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Future of Logistics Management in the Process of Globalization

Pavel Ceniga^{a*}, Viera Sukalova^b

^aUniversity of Zilina, Faculty of Operation and Economics of Transport and Communications, Department of Economics, Univerzitna 8215/1, 010 26 Zilina, Slovakia

^bUniversity of Zilina, Faculty of Operation and Economics of Transport and Communications, Department of Economics, Univerzitna 8215/1, 010 26 Zilina, Slovakia

Abstract

The paper deals with ecological future development trends and highlights the interest of the business professionals and partners on sustainability in logistics management, assuming that economic needs, customer requirements and regulatory measures will also drive towards sustainability. Sustainable development of logistics in the coming years will most likely formed by seven key developments. Required forecasts contained in this article are based on the assumption that the current trend towards sustainability will continue and logistics service providers will seek to incorporate principles of sustainability into their business models and transactions.

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1. Introduction

In today's complex societies, sustainability relates to the actions of individuals or stakeholder groups in dynamic political, social or ecological systems. Such systems are characterized by a large number of influencing factors, which often do not show linear behaviour. As a result, there are extreme states in these systems, accompanied by strong system destabilization and high risk. A simple example that demonstrates this phenomenon is road traffic: at a certain traffic density, rather than a proportional slowdown of traffic, the extreme state of congestion and standstill occurs. The concept of a sustainability-oriented society is not only characterized by the quest for prosperity, progress and social participation by all, without detrimentally exploiting natural resources. According to Gourdin

* doc. Ing. Pavel Ceniga, PhD., Tel.: +421-41-5133-218.
E-mail address: pavel.ceniga@fpedas.uniza.sk

(2006), it is also a society that neither creates nor knowingly accepts risks that threaten its existence or that of future generations. The logistics industry already started to take sustainability into account some years ago. This shift was further reinforced by additional trends impacting the main stakeholder groups. These include an increasing awareness of environmental issues within society, resulting in greater demand for green, the rising importance of economic drivers of sustainability, as well as growing political action and regulation in this direction. While the world is still struggling to agree on concerted action and on a comprehensive approach to combat climate change globally, numerous regulatory measures aiming to limit the carbon emissions of transport, have been and are being implemented around the world. Regulation has become an important factor and will remain a crucial driver for promoting a greener logistics industry (Pernica, 2004).

2. The role of Logistics in the Economy, Organization in the process of Globalisation

In the highly interconnected world in which we live, where the next shopping bargain or international business opportunity may be just a few clicks away, the transport and logistics sector plays an increasingly important role. Logistics and transportation companies not only facilitate the sourcing of raw materials and supplies, they are also crucial when it comes to assembling and warehousing products, and in getting the finished goods to market. Logistics connects people and markets through a physical network that is just as important as the virtual network of the internet. It makes the global distribution of the latest “must have” gadget possible within a precise time window, as well as enabling the specialized transport of life-saving vaccines and medicines to field hospitals in remote locations. Logistics is a key driver of economic growth, wealth creation and jobs. In terms of its direct contribution to the economy, logistics and express services account for around 9 % of global GDP. In the European Union alone, the logistics sector generated revenues of € 1 trillion in 2009, or around 10 % of European GDP. At the same time, the transport and logistics sector creates growing employment opportunities worldwide. In Germany, for example, around 2.6 million people are employed in the logistics industry (around 7 % of the national workforce) (Ballou, 2006).

Kille and Schwemmer (2014) describe, that the logistics sector has been shaped in recent years by the spread of globalisation. As a result of this development, the average length of transport distances has been growing longer and longer. In addition, logistics companies have been forced to follow customers who have employed offshoring strategies - that is, the relocation of production to far-off low-wage countries. In this process, the necessary route potential must be created. In addition, strategic, operational and legal issues are becoming increasingly complex. Actions like the European Union's enlargement to the east are adding fuel to this development. Particularly in the transport sector, longer transport distances and times are being created. In Eastern Europe, the sometimes poor infrastructure and service culture pose their own special challenges for transport companies - e.g., in the form of difficult customs clearing. The overall risk associated with a transport is growing. The changed geographic market structures are also forcing logistics-service providers to rethink their network strategies. Today, relocations from major logistics and transshipping centres in the Benelux countries to destinations in the east are already being undertaken. As globalization spreads and competitive pressure grows with it, companies will also face demanding business-related requirements. According to Kliestik (2013) flexibility and the ability to respond promptly and flexibility to changes become a huge competitive asset. Only those companies that are able to fulfil given requirements have a chance to survive. They will have to avoid empty runs, to design schedules as efficiently as possible and to minimize transshipping frequency and times as well as personnel costs and damage to goods. All operational planning must be optimized, inventories reduced and administrative costs cut as much as possible. Amid all of this, the needs of customers must always be met - e.g., in terms of on-time service, delivery reliability, degree of service, low pricing, short order-processing times, flexibility, availability, capacity utilization and productivity. In recent years, the share of empty runs in long-distance shipping has been lowered by about 10 percent. Furthermore, concerns about the environment have been growing for years now - and, in the process, an increasing aversion to environmentally damaging road transports has emerged. As a result, somewhat forgotten means of transport like inland waterway shipments are becoming increasingly attractive.

2.1 The Importance of a Sustainable Approach

Having contributed significantly to economic growth, increased employment and the creation of a global marketplace, according to Erhart et al. (2010), the logistics sector must now equally understand its responsibility for

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