2012) do not find any positive relationship between organizational flexibility and customer satisfaction.

Customer satisfaction is built around companies’ ability to maintain superior standard for their services and products, which in turn is a prerequisite for the flexibility of the company. In turn, organisational flexibility is a major requirement that can provide firms with the potential to match their capacity with the functional and emotional changes in the product / service attributes customers are looking for.

Home textile manufacturers are, striving to create emotional bond with their customers by weaving a storyline around their product on the basis of the material used (luxury cotton) makers (human interest stories / CSR aspects and meanings (motifs, geographical indicators). Home products are no more being seen as serving a utilitarian function, but are becoming lifestyle products giving customers a sense of well-being. Therefore, home products are becoming functional, while appealing to the senses as well. In this context, a differentiation/flexibility strategy enhances customer satisfaction, resulting in a higher percentage of repeat purchases because it addresses the unique needs of every customer segment.
5.3.17. Organizational Flexibility (OFL) is positively associated with Market Performance ((MKP))

The findings of the present study shows a positive effect of Organizational Flexibility on Market Performance. A survey of the literature shows that the findings of this research corroborate findings by other scholar.


An important attribute of organizational flexibility is to deliver goods as per the requirement of the customers. At the same time, providing value added services in terms of order-handling and packaging enhance the value of the product in the market place.

Firms in the Home textile sector in India have acquired the skill to customize products for delivery to discerning customers. Product packaging has also been improved and concepts like “bed in a bag” have been introduced. Regular efforts to develop novelty in the sector are under way combining it with attractive packaging, to give customers a good feel. Thus not only retaining the market presence by higher sales but also increasing the market share over time.

5.4 Conclusion

In this Chapter, we have discussed the implications of the results and findings in the earlier chapter.

We have tried to understand why these results were obtained by reflecting on the three constructs used in the Research viz. Logistic Effectiveness, Competitive Capability and Organizational Performance. We also tried to understand how logistics effectiveness enhances organizational performance with the interplay of competitive capability both at the aggregate and individual levels. The discussions provide us insights about the implications of the results which have emerged from the data analysis.

An important insight is that firms need to deploy the logistic function by constantly remaining price competitive, deliver not only quality products but also customizing them as per the needs
of the customers. Greater attention to providing value added services in handling orders and packaging can lead to higher levels of customer service and can bring greater comfort and satisfaction to the customers. Cost leadership remains a major factor for improving competitive capability in the Home Textile firms. Considering that bulk of production is still standardized these firms should constantly strive to achieve cost leadership in order to gain a competitive advantage to improve organizational performance.

The recognition that logistics and supply chain resources can be revitalized by developing capabilities to deploy them effectively has important implications for theory. The findings also have implications for practice as managers need to develop skills to leverage logistic resources effectively to gain competitive advantage. These aspects along with the limitations of the study and future areas of Research are discussed in the next chapter.

The relationship between Logistic Effectiveness and competitive capability is found to be significant with all the three observed variables of cost leadership, organisational flexibility and customer service indicating that logistic resources can be leveraged by developing capabilities and deploying them in a manner so as to attain competitive advantage.

The relationship between competitive capability and organisational performance was also found to be robust suggesting that deploying capabilities of cost leadership, organizational flexibility and customer service can lead to enhanced organizational performance in terms of improved financial and marketing performance and customer satisfaction.

The proposed model was also compared with rival models by removing the links between the variables to arrive at different models. It was observed that the proposed model was acceptable in terms of model fit and statistically significant relationships.

*****