

# Review of Reverse Logistic Practices in Modern Companies

Kathure. F.<sup>1</sup>, Arani. PhD<sup>2</sup>

<sup>1</sup>Gretsa University, Kenya

<sup>2</sup>Multimedia University, Kenya

**Abstract:** Over the last decade reverse logistics has received growing attention given the convergence several situations. On the other hand, there is a genuine concern about environmental matters and sustainability of the intended development from the entire process. Most manufacturing industries are currently facing challenges in complying with the regulatory requirements from the regulatory bodies (Alfred Eshikhati & of Nairobi, 2014). The cost of non-compliance with the environmental requirements could attract great expenses as well as time consumption. Reverse logistics is perceived to enhance and promote customer loyalty and service, trust on company's products, recovery of asset value faster and achievement of a sustainable objectives and goals. Reverse Logistics (RL) aims at improving product, enhances stakeholder's relationship customer satisfaction and motivation and sustainability. A number of studies reveals the impacts of adoption of various RL practices with none showing specifically the effects of reuse, remanufacture and RL practices on performance of manufacturing firms in modern companies especially in Kenya.

## I. INTRODUCTION

Reverse logistics is "the process of moving goods from their typical final destination for the purpose of capturing value, Remanufacturing, refurbishing activities, all activities after the sale of the product and proper disposal being sensitive on the clean and safe environmental matters and sustainability. According to (Biswas, 2018) RL practices refers to the procedure of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from origin with an aim accruing value and or proper disposal. Product remanufacturing involves; first collection from the typical final destination, assessment and repair or reconstruction of the products including rebranding, replacement of the dysfunctional part to restore their use. Remanufacture occurs if there are limited possibilities of reuse of the items or not. Proper management of remanufacturing practices creates perfect and profitable opportunity and realization of value that would go into loss (Alfred Eshikhati & of Nairobi, 2014).

## II. REVIEW METHODOLOGY

*Study Concept:* Reverse Logistics in modern setting.

*Study Context:* The systematic review context focused on reverse logistics and specifically in modern companies' settings. The review context is of the African continent where companies have taken the opportunities in

developing African countries. The study defines reverse logistics and processes involved in the reverse logistics. Studies in any other language than English does not meet the selection criteria of this review.

*Review Sources:* This review focused on systematic review of studies and literature within the study context where applicable including primary studies, observational studies and secondary studies like scoping, meta-analysis reviews, integrative reviews, systematic review, rapid reviews, narrative reviews, critical reviews and Dissertations.

### *Search Strategy*

The review adopted a search approach relevant to RL and other publications available within the review scope. The approach identified a comprehensive list of search items from various recognized sources. The search terms focused on concepts including process of reverse logistics, components and challenges affecting reverse logistics in Africa. Other sources included electronic databases sources within ten years like: Medline, Google Scholar, Pub-Med, Hinari & Cochrane Library.

### *Eligible Studies and Information selection*

Relevant studies from the search outcomes were imported into Mendeley software that is a studies reference management, the review process involved stages; First, screening which included identification of main authors and study titles from the relevant studies. Bibliographic data and abstract content were collected and analyzed using a review form by the author. Secondly the studies which met the selection criteria were further reviewed by at least two different reviewers for all the selected appropriate studies. There was frequent meeting to discuss the different views from the reviewers and a third party would be involved when a need be. Any study perceived to be a duplicate was dropped

### *Data Extraction*

A standard template form was adopted to record and extract key information and data from the selected studies. The template included captured useful information including study bibliography and study title or objective and key findings in line reverse logistics management in modern companies/industries.

### *Why Scoping Review*

The reason for conduct scoping reviews instead of other types of reviews such as systematic reviews was informed by the review purpose which is to map scope of existing body of literature, synthesis evidence available, identify knowledge gaps, and clarify study concepts for the study [and source of evidence]. These will form the basis for identifying new knowledge generated and interpretation thereof to inform practice and policy implications. Therefore, this literature review approach fits the purpose of my study greater than the other approaches, hence the choice.

## III. LITERATURE REVIEW

### *The concept of reverse logistics management*

RL is a key area especially in modern business world for attracting new opportunities of organizations and retaining the current market. RL strategy in supply chain management importance is not felt in macro business (Biswas, 2018).

It is considered as the return flow of products consumed that should go to a recycling process. A company product lifecycle continues even after the product is in its useful life the involved need to be familiar with reverse logistics: that is the process of not only ensuring that the products gets to the consumers but also the calling and returning it or remains to the manufacture. The main focus in Reverse logistics are: product update, material recovery, reuse and waste management (Biswas, 2018).

The main aims of RL is planning, operating and controlling return of products and goods after sale (Andrade et al., 2013). Many companies have not realized the importance of RL towards consumer satisfaction and environment sustainability among value recovery from the remains of used products. A number of firms and companies re-putting resources in adoption and utilization of RL Strategy and systems. These firms have perceived the RL benefits including reducing production costs, increasing revenues generation and customer satisfaction service and withstand market competition. (Biswas, 2018). The success of any business is determined by its response to both the factors within the organizations either external and internal factors striving to remain relevant within the businesses competition. To remain relevant and true to companies achieve business objectives companies must respond to increasing demands from customers for green products, comply with the environmental regulations and implement responsible environmental plans to portray good corporate citizenship (Andrade et al., 2013).

### *Practices of Reverse Logistics*

Practices under products recycling are composed of the taking back used products or by products to the final manufacturer and suppliers for re-use conversion to new products, organizing new market strategies and incentives, development and implementation of well detailed policies on recycling,

consumer mobilization sensitization and awareness creation on the need and importance of RL practices in environmental sustainability and customer satisfaction (Laosirihongthong et al., 2013).

For an effective Reverse Logistic, there need to have a Reverse Logistics team that is accountable for all the reverse logistics activities. This team should comprise of the top management and expertise personnel who can be accountable for all reverse logistic activities of the organization (S G, 2017). This team should have all the rights to make decisions at any point and set a management system to track all the activities end to end of a reverse logistics (Andrade et al., 2013). Also, the customers should be able to keep track of their products at various stages of the process. For effective reverse logistics the following should available:

- Customer support team for tracking returns for customers to understand channel of their product flow through the reverse supply chain.
- Develop satisfactory policies and guidelines regarding the return of products.
- Create an option of outsourcing the functions to third parties.

### *Significance of Reverse logistics in modern companies*

RL is important in companies products value recovery, saving company resources and environmental sustainability and waste management resources. This in return increases the overall companies returns and proves the companies commitments in being consumer sensitive and environmental protection champions (Journal, Business, & Studies, 2011).

The relevant government regulatory bodies and agencies have policies and provisions of standards in relation to environmental management and waste management to control the companies behaviors promoting these companies level of environmental concern among green production. Increased commodities and products demand increases the production rates and the rate of waste generation including E-waste, consumable product related waste just to mention few. Therefore, RL aims at decreasing waste impacts environmental by providing an alternative waste management (Journal et al., 2011).

Value recovery from the products returned to the company and reuse of materials in recycling process reduces the production cost hence saving companies resources and lowering the products prices in the spirit of market competition.

RL process has been considered towards promotion of Customer Loyalty through the company commitments and closeness to its customers in after sale activities has this portrays the company concern to serve its customers

Promotion of a corporate image: current business companies are dependent on reverse logistics for corporate citizenship promotion. When such companies adopt this, they achieve

good marketing platforms and incentives for product brand value increase.

Reverse logistics is also seen to promote the improvement of the level of customer services by adding value to products for relationship support or giving services that promote environment conservation.

#### *Barriers of Reverse Logistics*

In most instances there has been gaps in commitment and involvement of RL approach in the supply chain and lack of supportive literature and information to inform efficiency of RL processes in the mist of weak or no clear legislation, poor policies and lack of systems for incompliance monitoring among companies and lack of appropriate mitigation measures(S G, 2017).

Companies have very little or no concern on RL strategies in terms of resource allocation and trainings with very few organization heads paying attention on RL practices(Kaynak, Koçoğlu, & Akgün, 2014). According to Shibao et al. (2010) RL practices and strategies are dysfunctional because of lack of indicators to determine the impacts of RL on company performances and especially the measurement of cost-benefit of functional RL strategy. Absence of these key matrices remains to be a key barrier.(Biswas, 2018).Another key missing aspect is the value assessment of the product status during the return time to the manufacturer, product mapping indicators and the standards return path. (Vaz, Grabot, Maldonado, & Selig, 2013). The absence of internal policies due to little familiarization of employees, reduced knowledge that has no respect for its importance, and the unknown turnaround time of the products.

The lack of clear defined differentiation and specialization in reference to company management roles and responsibilities on RL processes has resulted to a number of problems in company's performance and the supply chain(Andrade et al., 2013).Company's Cultural way of dealing with its issues and operations also affects RL practices and RL strategy adoption has if no or insufficient funds are provided for RL practices and this affects the entire process

#### *Challenges in Reverse logistics*

Reverse logistic management is seen to play a key role in almost the entire manufacturing sector. However, it is faced by a number of challenges including high rates of chances of the product and brand deterioration affecting the return duration (Biswas, 2018). It also reduces the period for reconditioning and repackaging of the Company product. Many of the companies too have poor or missing feedback mechanisms which lead to incompetence in reverse logistics without tracking the real issues affecting the reverse logistics. There are also multi channels for the return of the product which causes a difference in prices. Reverse logistics is also greatly affected by retailer manufacturers conflict has no framework for RL practices. Common disagreement between the retailer and the manufacturer range from, Condition or

status of the products, assessment of the Value of the item/products, and duration of response (Biswas, 2018).

When a retailer returns a product to the manufacturer, there is always the belief that the product is in good condition which may not be the case since defectiveness could occur during transit. In other cases, suspicion may arise since the manufacturer may sense some abuse of the return privileges. There must be agreement also on the product value on return, contrary to expectations since the retailer may expect the initial product value for the return which may not be the case with the manufacturer resulting to conflicts between the two(Brito, 2018).

#### IV. CONCLUSION

It can be concluded from the reviews conducted that the manufacturing sector in most of the modern companies are adopting the reverse logistics practices to significant levels. These practices are intended to bring varied effects on the financial, market and overall performance of the firms. Ultimately, enhanced organisational overall performance upon adoption and utilization of RL practices including remanufacture and recycling of products and their by-products. Many of the studies reviewed proof an existence of an association between implementation of RL practices and performance (Alfred Eshikhati & of Nairobi, 2014).

#### V. RECOMMENDATIONS

There is great need for all players in any modern company to be involved in adopting, implementation and planning of RL practices and strategies and especially members of the production and distribution chain and work together to get the full benefits of RL practices. Companies have to develop evidence-based policies framework and procedures for item value assessment, indicators for cost benefits and monitoring of the environmental sustainably. Up to date information relevant to RL practices is important in informing the policy makers on the best practices in relation to RL including waste management to remain relevant to environmental concern. Equally, there is great need for specialized monitoring systems for company compliance and products mapping to easy return process and promote company compliance to the set standards in relation to compelling them to adhere to the regulations and provisions provided in the law in relation to reverse logistics

#### ACKNOWLEDGEMENT

The authors wish to acknowledge the contribution and support from Jomo Kenyatta University for the support in the entire study process. I wish also to acknowledge GRETSA University for all the help accorded.

#### COMPETING INTEREST

Authors confirms no known competing interest in this study.

## REFERENCES

- [1] Alfred Eshikhati, M., & of Nairobi, U. (2014). *Relationship Between Reverse Logistics Practices and Organizational Performance of Manufacturing Firms in Kenya By Alfred Eshikhati Muttimos a Research Project Report Submitted in Partial Fulfilment of the Requirements for the Award of the Degree of Master of Business Administration.*
- [2] Andrade, R. P., Lucato, W. C., Vanalle, R. M., Vieira Junior mvieirajr, M., Uninove, uninovebr, Francisco Matarazzo, A., ... Paulo, S. (2013). *Reverse Logistics and Competitiveness: a Brief Review of This Relationship.* 1–10. Retrieved from <https://www.pomsmeetings.org/confpapers/043/043-0068.pdf>
- [3] Biswas, C. (2018). *Scholarship at UWindsor Efficiency Improvement in Reverse Logistics and Examining the Relationships between Refund , Return Policy , Quality Policy and Pricing Strategy in E-Commerce Business . Efficiency Improvement in Reverse Logistics and Examining the Relationships between Refund , Return Policy , Quality Policy and Pricing Strategy in E-Commerce Business . By.*
- [4] Brito, M. P. De. (2018). *M A R I S A P . D E B R I T O Managing Reverse Logistics or Reversing Logistics Management ?* (January 2004).
- [5] Journal, I., Business, O. F., & Studies, M. (2011). the Importance of Reverse Logistics. *International Journal of Business and Management Studies*, 3(1), 161–171.
- [6] Kaynak, R., Koçoğlu, İ., & Akgün, A. E. (2014). The Role of Reverse Logistics in the Concept of Logistics Centers. *Procedia - Social and Behavioral Sciences*, 109, 438–442. <https://doi.org/10.1016/j.sbspro.2013.12.487>
- [7] S G, V. K. (2017). Best Practices for Reverse Logistics Management. *SSRN Electronic Journal*, 1(I), 2015–2017. <https://doi.org/10.2139/ssrn.2973336>
- [8] Vaz, C. R., Grabot, B., Maldonado, M. U., & Selig, P. M. (2013). Some reasons to implement reverse logistics in companies. *International Journal of Environmental Technology and Management*, 16(5–6), 467–479. <https://doi.org/10.1504/IJETM.2013.059447>