In today’s competitive world, as businesses including value added sectors in the textile industry like Home textiles, seek to excel in performance, effectively managing the logistics can lead to developing new competencies for achieving cost leadership and differentiation strategies. Logistics management no longer remains an operational or tactical concern. The manufacturing sector in India can immensely benefit from recognizing the attributes of logistics performance in leveraging competitive capability, as it moves from a traditional back room function to a strategic board room function.

In view of the complexity and the challenges associated with the Indian textile sector, there is a need to develop a greater understanding of how far does logistic performance, as understood in terms of logistic effectiveness influence the performance of textile organizations, as a key strategic differentiator in the overall supply chain.

This Research aims to present a theoretical conceptual model for evaluation of logistics performance in Indian manufacturing enterprises in the Textile sector. Towards this end, this research proposes a logistics performance model that incorporates Logistics Effectiveness as a focal construct and Competitive Capability as an antecedent of Organizational Performance.

Does such a focus on logistics performance and competitive capability result in improved organizational performance? The present study ties the benefits and rationale for recognizing logistics performance as an asset of strategic value to be leveraged by developing capabilities to deploy them as envisaged by the Resource Based Theory (RBT) of the organization. To this extent it reinforces the belief that by focusing on the strategic aspects of their businesses, organizations can gain competitive advantage and improve their overall business performance.

Data from 113 respondents representing 63 manufacturing units in the Home Textiles sector are analyzed using structural equation modelling methodology. Further in order to validate the main findings in the Research arrived at on the basis of subjective assessment method, viz. measuring the perceptions of the respondents through a survey instrument, post - facto objective assessment method placing reliance on secondary source of data like Annual Reports and filings with the Bombay Stock Exchange (BSE) was also invoked.

The findings of this study show that managers need to understand that the limited resources available to organizations need to be deployed in a manner as to enhance competitive capability. ‘Assets need to be made to sweat’ as they would lead to higher financial gains. The results of the objective assessment also confirm a positive relationship between factors like sales growth used as proxy for Logistics Performance and Return on Asset used as a measure of organizational performance, thereby further validating the positive relationship between logistics performance and organizational performance.

The results indicate that logistics performance positively impacts organizational performance in manufacturing enterprises. The Research also reports that performance in enterprises can be enhanced with the introduction of other explanatory variables like competitive capabilities. The insights emerging from the analysis are reported along with a set of recommendations.

Keywords: Logistics Performance, Competitive Capability, Organizational Performance, Textile Industry.

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