

LOGISTICS OUTSOURCING: A STRATEGY FOR OPERATIONAL PERFORMANCE OF THE SHIPPING INDUSTRY IN NIGERIA

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PREAMBLE

Outsourcing of logistics services is one of the strategies which is becoming very common with many organizations today. Outsourcing is a popular practice in business whereby organizations move some of a company's internal activities and decision responsibilities to outside providers thus enhance their productivity in their operations and service delivery.

I. INTRODUCTION

Outsourcing of logistics services is one of the strategies that have become quite common with several organizations nowadays. Outsourcing could be a well-liked apply in business whereby organizations move a number of a firm's internal activities and call responsibilities to outside suppliers therefore enhance their productivity in their operations and repair delivery, (Chase, 2004). Logistics outsourcing practices embrace info management, transportation management, warehouse management, material handling management and inventory management (Forslund, 2012). The extremely competitive environments in conjunction with customers' demands for tailored merchandise and services has forced firms to ceaselessly judge, improve and reengineer their operations. nowadays organizations most important demands would be, maximizing logistics value by reducing business cost and lead time, rising service flexibility, responsiveness and responsibility (Lee & Song, 2015).

Operational performance improvement has been achieved by organizations that square measure exploitation logistics service providers within their operations as it's become one in all the main strategies that firms are adapting to stay competitive in the current dynamic surroundings. House & Stank, (2001), third-party logistics providers will facilitate a firm come through substantial ends up in its operational performance. As per (Muller, 1991) associate in nursing improvement within the delivery process, ensuing from the outsourcing process, may contribute towards competitive benefits, as contributed by the merchandise. Logistics outsourcing resulted in operational performance improvement through; decreased operating costs, improved client satisfaction, hyperbolic productivity, timely delivery of services to customer's, reduced lead time and improved profits, quicker response to customer's demands and use of contemporary technology in providing services (Mulama, 2012).

Outsourcing all or a part of logistics function in a logistical supply chain to logistics service providers has currently become the norm across the trade.

1.1 Concept of Logistics

Logistics is responsible for the movement of all materials into and out of the organization. An organization has to make good decision in several related areas to get an efficient flow of cargo for example, choose reliable suppliers negotiate terms for delivery use appropriate transport, storage etc (Qureshi, Dinesh, & Pradeep 2007). The institute of logistics and transport views this idea because the time connected positioning of resources or the strategic management of the whole supply chain. nowadays a company most frequently can contract with firms that concentrate on logistics to handle all or most of its logistics functions, for the transportation firms usually square measure known as third party logistics companies. Within the face of more and more intense competition in the rising world economy, several companies square measure more and more turning to outsourcing of their logistics function.

1.2 The Phenomenon of Outsourcing

“Outsourcing wasn't formally known as a business strategy till 1989 (Mullin, 1996). However, most organizations weren't whole self-sufficient; they outsourced those functions that that they had no ability internally” (Handfield, 2006).

Outsourcing is the acquiring of components or services from outside sources rather than producing in-house. The principal company only focuses on core matters necessary for survival and growth. (Mohiuddin and Su, 2013b)

Within the literature over the years, there has evolved many definitions of what outsourcing is, however Associate in Nursing unambiguous definition of the conception remains not settled. In Johnson, Whittington, Scholes, Angwin & Regner's book, “Exploring Strategy” tenth edition, p. 235, the definition of outsourcing is as follows;

“Outsourcing is the process by which activities previously carried out internally are subcontracted to external suppliers”.

Kern (2002) offers an additional elaborate definition:

"A process whereby the company decides to sell or move the company's Assets, people and / or activities to a third-party vendor that supplies complex services back for an agreed sum over an agreed period of time".

1.2.1 Outsourcing Strategies

Outsourcing logistics will profit the companies by reducing and controlling costs, cathartic up investment currency and providing extra resources and functions. Moreover, third parties will facilitate firms gain management over a tough function and focus on their core business (Heath 2005). Different advantages embrace versatile infrastructure, access to new channels and risk management. This strategy encompasses outsourcing and relocating to low cost suppliers from advanced companies so as to lower entire costs of production by realizing advantages from competitive factors of production and gain additional profits. Many companies have modified to logistics outsourcing as business strategy to reconstitute their dissemination network and gain competitive advantage.

1.2.2 Types of outsourcing

Once a firm like better to outsource, it will principally like better to unbundle company functions and outsource an indoor supporting service comparable to HR, purchasing, or finance. The opposite selection is to settle on a vertical disintegration. This can be once suppliers build inputs into firms' final product or service. However, this can be done, either a company function or vertical disintegration, Hoff (2009) represents four kinds of a way to outline the outsourcing.



A Cycle of Outsourcing

1.2.2.1 Operational Outsourcing

Operational outsourcing could be a call to source disbursed from operational, technological, and capability concerns. Background of operational outsourcing is commonly once technological activities in an exceedingly company don't feel comfortable and adequate, seen from of each quality and cost-related criteria. This way of outsourcing will apparently be characterised by an absence of awareness of an overall strategy (Hoff, 2009, p.108).

1.2.2.2 Strategic outsourcing

Strategic outsourcing means the main target is on and however outsourcing will each support company's strategy whereas conjointly making new strategic choices. The distinction between strategic outsourcing in relevancy operational outsourcing, is that the alternatives created in strategic context, comes as a result of mirrored choices related to the organization chosen ways and strategic objectives. These strategic decisions can be embedded in management and control, and will consequently gain long-term consequences for the company's employees and spheres (Hoff, 2008, p.110). These strategic decisions are embedded in management and control, and can consequently gain long-run consequences for the company's workers and spheres (Hoff, 2008, p.110). There are different parts that explains that outsourcing process is taken into account to be strategic: an in-depth bond between the process and therefore the vital success factors within the company permits outsourcing to be a hit out of those factors.

By transferring possession to the provider through dynamical employees and assets, the outsourcer company signals that it desires to form a trusting operating relationship. Long-run contracts give stability and facilitate a strategic partnership over time. The contract ought to conjointly describe totally different levels of activity of the parties' commitments, enabling higher management of strategic outsourcing (Quelin & Duhamel, 2003). Recognition and contemplate strategic outsourcing to be strategic, then it ought to be enclosed as a part of a company peculiarity.

1.2.2.3 Multisourcing

Multisourcing is delineated as a replacement operational model supported outsourcing. Multisourcing has emerged as a result of the researchers Cohen and Young believes outsourcing ways, as we all know them, could be a process that's inefficient in today's complicated markets. The researchers believe it's now not comfortable to place out Associate in Nursing activity. Multisourcing is predicated on ancient outsourcing, but shall, additionally to fast cost cut currently bring forward i.e. assist world growth, hyperbolic lightsomeness, capability building and competitive benefits. To realize success by exploitation Multisourcing it's necessary to style a resource acquisition strategy that's closely joined up to associate in overall strategy. It should conjointly produce a good management system that frequently monitors this (Cohen & Young, 2006).

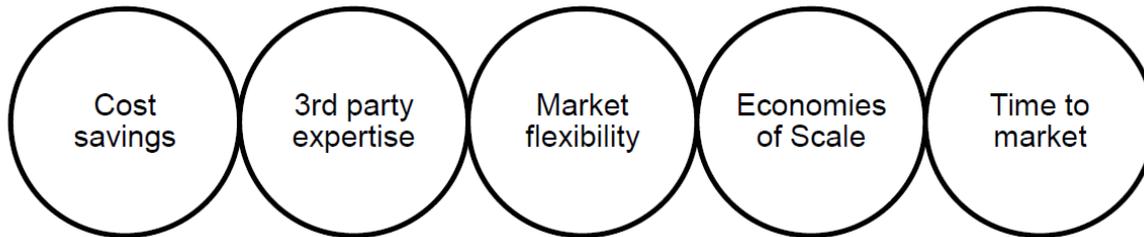
1.2.2.4 Business process outsourcing (BPO)

Business process outsourcing (BPO) involves subjecting a complete business process. The most distinction between golf stroke out one service and a complete business process is that, the division of responsibility. once one service come into being, it's up to the client to place the individual services into a functioning whole, whereas this responsibility can copulate the provider if the complete business processes deployed. Within the initial section BPO largely related to outsourcing processes payroll services. Step by step it absolutely was dilated and developed to conjointly embrace different segments (Aase, 2005).



A figure of Business Processing Outsourcing

In “Essentials of Business process Outsourcing” Duening and Click on (2005: 35) highlight five do-able reasons why enterprises would like better to outsource their processes. The subsequent figure presents these reasons:



Relevant reasons for outsourcing

Even SME’s will have nice cost saving advantages by outsourcing, already mentioned, back workplace activities. These services square measure wide on the market and simple to get. (Rampton, 2012) An equivalent goes for larger enterprises; production, warehouse, sales and plenty of different activities square measure wide outsourced. Cost savings may be achieved by offshoring, that means that the corporate moves, to Illustrate, production to a different country. Once talking regarding cost saving through outsourcing it's necessary to form the distinction between the two. (Matthews 2012).

By outsourcing, the corporate can acquire bound experience that may be onerous to seek out or too expensive in-house. Such experience will embrace activities starting from IT solutions to transportation. This type of information experience is important to SME’s, particularly once it's necessary to implement them quickly (Wilson 2014). Outsourcing may increase company’s ability to react on bound changes within the market place and thus increasing the market flexibility.

Like economies of scale will simply be archived by third party, having the ability to assemble activities from larger pool of companies. In several cases it's conjointly cheaper to outsource specialised processes wherever the corporate doesn't have ability to nice demand high enough to form use of economies of scale by themselves. it's conjointly doable for firms to require in activities, changing into the outsourcer. (The economic expert 2008) Economies of scale have conjointly have huge impact on labour cost, together with HR and administration costs (Robinson 2013).

Multinational and offshore outsourcing has the good thing about being on the market around the clock that reduces time to promote. As antecedently mentioned, specialised experience from outsourcer might result to time advantages on fitting business processes furthermore as having the ability to quickly scale the operations to necessary level. (Deloitte Consulting 2013). Along these main reasons, addition to others comparable to transfer of risks, form the fundamentals of why firms, little to massive, would contemplate outsourcing to enchant their business. Naturally not all of those main reasons square measure equally appreciated; reasons comparable to “cost savings” and “third party expertise” are additional common than others (Deloitte Consulting 2013).

In joint study of KPMG’s, one in all the globe biggest auditors, and Hfs Research Ltd (2013) forty third (43%) of the 399 enterprises see that cost reduction is most critical necessary side of outsourcing call and another a quarter mile

(44%) see that it's important. The second most vital issue for outsourcing was larger flexibility (37% vital / forty fifth (45%) important) and third important factor being "Standardized processes" at thirty fifth (35%) critical and thirty ninth (39%) important. within the study, experience gains weren't seen as vital however vital, an equivalent goes for operations in world market (market flexibility).

In twentieth century, the model of huge firms was to have and manage all its assets however at an equivalent time expand to require advantage of economies of scale and broaden their business activities to secure additional profits. This model of dominant all business processes cause complicated and overlapping management structures. To remain versatile and adaptative to the dynamical business surroundings, a replacement model of core business focus began to emerge. within the 90s firms began to focus additional on costs saving by forsaking non-essential activities. (Handfield 2006) renowned case from 1989 was artificer Kodak's call to source its IT systems to IBM. This was seen as revolutionary and cause a wave of huge firms outsourcing their IT services. (Handfield 2006) within the Nineties Kodak's IT services were directed on totally different internal systems and services. The CEO of the time, Katharine Hudson, began dynamical the IT functions in order that so that totally different IT processes were valued on however they regarding the core business.

Extremely valued functions, comparable to R & D were unbroken in house once lower valued were reveal. At the time Kodak's call was criticized by several. Forsaking responsibilities to 3rd party was seen as reducing the company's power. Artificer Kodak defended their call by claiming that they may divert their resources to the core business and cut back their costs. (Dickson 2011).

1.2.3 Reasons to outsource

Variety of motives happen once exploring the literature of outsourcing. The foremost common motive and declared good thing about outsourcing square measure cost reduction, thanks to a supplier's superior economy of scale. Cost savings seems to be the primary and most vital reason for outsourcing, however is supported by several reasons wherever the most reasons will simply be found out in an exceedingly purpose list (Flatworld Solutions, 2015; Hoff, 2009, p.102).

- ❖ Lower operational, labour and administration costs are one in all the first reasons why firms like better to outsource. It will give smart opportunities for revenue and perceptible savings.
- ❖ Companies that need to target their core competencies, outsourcing can be long by outsourcing activities to external suppliers. This will unharness time and resources to target their core competencies, and more on what provides the corporate competitive benefits.
- ❖ Access to external suppliers, that are favourable specialists in their experience. The outsourced activity could also be executed well than if it absolutely was command internally. This manner they expand their competency resources and have experience competence on the market.
- ❖ Outsourcing parades to world mental object by having access to capabilities presumably best businesses.
- ❖ Releasing internal resources that may be used effectively in different activities.
- ❖ Lack of necessary specific experience, and lack of internal resources placed inside the corporate or geographically, outsourcing or offshoring could also be an honest answer.
- ❖ By empowerment, responsibilities to outside vendors will unharness the corporate from activities that are tough to control and manage, at the same time target internal activities. With regards to quick developing technology that will be difficult to stay up with, investments during this may be used elsewhere, and it's terribly costly to ceaselessly have workers updated on the in no time technology development. An extremely model on this can be the very huge outsourcing phase of IT-systems.
- ❖ Outsourcing will facilitate firms to scale back risk by transferring the responsibility with the activity. Reorganizing will give totally different advantages to reconstitute the corporate.
- ❖ Outsourcing might give the chance to expand and access new markets by taking production or services nearer to their finish users.

- ❖ A desire of larger cost flexibility. By outsourcing support activities modifies the cost structure. The proportion of mounted and infrequently non-operational expenses is reduced, whereas the variable costs increase consequently. This suggests that ordinarily one company will adapt to changes additional quickly while not moving profitableness to an excellent extent.
- ❖ Infusion of capital through the sale and leaseback of assets. Businesses have therefore exploited smart estate costs to unharness capital to spice up its money hand freedom.
- ❖ Cooperation with suppliers will cut back time of launching new merchandise. notably with knowledgeable suppliers will produce higher merchandise at lower development expenses than if the corporate had used its own resources. this could contribute to the event time from begin to finished product, usually may be reduced.

1.3 Logistics Outsourcing

Logistics Outsourcing is outlined because the use of third-party logistics providers fully or a part of the organization's logistics activities. This strategy has been applied by several companies for very long time currently and it's so noted that firms that have embraced outsourcing because the favourite strategy have accessed cheaper inputs from specialised firms eventually resulting in restructuring of production (Mohiuddin & Su, 2013a). The strategy has more and more become a good means that of minimizing provision prices.

1.4 Operational Performance

Operational performance could be a method of assessing progress toward achieving present goals, together with information on the potency with that resources are remodelled into outputs each product and services. The standard of these outputs is however well they're delivered to clients and therefore the extent to that clients are glad and outcomes is that the results of a program activity compared to its supposed purpose.

2.1 Overview of the Maritime Industry and Legislative Framework

Nigeria continues to be the pivot of West Africa's shipping activities, owing to its strategic location by the coastline. With an extensive natural maritime endowment base incorporating a coastline of more than 800km, an exclusive economic zone of more than 200 nautical miles, the Nigerian 'blue economy' is being harnessed, in light of declining oil and gas revenues, as one of the drivers for the country's economic development.

Nigeria is also blessed with a vast inland waterways resource estimated at nearly 3,000km and comprising more than 50 rivers, both large and small, that can support a vibrant intra-regional trade. The country's population inspires large-scale importation of raw materials, luxury goods and other commodities, and large quantities of petroleum products owing to the lack of sufficient refining capacity in Nigeria. Crude oil and natural gas continue to be exported in large quantities. Consequently, demand in shipping services has been on the increase and the maritime industry, which plays an important part in the exploitation and distribution of Nigeria's oil and gas, conveniently takes second place as the principal contributor to the nation's economy after petroleum.

Commercial shipping activities largely revolve around six active ports and six petroleum exportation terminals. The 2006 port reforms brought about a remarkable increase in their cargo volume. Consequently, infrastructure and all other paraphernalia suitable for a standard port have been put in place, and continue to be upgraded, to meet the demands brought about by the increase in cargo volume.

Within the first eight months of 2017, a total of 4,223 vessels berthed at the various Nigerian ports. This is in sharp decline compared to the period 2013–2016, when a total of 19,833 vessels berthed at Nigerian ports. The decline in the number of berthed vessels and tonnage registered can be attributed to the increase in the exchange rate, the introduction of new importation policies and a reduction in service boat operation because of the decline in crude oil

prices. At the end of 2017, the total value of Nigeria's merchandise trade was 9,562.7 million naira, which is 8.5 per cent lower than the 2016 trade import value. The total value of exports in 2017 stood at 13,598.2 million naira.

Compared to other oil-producing nations, vessel tonnage is low but in the past three years and pursuant to the implementation of several indigenous shipping development legislations, Nigerian-flagged vessels (mostly oil tankers, oil rigs and lifeboats and offshore support vessels) have enjoyed significant growth, from 262 vessels with a total of slightly over 232,000 metric tons in 2015, to almost twice that in 2016, at 370 vessels with a total of almost 420,000 metric tons and slightly less in 2017, at 307 registered vessels with a total of 415,638.03 metric tons.

Although there is a flurry of maritime legislations in Nigeria, the principal body of substantive shipping laws is contained in the Merchant Shipping Act, 2007 (MSA), the Nigerian Maritime Administration and Safety Agency Act, 2007 (the NIMASA Act), the Coastal and Inland Shipping (Cabotage) Act No. 5, 2003 (the Cabotage Act) and a raft of regulations (a number of which put into force, or are used to apply, international instruments on the construction and safety of ships, navigation, pollution and crew matters) and guidelines published pursuant to the foregoing legislation.

In addition, discrete legislation governs areas such as ports, carriage of goods by sea, wreck and salvage, pollution, the environment and marine resources. This legislation includes the Nigeria Ports Authority Act, Cap. N126, Laws of the Federation of Nigeria (LFN), 2004, the Carriage of Goods by Sea Act, Cap. C2, LFN 2004 and the United Nations Convention on Carriage of Goods by Sea (Ratification and Enforcement) Act 2005.

Generally, the Constitution of the Federal Republic of Nigeria, Cap. C23, LFN 2004 (the Constitution) (as amended), the Admiralty Jurisdiction Act, Cap. A5 LFN 2004 (AJA) and the Admiralty Jurisdiction Procedure Rules 2011 (AJPR) provide the framework for admiralty jurisdiction and court practice.

Source: Bloomfield Law

2.2 Shipping Industry in Nigeria

The shipping industry is within the services sector comprised of various shipping firms globally whose main specializations include: cargo shipping services, Chemical tankers, Oil tankers services for transportation of crude oil and its merchandise, Liner Freight Shipping Services for pack cargo and Cargo Shipping Services for liquid gas. The Shipping trade comprise of companies that supply transport services by ocean therefore they facilitate movement of cargo from one place to a different place using ships therefore they make up the transport sector (International chamber of shipping). D

In this paper presentation, we will focus on the liner shipping that is containerized cargo as they're the main class within the trade with numerous logistics needs. Liners companies like CMA CGM, Maersk line, Master of Science Shipping, Sifax, etc. Though this company's core activity is shipping, they're forced to outsource their support activities within the cost chain therefore be competitive and provide a full package logistics answer to its customers.

Porter describes the value chain because the internal processes or activities a corporation performs to design, produce, market, deliver and support its product. He more states that "a firm's value chain and therefore the means it performs individual activities are a mirrored image of its history, its strategy, its approach to implementing its strategy, and therefore the underlying economic science of the activities themselves" (Porter, 1985). Porter describes two major classes of business activities: primary activities and support activities.



A Typical Container Vessel

2.2.1 Liner shipping

Liner shipping is that the service of transporting cargo by means that of high-capacity, ocean-going ships that transit regular routes on mounted schedules. In step with statistics from world shipping council, there square measure closes to four hundred (400) liner services operational nowadays, most sailing weekly. Liner vessels, primarily within the type of containerships and roll-on/roll-off ships, carry regarding 60% of the products by value affected internationally by ocean annually. Instrumentality, shipping may insist to being the world's first actually world trade and likewise claim to be the industry that, quite the other makes it doable for a really world economy to figure. As per Untied Nation Conference on Trade and Development (UNCTAD), the exchange of capital, product and services across international borders is understood as international trade and, in several countries, it represents a big share of the nation's gross domestic product (GDP). Liner ships transport close to 60% of value of seaborne trade or more than US \$4 trillion worth of goods annually.

The United Nations Conference on Trade and Development (UNCTAD) has stratified Federal Republic of Nigeria as the 10th most connected economy in Africa to the world liner shipping network. In step with a report revealed within the 2018 UNCTAD reference book of Statistics, the Liner Shipping Connectivity Index (LSCI) is an indicator of a country's position inside the world liner shipping networks.

Rankings are arrived at from data on the world's container ship deployment; the number of ships, their container carrying capacity, the number of services and companies, and the size of the largest ship.

3.1 Logistics Outsourcing Services in the Shipping Companies and Other Industries

Logistics Outsourcing Services is an examination of trade practices, (Rabinovich, Windle, Dresner and Corsi 1999) in an exceedingly study on outsourcing of integrated logistics functions adopted the variables employed by (Bowersox, 1974) that included; facility location, transportation, inventory management, logistics ICT systems and material movement.

Haldósson and Tage-Larsen, (2004), viewed outsourcing as a viable business strategy as a result of turning non-core functions over to external suppliers permits firms to leverage their resources, unfold risks and focus on problems vital to survival and future growth.

Solakivi, Töyli, Engblom & Ojala, (2011) in an exceedingly study on logistics outsourcing and company performance of SME's, known transport; order process, invoicing, logistics IT systems, materials management and value-added service because the main variables within the study.

A study on logistics outsourcing practices and performance of huge producing companies in Nairobi (Mulama, 2012) acknowledged that majority of this companies were outsourcing the transportation management, warehouse management and material handling management whereas half the companies outsourced information management and inventory handling management.

Githinji, (2012) sought-after to ascertain the impact of logistics outsourcing on the Universities "supply chains" performance, provision functions that are ordinarily outsourced by universities in Nairobi County are only the non-controversial functions with advantages accruing in reduction in overhead costs, improved university operations and client service, improved target universities core ability and mandate, time saving, and security inside field.

This paper presentation can adapt a number of the variables together with the transportation management, warehouse management, material handling, logistics ICT systems, facility location and inventory handling management, as they're the aspects that comprise logistics outsourcing. Logistics outsourcing improved operations performance by

cutting out logistics cost, thereby enabling them to supply their merchandise and services at additional competitive rates to beat the stiff competition.



Logistics Outsourcing Services in an Industry

Outsourcing logistics services within the Shipping trade in a result of the 2010 15th Annual 3PL study performed by Capgemini consulting, advised that the whole logistics expenditure which has transportation, distributions, warehouse and value-added services is an average 11% of sales revenues of firms (Langley and Capgemini 2010). An average of 42% of the whole logistics expense is outsourced worldwide, whereas in North America is 35% (Langley and Capgemini 2010).

From the common total logistics expenditure outsourced, 41% accounts for transportation and 39% for warehouse operations (Langley and Capgemini 2010). To approximate future outsourcing outlook within the shipping trade, these results were custom-made to estimate the shipping industry's 3PL market outlook. it's necessary to entails these services across shipping industries.

3.1.1 Transportation Management

Transport management could be a service instead of a mixture of transport choices, therein it makes an attempt to interiorise some aspects of each transport and logistics, and conjointly to beat the operational and structure problems related to exploitation of multiple modes and a number of other links within the transport chain. From a study on logistics outsourcing and performance of business Banks in African nation, (Kimulu, 2014) found that route optimisation had been achieved and fleet chase tools hyperbolic vehicle visibility to massive extent whereas vehicle planning improved to a moderate extent.

Logistics platforms connect totally different modal segments of the transport system, freight markets, and freight forwarders. Considering this various and managing it adequately might produce vital competitive benefits within the logistics chain, from the suppliers of raw materials to the final consumer. Adequate structures are needed for distribution activities wherever coordination between modes and transportation systems is crucial. Integration and coordination conjointly imply new styles of relationships between suppliers, distributors, freight forwarder companies, and presumably even customers that impudence the management of the availability chain, (Fierro & Benitez, 2009).

Transport managements practices optimize freight and successively, come through cost savings while not reducing service levels to customers. There are three primary segments of motor freight, or modes; less-than-truckload (LTL), full truckload (FTL) and parcel modes. Employing a pooling strategy, cargos is combined to form a full truckload shipment bent on a pool distribution facility that serves the geographic region. Shipment Aggregation on the opposite hand creates one shipment of multiple orders, originating from an equivalent shipper to the same destination on the same day that may have otherwise are free as separate shipments. Cargo Consolidation is an option choice when multiple LTL orders is combined with a truckload sized order that's not at full capability, if they will be a part of a stop-off in route to the ultimate truckload destination (Bardi & Tracey, 1991). To deploy this strategy, transportation is outsourced to specialised companies whereby individual shipments are combined into legs of continuous moves solutions for minimizing empty miles.

3.1.2 Warehouse Management

once considering the amount of effort concerned in warehouse operations, the best expenditure of effort is within the selecting method. To realize efficiencies in selecting the labour time to choose orders must be reduced and this will achieve in an exceedingly variety of ways. Firms with the foremost economical warehouses have the most frequently picked items closest to the shipping areas to reduce selecting time. These firms come through their competitive advantage by perpetually reviewing their sales knowledge to confirm that the items are hold or stored on getting ready to the shipping area are still the foremost often picked, (Simchi & Kaminsky, 2005).

Warehouse layout is additionally necessary in achieving larger efficiencies therefore in an endeavour to minimizing period between selecting locations will greatly improve productivity. However, to realize this increase in potency, firms should develop processes through the utilization of latest technology therefore on often monitor selecting travel times and storage locations. Warehouse operations that also use textual matter choose tickets realize that it's not terribly economical and it's at risk of human errors. To combat this and to maximise potency, world category warehouse operations have adopted hand-held electronic readers and printers. Firms are introducing pick-to-light and voice recognition technology (Petroni, 2000).

3.1.3 Logistics ICT Systems

Information has continuously been central to the economical management of logistics however currently, enabled by technology, it's providing the drive for competitive logistics strategy (Karia & Wong, 2013). The triple-crown integration of knowledge inside a corporation could be a powerful enabler for: reduced costs, increased productivity, and improved client service, this so implies that it's the creating, modification technique and craft system so as to resolve a haul or perform a function.

Information is crucial in-service outsourcing in order that an equivalent is relayed to the customers without contradiction. This can be essential to confirm productivity progress isn't affected and just in case of any downside, it's self-addressed as shortly as doable. Best practices that logistics companies would embrace the analysis of the data demanded, intelligent information storage, the optimisation of the flow of knowledge and securing technical and structure flexibility.

Hammant, (1995) classified four key themes of technological trends and innovations that have a sway on the utilization of knowledge technology in logistics and necessary to the present and future use of information technology to support logistics operations across all trade sectors. The four key themes are involved with: integration and adaptability, Electronic Data Interchange (EDI), hardware and engineering.

3.1.4 Facility Location

Facility location choices is a vital component in strategic logistics cplanning meant to adapt to dynamic changes in business environments close to the firm's supply - chain operations. The ramifications of facilities website are generally based mostly and long lasting, impacting varied operational and logistical decisions (Petroni, 2000). High costs related to property acquisition and facility construction, build facility location or relocation comes long - term investments. however though necessary, cost optimisation is more and more being sided by supplying service concerns within the website location decision – making method.

3.1.5 Inventory Handling Management

Inventory management practices cause companies maintaining lean inventory, that's inventory shouldn't be an excessive amount of or deficient enabled by periodical reviews and editing stocking patterns and norms. Choice of the vendors should be properly through with later checks and balance within the method. Inventory depends upon the demand furthermore because the provide chain delivery time. Usually firms follow on stocking policy for all items. Vaidyanathan, (1998) cycle numeration apply is a list accuracy audit technique wherever inventory is counted on a cyclic schedule instead of once a year. A cycle inventory count is sometimes taken on an everyday, outlined basis

usually additional often for high-value or fast-moving things and fewer frequently for low-value or slow items. whereas some things might have an extended lead-time therefore moving the inventory holding, the demand pattern and therefore the hit frequency in terms of past knowledge might show up otherwise for every of the inventory items. Therefore, one customary norm doesn't suit all and might cause over stocking of inventory furthermore as inefficiencies within the system.

By outsourcing inventory management organization will improve on its operations performance. Mulinge, (2014) results portrayed that there are smart inventory turns/proper area utilization, inventory accuracy in recording, smart work practices and correct flow of inventory achieved to massive extent. Key purpose in inventory handling management are inventory categorization; understanding the inventory varieties and their specific characteristics then building inventory stocking parameters taking under consideration the distinctive characteristics of the actual inventory. Segregate inventory on basis of whether or not it's obsolete venturous or invalid Catalogue management; learning inventory demand patterns, movement patterns and cycles to create appropriate inventory norms for various classes of inventory. Perform quality checks before receiving commodities into inventory. Using machinery and moveable electronic reader devices, which may be carried by workers, can boost productivity whereas reducing knowledge entry error (Simchi & Kaminsky, 2005).

3.2 Logistics Service Providers (LSPs)

Logistics Service suppliers (LSPs) are strategically chosen to alter produce product differentiation by providing flexibility, speed with minimal holding off in an exceedingly logistical supply chain. A study by (Green, Whitten, & Inman, 2008) found a positive relationship between logistics performance and organizational performance inside the producing sector.

A motivating observation by (Solakivi, Töyli, Engblom & Ojala, 2011); logistics was being handled equally with efficiency within the surveyed firms notwithstanding whether or not it had remained in-house or been outsourced. This finding suggests that the work between the corporate context and its outsourcing decision can be additional necessary an operational performance driver than outsourcing intrinsically.

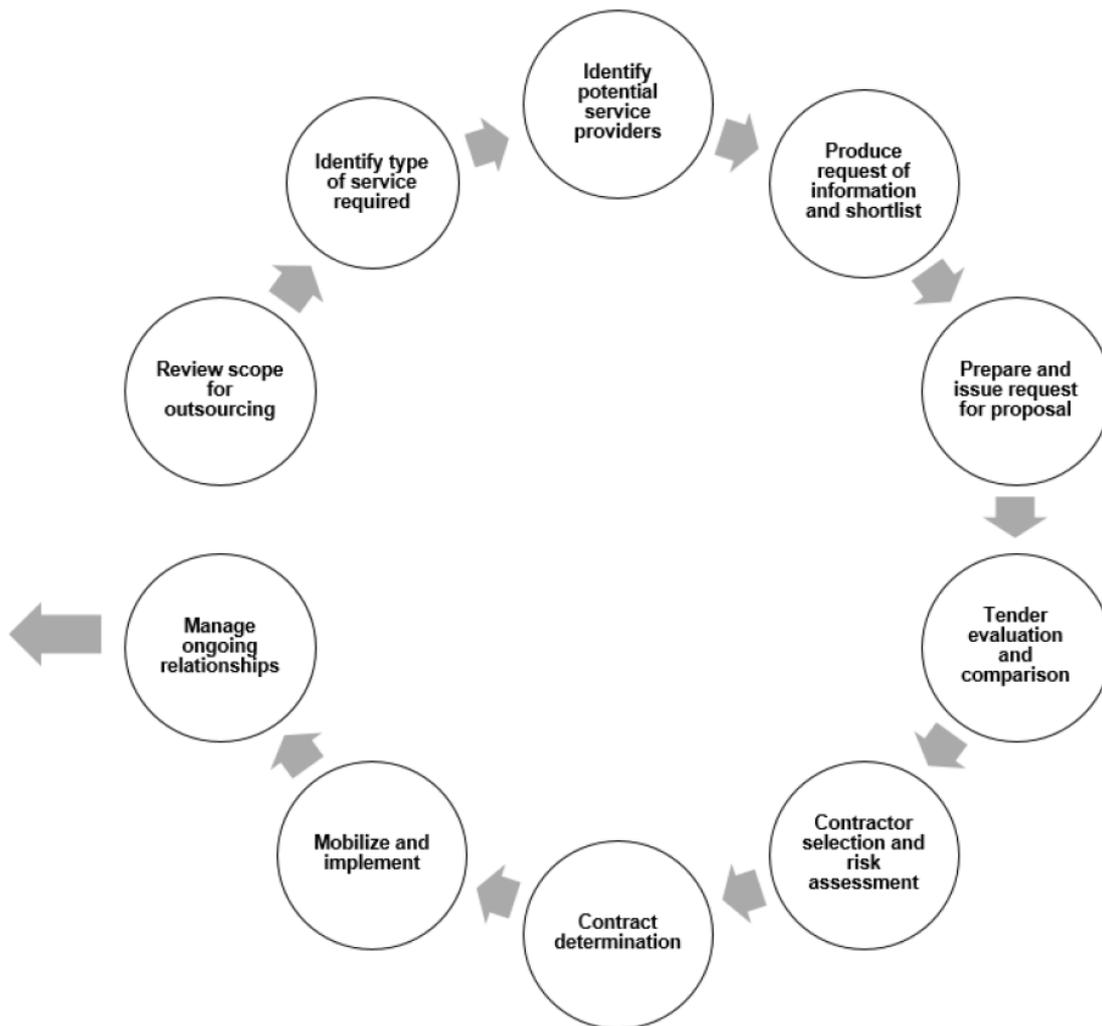
Mulama, (2012) in an exceedingly study of logistics outsourcing and performance of huge producing companies, acknowledged that numerous advantages accrue to a firm as a result of outsourcing all or a part of its logistics services to a third party company through reduced operation costs which ends up in operational and organizational efficiency.



Outsourcing of logistics services is changing into additional well-liked and relevant nowadays particularly within the wake of economic globalization. Third party service providers are extremely specialised and might provide an equivalent service at a considerably lower cost therefore companies can higher manage the forces within the macro surroundings, be competitive and facilitate the firm improve its overall performance.

3.3 Choosing the right service provider

Selecting the right partner to figure with is crucial in triple-crown outsourcing method. The choice ought to be done rigorously, in several steps, to confirm that the corporate needs are met. it's most vital to possess clear arrange and far-famed objectives to the selection with success completed. Rushton and Walker counsel following means of choice, delineated within the figure below, to triple-crown and sensible choice of third-party service providers. This multiple step means ensures that the corporate takes account all the vital factors furthermore as provides a wonderful base kind to follow: (Rushton & Walker 2007: 268)



Source: Key steps of contractor choice method (Rushton & Walker 2007: 269)

As delineated within the diagram above, the primary stages of the method ought to be characteristic the interior desires of the corporate and supported those review that services should be outsourced. Subsequent step is to scout for potential contractors, to illustrate in logistics, third party logistics providers (3PL's), form a list of possible partners and then issue quotations, followed by the ultimate choice of the contractor. The ultimate half is to implement and manage the chosen outsourced process.

(Rushton & Walker 2007: 269) a number of the key problems with the primary steps of outsourcing method is to contemplate if it's the appropriate answer for the problem at hand. The "scoping" a part of the method ought to answer few straightforward queries such as: "Why to outsource?" and "What are the necessities for the company?" the answer for the matter or issue may even be found internally and see if it would it possible to solve without consulting outsiders. The most secrets to understand the underlying reasons for the choice and being responsive to which sort of relation the corporate desires with the contractor. Some clear objectives ought to assistance on the choice to source and conjointly for locating the doable different solutions. (Rushton & Walker 2007: 271-272).

It ought to be thought of however way the corporate is willing to travel concerning to the processes outsourced. Generally there are three selections to make: Not outsourcing, some outsourcing and full outsourcing.

Not outsourcing, or keeping in-house, might need massive money and hands connected investment however provides the corporate full management; whereas full outsourcing needs very little investments but gives away the control. There's conjointly the centre ground to grant away some processes and keeping some in-house, this function compromise. (Rushton & Walker 2007: 271-274). If it is concluded that outsourcing is the right step, the company can move into finding the right contractor for the job.

Subsequent step is to form a listing of potential partners which can have qualities that are required for the actual outsourcing want. This step might begin even as net search or different fast technique to seek out contractors. This step might vary reckoning on the outsourcing want and on the very fact that however practised the corporate is. Larger firms that have already got a number of their processes outsourced might have excellent plan on on who the want to work with or a way to realize the appropriate partner, wherever a start-up might don't have any clue a way to do that. (Duening & Click 2005: 98)

Listing the possible partners' helps on making therefore known as long list that has all the possible contractors that meet the necessities. Tendering and soliciting for quotations are terribly time and resource overwhelming therefore it's useful for subsequent steps to write down off service suppliers that don't meet the requirement within the first place before contacting the partners.

(Duening & Click 2005: 104) supported this long list, request for information method or RFI ought to be started. This step is to seek out if the contractors in long list have interest in providing possible solutions for the corporate. It should be that the planned outsourced method can be too little or massive for a few of the contractors or that they see they do not have required capabilities to handle the project.

RFI (Request for Information) ought to contain necessary information for the contractors, comparable to requirement and needs, scale of the project and possible time constraint. Supported answers on RFI, rate ought to be created that solely contains the appropriate partners for final choice spherical. (Rushton & Walker 2007: 275-277).

RFI responses ought to reveal if possible, contractor is appropriate or not. It ought to contain informantion such as (Duening & Click 2005: 106-107):

- ❖ What square measure the capabilities of the contractor?
- ❖ What percentage shoppers do the contractor have?
- ❖ Square measure there clashes of interest?
- ❖ Will the contractor have the mandatory capabilities?
- ❖ However, does the contractor slot in with the shopper company's culture?

If necessary, the RFI answer ought to contain supporting proof, product for review to Illustrate, and a few financial information since outsourcing contract are sometimes planned to last for a extended period. (Rushton & Walker 2007: 277).

The ultimate choice spherical involves requests for proposals and quotations for the asked outsourcing project. The goal is to more cut back the rate till solely 2 or 3 most well-liked contractors that meet the necessities that are left. These revolve round the contractors in rate, finding the simplest answer supported the data given and solutions offered. To be able to compare totally different contractors, it's necessary that it is indicated which sort of response is needed, this can be conjointly known as most well-liked response. The popular response outlines the terms within which firms are evaluated, these is in goals, metrics, costs or different necessary criteria. while not this "set of rules" it should become tough to find the mandatory information required to perform truthful and elaborate analysis between the candidates. This step act as a final tool before getting ready the particular contract. (Rushton & Walker 2007: 282-289).

Proposals and quotations sometimes contain already direction comparable to final projected costs and different final details. Final qualitative and quantitative assessments ought to be created. Qualitative assessment considers the non-countable properties of the proposals; however, they meet the necessities of the corporate, possible future strategy and the way the options of the outsourcer slot in. It conjointly values the "human" aspect of the contract, expertise of the outsourcers' management, hour and coaching. Quantitative evaluates the denumerable properties. These embrace comparable to costs and to Illustrate in logistics possible delivery times and then. (Rushton & Walker 2007: 283-5).

The ultimate step, that in several cases is unmarked is risk assessment, this can be created to spot the potential "wrong goes" once the particular switch of responsibility and operations happen. (Rushton & Walker 2007: 290-293). Once this step is completed and final appropriate partner is found, will outsourcing contract be created.

By currently it ought to be clear that of the rate candidates has the simplest answer. The outsourcer meets the short- and long-run demands, has the proper properties and costs are in acceptable level. It's time to form the contract. Outsourcing contract differs from ancient vendor – provider contract since the mind-set is totally different. within the vendor-supplier dealing each party are attempting to the maximum amount cost out of every different wherever as in outsourcing contract the deal ought to profit both parties, the client and therefore the service provider. Additional compromises are created since the contract is sometimes long term and more versatile in terms of its terms. Once details comparable to the governing law, excuse clauses, final responsibilities and costs are set, ought to the contract be signed, (Duening & Click 2005: 116-121).

Currently the outsourcing method moves to the ultimate stage, implementation and observation. The plans on the contract ought to currently be created a reality, the primary steps to the implementation ought to be a management plans which outlines the actual process changes and the timetable for them. Outsourcing may have a bearing on the staff of the client's company, sadly these are sometimes job cuts if there's question outsourcing already existing processes. This will be one in all the toughest challenges, particularly for smaller firms, to cope with; despite this the business must move forwards. (Duening & Click 2005: 136-138, 150-151)

Difficulties, particularly within the starting of the particular implementation section, aren't too uncommon. These issues are known benchmarking and evaluating however the new processes work. Just in case wherever the client's company could be a larger and renowned one, promotional material and handling outside pressure might need increase attention. Also, the purchasers of the client company ought to be created responsive to the changes happening, particularly if they need direct impact on them, an honest example of this might be modification within the warehouse operator and placement. (Duening & Click 2005: 152-155).

4.1 Challenges of Logistics Outsourcing in the Shipping Industry and Other Organizations

Logistics outsourcing functions are non-core and might be outsourced therefore fulfill the client's demand for a full package service but management shouldn't expect automatic gains from logistics outsourcing, and will rather analyse the corporate specific characteristics that support or in some cases suffer from the outsourcing call (Solakivi, Töyli, Engblom & Ojala, 2011). For this reason, firms want technique tools and commercialism partner relationships that enable them to be additional versatile and adapt quickly to those changes.

Wambui, (2010) findings indicated very minimal logistics outsourcing activities within the African nation Armed force which was due to the operating setup therefore outsourcing was applied on the non-essential services comparable to stationary provides. The extent to that the shipping firms own shipping information includes a positive impact on the development of structure innovation and logistics value to enhance operational performance in terms of reducing business costs and time and enhancing service flexibility, responsiveness and responsibility (Lee & Song, 2015).

In an exceedingly study on application of outsourcing strategy among shipping companies in Kenya (Kaveke, 2014) checked out ways used and factors influencing adaption of outsourcing strategy. The findings were that outsourcing strategy was necessary and had varied benefits that aim at increasing their service delivery and aggressiveness.

Kamuri, (2010) researched on challenges facing the implementation of logistics outsourcing at the Kenyatta National Hospital.

Bosire, (2011) researched on the impact of logistics outsourcing on interval and client service among supermarkets in national capital Kenya.

Kimulu, (2014) acknowledged logistics outsourcing being a non-core activity by the banks is but well established and endowed thus adds value to its operations performance.

Kaveke, (2014) did a study on application of outsourcing and factors influencing adaption of outsourcing strategy among shipping companies in Kenya. Though some connected studies are done on the topic, gaps still exist and additional information required to know however logistics outsourcing have an effect on the operational performance within the shipping trade in Kenya.

Emah, Mehraz, and Mridula (2017) declared that, not a lot of has been researched in logistics outsourcing within the rising countries, notably within the oil and gas industry. This text investigates the feasibility of logistics outsourcing by the international oil and gas firms within the rising business surroundings of Federal Republic of Nigeria. An exploratory, multicase, qualitative approach was applied, involving forty (40) interviewees in three (3) international oil firms and three of their logistics service suppliers. Findings reveal that vendors' capabilities, host community problems, venture influence, and employees' reactions challenge international oil companies' logistics outsourcing implementation whereas relationship management, contract management, and alter management skills alter them handle these challenges. The results conjointly show that surveyed organizations implement provision outsourcing piecemeal and want to rescale their current capabilities to effectively integrate logistics outsourcing. The analysis confirms logistics outsourcing is accomplishable in Federal Republic of Nigeria, however needs synergies and mutualism between the shipping firms and their native vendors.

From the above citations of various studies, after relating to all the advantages and risks it is smart to concentrate on the challenges that shipping company might face once outsourcing in table 1 and 2.

The challenges are often financial measurable or simply visible. Maintenance costs embody in operation costs, subcontracting costs (supplier's choice, negotiation costs), costs of facilities, costs of spare elements, costs of supply, environmental costs, costs of quality, and alternative costs.

Benefits of maintenance outsourcing	Financially measurable consequences	Hard-to-measure consequences
Increased quality	Decreased costs of quality	Improved company image, increased customer satisfaction
Efficiency	Decreased costs of quality	-
Increased safety	-	Improved company image, increased employee motivation
Cost savings	Decreased maintenance costs	-
Focus on core competences	-	Increased employee skills
Economics of scale	Decreased maintenance costs	-
Increased flexibility	Decreased maintenance costs	-
Acquiring superior know-how	Decreased maintenance costs	Increased employee skills

Table 1. Consequences of the benefits. (Marttonen S., Kärri T., 2012, p6)

In order to estimate annual benefit from outsourcing, companies may use the formula

$$NB = C_0 - C_1 \alpha \times \beta,$$

where NB – yearly monetary net benefit

C_0 – yearly maintenance costs before outsourcing.

C_1 – yearly maintenance costs after outsourcing.

α – an index describing the change in the quantity of assets to be maintained.

β – an index describing the change in the general cost level from time 0 to time 1.

The consequences that don't seem to be measurable are essential as they strengthen the company's image and improve each customer's satisfaction and employee's skills that have a positive influence on the company's position within the market. (Marttonen S. at al, 2012, 6-13)

Risks of maintenance outsourcing	Consequences of the risks
Inability of the service provider	Increased maintenance costs.
Decreased work morale	Negligence in operating assets, protests induced by employee firings.
Lost know-how	Increased maintenance costs if the service relationship comes to an end.
Dependence on the service provider	Worsened terms of contract, increased maintenance costs if the service relationship comes to an end.
Additional or hidden costs, unrealized benefits	During the service relationship worsened terms of contract or decreased quality of maintenance work.
Threatened data security	Competitors may know the information.
Decreased flexibility	Commitment to the maintenance contracts despite economic conditions
Lost company image and customers	Worsened company image through outsourcing announcement and employee firings, negative publicity through service provider actions.
Risks related to partner selection	Inadequate terms of contract, service provider opportunism or bankruptcy.

Table 2. Consequences of the risks. (Marttonen S., Kärri T., 2012, p9)

The table above shows the results of long risks and risks which may decrease later. According to a conventional risk assessment method, the expectation value of the chance is calculated by multiplying the price impact of the risk by the chance of the risk. However, just in case of outsourcing, it's laborious to outline the precise value impact and also the chance

4.2 The claimed effect, benefits and drawbacks

The consequences of outsourcing are subjective to the trade and it's conjointly why it is undertaken. It appears that outsourcing is undertaken primarily to form to make it possible for businesses to get higher financial gain and to acquire competitive differentiator. once one chooses to outsource, it's with the simplest intentions for the corporate, all the same it's an instantaneous impact on the results to come back. that means, it's a bearing on the standard of the merchandise and services provided by the external company, and will be of either increased quality or lowered quality. Yet, outsourcing is commonly undertaken to produce enterprises a competitive advantage, easier management and higher productivity. Outsourcing includes a direct influence on a corporation, and it affects a company's high and bottom line. However, once the company are searching for advantages like low cost labour, higher quality and improved innovation internally, a few might believe outsourcing will unravel it, the believed advantages might not be that defect. (Flatworld Solutions, 2015; Hoff, 2008, p.110).

Therefore, managers should bear in mind and perceive the full image of the consequences outsourcing provides and therefore the pros and cons (Heskett, 2007).

- ❖ The claimed impact once selecting outsourcing as a part of a company's strategy are primarily to realize increased revenue and enhanced returns on investments. Business activities are, for many of times, outsourced to external suppliers who are specialists and possess a deeper information in their field. The specialists will give technical experience in conjunction with specific instrumentality. This manner they will provide the activities to be completed in an economical way with increased quality product. This conjointly contributes

the outsourcers to target their core competencies by concentrating on different activities instead of the supporting activities.

- ❖ The organization might have longer time to strengthen their core competencies and build internal innovation. One crucial issue influencing the end result once outsourced is that the risk-sharing factor. That means, once one activity and responsibility is outsourced, so is the risk concerning the activity. Usually it is external company a specialist, and they are able to arrange and highlight the risks and therefore the risk mitigating factors in an economical means. This can be sometimes one thing the outsourcer would value to be a part of the outsourcing package.
- ❖ Yet, within the outsourcing process, there's conjointly a risk of exposing confidential knowledge with the external merchandiser who require it in their work. Firms could also be involved regarding however the confidentiality information is secured, however the systems are taken care off, and the way the storage of electronic knowledge is handled. This can be one thing that may be important for the outsourcer (Flatworld Solutions, 2015; Hoff, 2008, p.112).
- ❖ Another disadvantage beside the chance of exposing knowledge, is that the chance of loosing internal control over the company's business processes that's been outsourced. It should be difficult to confirm the standard of the assembly or service in step with the outsourcer expectations. Additionally, to manage issues regarding turnaround time and agreed time of delivery. For the outsourcers' aspect, they're conjointly occupied and barred in terms of contracts. That means, the outsourcer is unable to react although they wished to. Another downside is slow response from the external merchandiser combined with simple provided solutions.
- ❖ Still, it may even be difficult for the outsourcer to manage and influence to the better. If parenthetically there are many vendors in one project wherever the result's relying on each one element delivers prime quality merchandise and services on schedule. There could also be issues like stretched delivery time, sub-standard quality output and inappropriate categorization of responsibilities. At some occasions, things like this will be easier to handle within a corporation rather communication with many freelance suppliers. Also, an outsourced merchandiser might have many sub-clients at an equivalent time to handle additionally. In such things, even if they will be specialists on the outsourced activity, there's a risk to lose focus within serving all clients at the same time. There's conjointly the human issue to contemplate once outsourcing, wherever human strategic capability conjointly must be taken under consideration regarding business processes.
- ❖ There are discussions and theories regarding outsourcing produce disturbance and fewer potency within the remaining organization. This presentation won't embrace the human issue of outsourcing, however concentrate additional regarding the "Physical" and "Financial" impact (Johnson. Et. al., 2014, p.71).
- ❖ At the end, there's conjointly important disadvantage of outsourcing, that is weak performance provided by the vendor, and doesn't meet the outsourcers' expectations. It's been mentioned earlier, however poor performance may end up in unfortunate lack of advantages and results, and more shortage in expected revenue (Flatworld Solutions, 2015; Hoff, 2008, chapter 4.4). although outsourcing is claimed to be efficient, there exists literature on hidden costs concerned.

5.1 Logistics Outsourcing and Operational Performance

Outsourcing entails shifting of ancient company activities to parties outside the firm with an aim of gaining access to world category capabilities. Global competition pressurizes organizations to extend the standard of all their service delivery and at an equivalent time cut back their prices. The answer to each of those objectives is skilled logistics management through outsourcing of logistics services.

Cho, Ozment & Sink, (2008) did a study to look at the impact of logistics capability and logistics outsourcing on firm performance in an e-commerce market surroundings. The study results advance information regarding a firm's logistics capability, logistics outsourcing, and, ultimately, superior firm performance in e-commerce, therefore all main effects were vital and positive.

Wallenburg, Cahill, Goldsby & Knemeyer, (2010), in an exceedingly study on logistics outsourcing performance and loyalty, found that performance is a very important lever to get loyalty that was achieved through logistics outsourcing. They acknowledged that logistics outsourcing improved performance through extraordinary goals and expectations of the client and improved loyalty. Consumers of logistics services have a dilemma: there's a trade-off between service quality and therefore the value of services, and customarily conjointly between long-run partnership

and competitive markets. Moreover, the consumers have to be compelled to contemplate outsourcing conjointly from a broader network perspective, and the way to utilize the competences and resources of specialised service suppliers within the logistics service markets (Joskow, 2005).

The link between outsourcing and performance is a smaller amount developed by trial and error, Quinn, (1999) and Porter, (1997) in their normative literature counsel that outsourcing is one in all the key sources of skyrocketing firm's performance arguing that such a positive relationship is as a result of outsourcing, makes a firm additional nimble and permits it to more and more target its core activities. It conjointly will increase the firm's strategic flexibility to manage technological or volume fluctuations (Kotabe, 1998).

Mulama, (2012) in an exceedingly study of logistics outsourcing and performance of huge producing companies, acknowledged that numerous advantages accrue to a firm as a result of outsourcing all or a part of its logistics services to a third-party company through reduced operation costs which ends up in operational and structure potency. Getting out logistics services to a firm with competitive benefits in terms of responsibility, quality and value was acknowledged to be the most driver of outsourcing.

In an exceedingly study on logistics outsourcing and performance of business Banks in Kenya, (Mulinge, 2014); the study acknowledged that supplying outsourcing by industrial banks with relevance to their performance is an imminent exercise, that is extremely practices and endowed to those establishments. In stead of the challenges that the banks face in their method of outsourcing supplying services, the study but ended that these are practices that add cost to the banks overall performance and competitive margins within the trade they operate in. On the link between outsourcing and operational performance, (Muriithi, 2014) ends up in showed that outsourcing doesn't considerably have an effect on operational performance. Logistics outsourcing was able to make a case for a tiny low proportion changes within the operational performance that means that client support outsourcing practices, new product outsourcing practices, information technology outsourcing practices failed to considerably have an effect on operation performance.

It was therefore concluded that, though outsourcing is highly practiced in by industries, it has not significantly added much value to performance. The indications of logistics outsourcing and operational performance includes; Agility-quicker response to changes, potency in providing services, Elimination of inefficiencies, information moves quicker therefore reduces interval within the organization, ability to accommodate changes that shippers want, Orders and deliveries are simply processed to avoid delays, Revenue has increased, Reduction in logistics costs, High level of inventory accuracy, Flexibility in handling contingency plans, Organization applies best transport system, Reduced cycle time, Increase in inventory turnover, Improved value performance, Improved access to timely and correct information, Accuracy of order process, observation of stock movement created easier, On time shipping has been achieved, Timely delivery of services to clients, most security is accorded against information proliferation, Effectiveness in providing services and logistics outsourcing has led to reduction in lead time. The indications were looked at and conferred in an ascending order from all-time low stratified operational performance to the very best ranked operational performance.

Table 3 presents an analysis of the ranking of the indicators of operational performance:

s/no	Ranking Indicators operational performance of logistics outsourcing strategy
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1	Agility- faster response to changes
2	Efficiency in providing services
3	Elimination of inefficiencies
4	Information moves faster thus reduces lead time in the organization
5	Adaptability to accommodate changes that shippers need
6	Orders and deliveries are easily processed to avoid delays
7	Revenue has increased
8	Reduction in logistics costs
9	High level of inventory accuracy
10	Flexibility in handling contingency plans
11	Organization applies optimal transport system
12	Reduced cycle time
13	Increase in inventory turnover rate
14	Improved financial performance
15	Improved access to timely and accurate information
16	Accuracy of order processing
17	Monitoring of stock movement made easier
18	On time shipping has been achieved
19	Timely delivery of services to clients
20	Maximum security is accorded against information proliferation
21	Effectiveness in providing services
22	Logistics outsourcing has led to reduction in lead time

Source: Study on Logistics Outsourcing of Shipping and Performance. 2015

Conclusions

The paper presentation concluded that indeed shipping Companies in Nigeria were practicing logistics outsourcing in the processes of service delivery which had an effect on operational performance. There had been improved operational performance through improve financial performance, elimination of inefficiency; improve access to timely and accurate information among others. This had generally led to reduced waste, improved efficiency and reduced lead times between processes.

The shipping industry have been in operation for more than twenty years in the country and most of them are international entities, in the view of shipping practices adopted are in rank, warehouse management which is highly adopted followed by Inventory management, facility location, transport management and lastly Logistics ICT systems this clearly shows that warehousing is a key aspect in the firms as goods have to be stored in the warehouses (ICDs) and management of the logistics clearly relies on how goods are handled in the warehouses.

The paper presentation also concluded that in the course of adopting logistic outsourcing in the shipping industry operations, a number of challenges had been experienced. The challenges faced included; Lack of appropriate technology, Failure to integrate logistics outsourcing in Shipping Firms, Lack of information about outsourcing logistics, Lack of appropriate business process needs in achieving logistics outsourcing practices, Lack of tools to optimize the use of LSP, Employees resistant to change, Government policies, Lack of top management commitment, Risk associated with Logistic outsourcing has increased, Loss of information privacy, Communication barrier between organization and LSP's, Quality of service by LSP not matched to the firms standards, Loss of control to LSP, Lack of a comprehensive strategy, Delays in service provision by LSP. Where majority dwell on increase in risk associated with Logistic outsourcing which is the biggest challenge.

The presentation also pointed out that; Lack of appropriate technology, lack of appropriate business process needs in achieving logistics outsourcing practices, Lack of top management commitment, Communication barrier between

organization and LSP's, Lack of a comprehensive strategy had a relatively large challenge after delays in service provision by LSP needs to be re-evaluated.

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