THE EFFECT OF HUMAN RESOURCE OUTSOURCING ON
PERFORMANCE OF LOGISTICS COMPANIES IN MOMBASA COUNTY,
KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENT FOR THE AWARD OF THE MASTER DEGREE
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DECLARATION

This research project is my original work and has not been submitted to any other examination body or any research institution or University for any credit or award.

Signature: .................................................. Date: 09/09/2021

Sylvanus Asanga Baraza

D61/87453/2016

This research project has been submitted for examination with our approval as University supervisors.

Signature:.................................................. Date: 10/09/2021

Prof. Peter K’Obonyo

Signature:.................................................. Date: 09/09/2021.

Dr. Anjeline Omondi
DEDICATION

I dedicate this project to my loving and caring family and friends who stood by me throughout my education journey. They have always been challenging and pushing me to greatness. My special gratitude goes to my late grandfather, Mr. Rodgers Mboko Were, for pushing and encouraging me to enroll for the MBA. Lastly, I thank the Almighty God for availing the funds, time and granting me good health throughout this course.
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God bless you all.
ABSTRACT

Increased business competition, accelerated changes in technology and globalization effects have led logistics firms in Mombasa County to seek methods of reducing cost as well as creating new business opportunities. Human resource outsourcing has become very critical function for organizations due to its direct effect on the organizations’ operational activities. The increasing use of outsourcing arrangement and its complexity which is unfamiliar, has suggest that firms need to understand its intricacies in order to benefits from its cost advantages. This calls for scientific research. This research sought to examine the effect of human resource outsourcing on performance of Logistics Company in Mombasa County. Particularly, the study aimed at establishing whether outsourcing activities such as recruitment and staffing, training and development, payroll management, performance management, and contract and casual employment management have effect on the performance of logistics companies in Mombasa County. The researcher applied descriptive cross-sectional survey research design in carrying out the study. The respondents were 128 heads of HR department in the 128 randomly selected logistics companies from a population of 425. Semi-structured questionnaires were distributed to the respondents via email and feedback also received via email. The quantitative data was analyzed by use of descriptive and inferential statistics by use of statistical package for social sciences (SPSS). Both the correlation and regression analyses were used in the analysis. The results indicated that recruitment and staffing, training and development and payroll management had a positive but insignificant relationship with the performance of logistics companies in Mombasa County. Performance management had a negative and insignificant relationship. Only contract and casual employment management had a positive and significant relationship with performance of the logistics companies in Mombasa County. Only contract and casual employment management had significant relationship with performance of logistics companies in Mombasa County, while all the other HR functions outsourced had a negative relationship with performance. The top management should be in the forefront to support the business by increasing the extent of human resource outsourcing through outsourcing several human resource functions. The study has shown the outsourcing several human resource functions would spur the performance of the organization.
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<table>
<thead>
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<td>HR</td>
<td>Human Resource</td>
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<td>HRO</td>
<td>Human Resource Outsourcing</td>
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<td>HRMIS</td>
<td>Human Resource Management Information System</td>
</tr>
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<td>ICD</td>
<td>Inland Container Deport</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<td>SPSS</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Outsourcing can no longer be ignored because it has become a major factor in the organization’s performance (Tomas, 2010). The traditional HR function of hire and fire has grown to a more strategic function of profit making for the organization. The previous HR services which have been regarded as an organization’s own responsibility to manage are now increasingly being routinely purchased from external suppliers. Turnbull (2002) observed that external service providers may have always been performing some elements of HR functions, but now it is with a new dimension of the financial driven idea of the organization saving money by connecting outsourcing to human resource management.

The study was anchored on the transaction cost theory and the agency theory. The transaction theory that was developed by Ronald Coase (1937), takes into account the actual outsourcing cost of producing goods and/ or services. These costs include search cost, the cost of contract coordination, or the transaction. The agency theory was developed by Stanley Milgram (1973), defines how the principal and the agent relate.

Increased business competition, accelerated changes in technology and globalization effects have led logistics companies in Mombasa County to seek methods of reducing cost as well as creating new business opportunities. Quandt (2012) observed that for organizations to maintain competitiveness in the modern word of globalization, they must focus on core activities. There is
no point for an organization to do something that it cannot do cheaply, more efficiently or better than the competitor but instead, it should hire someone who will do it better for the organization (Ford, 2012). They achieve this through optimizing their internal capabilities and external resources. Logistics organizations may therefore either adopt tactical outsourcing for a short term focus of cost minimization or strategic outsourcing for the long term improvement of the business as well as gaining competitive advantage. HRO in logistics companies is not an event but viewed as a process (Kamanga & Ismail, 2016). The process starts with developing a financial and strategic business case for outsourcing, followed by seeking vendors and then relationship management (Benton, 2010).

1.1.1 Human Resource Outsourcing

HRO is the process where an organization transfers its HR functions to another firm to allow it to focus on its core competencies. The nature of HR functions is often time consuming and complex, thus creating difficulty in managing the important areas (Ganta, Prasad & Manukonda, 2017). Benton (2010) defined HRO as people not employed in an organization doing work for that organization. Gil-Padilla and Espino-Rodriguez (2005) stated that outsourcing is a combination of two words “out” which refers to exterior and “source” that refer to the origin. HRO therefore is when certain HR functions are obtained outside the firm. Outsourcing is the process that involves two parties, where the client transfers an internal activity to an outsourcer who is an external body (Galalitiyane & Musa, 2011).

Outsourcing allows organizations to diverge its extra resources from their non-core activities towards their core activities with greater returns (Norwood, Carson, Deese & Johnson, 2006). HR requirements of organizations can be met by HRO agents readily available in the market. A
good number of HRO agents are generalists therefore able to offer a variety of services. Others agents are very specialized and therefore focus on very specific areas of HR functions. HRO functions mainly outsourced include: training and development, recruitment and staffing, payroll management, the human resource information system, job evaluation, and contract and casual employment management (Gitiye & Omondi, 2018).

HRO is one of the strategic approaches adopted by organizations to obtain and sustain competitive advantage. Organizations achieve this through exploiting their internal strength and responding to environmental opportunities. HRO functions outsourced for this study were: training, recruitment, payroll, performance management and contract and casual employment management. Organizations outsource these functions to firms which are specialized in the functions so that they can focus on their core business and still at the same time get quality services in the non-core functions at a lower cost (Kamanga & Ismail, 2016).

Manisha & Deepa (2011) argued that most organizations are moving toward HRO and away from discrete services due to cost reduction, increased productivity, profitability and growth. Sayed et al. (2016) confirmed the above statement by suggesting that when HRO if used correctly, an organization achieves benefits such as improved quality, cost reductions, competitive advantages and focusing on core activities. Various reasons have contributed to the need of logistics companies like in other organization to engage in human resource outsourcing but cost reduction has been cited as the most crucial reason according to Manisha & Deepa (2011). Other reasons include free up resource to focus on core functions, improving productivity and efficiency, reducing business risk, meeting compliance requirements and getting specialized services.
1.1.2 Organizational Performance

Organizational performance has been defined as the scope an organization achieves a set of its pre-defined targets which are unique to the mission of that organization. Organization performance can be attained through items such as piloting, quality, effectiveness and efficiency (Iuliana & Maria, 2016). Performance is a comparison between the outcome and objectives. Organizational performance is a complex concept that involves performance standards which include: quality, effectiveness, productivity, profitability, work of quality and innovation (Rolstadas, 1998).

Iuliana and Maria (2016) concluded in their study that the organizational performance definition must consider all the processes that occur in distinctive organizations and the unique interests of the parties involved. They went further and stated that organizational performance is confounded with notions such as: effectiveness, efficiency, productivity, profitability, earning capacity, economy and competitiveness. Chai (2009) is for the idea that there is need for transitioning from the system of 3E (effectiveness, economy and efficiency) to the system of 5E (effectiveness, economy, efficiency, equity and environment).

Organization’s performance should be assessed in the markets the organization operates in, an organization to measure its performance against targets and objectives it has set internally and performance is narrowed down to the relevant and appreciable features (Folan, 2007). On the other hand, Matei (2006) argued that organizational performance is the application of the orientation programs adopted by the organization with the instruments of its own policy, focus on the group targeted (customers, users and other actors in the public service) and effective use of organizational resources to achieve the desired results.
Ogolla (2012) is of the view that organizational financial performance measures include market share, return on equity, return on assets and profit, where as non-financial performance measures include of innovation, employee development, responsiveness, and corporate social responsibility. Measures for organization performance for this study were: the customer level of satisfaction, the services offered quality, operational efficiency, rate of staff turnover, operational cost and the image of the organization.

1.1.3 Logistics Companies in Mombasa County

Logistic companies in Kenya hold the key to the country’s economic development to a great extent. Kenya has extensive and wide network of paved and unpaved roadways. A significant development in logistics and supply chain systems in Kenya has been realized over the past few decades (Kamau, 2018). Logistics companies provide various integrated solutions on cargo by offering complete solution in every type of terrain, namely sea, air and land from the port of destination to the port of loading. The Mombasa based port is managed and operated by the Kenya Ports Authority (KPA). The port is a crucial hub for 6 international trades in the East and Central African region. Inland transportation from the port is provided by truck and train, and the Standard Railway Gauge (SGR) operates from the Port of Mombasa County to the dry port in Nairobi known as Inland Container Depots (ICD).

The logistics industry is segmented vertically, where large logistics companies take the largest clients because they have the ability to provide a range of logistics solution from packaging, warehousing, consolidation and imports(exports) advisory services to goods inspection. Smaller logistics companies are often left with clients handling few consignments forcing them to limit their services to handling a few shipments per year and arranging transport for individual agents.
There are a number of multinational firms, a good number of locally and foreign owned firms, and a bigger number of smaller domestic firms. 6 of the largest 16 logistics firms in Kenya have a significant foreign equity level (Arnold et al 2016).

The need for logistics solutions has been implied by the developments which were proposed in the port of Mombasa County. They include new developments for oil and gas docks and construction of a third container terminal. According to the Federation of East African Freight Forwarders Associations (www.feaffa.com), there are 425 registered logistics companies operating in Mombasa County, Kenya. The efficiency of moving goods progresses through improved techniques and management principles in the logistics involved in transporting products, delivery speed, the cost of transportation and energy saving (Tseng & Yue, 2005).

1.2 Research Problem

HRO is a very crucial function in an organization due to its direct effect on the organization’s operational activities. The increasing use of HRO arrangement and its unfamiliar complexity has suggested the need to know how to effectively utilize of this strategy. Logistics companies are constantly looking for new strategies and solutions to developing and improving their performance. HRO is one of the strategies which have been adopted by the logistics companies to attain competitive advantage. Logistics companies expect HRO would enable them focus on their core-competence as opposed to concentrating their resources on non-core activities, reduce their operational costs and get access to new technology. Despite many logistics companies engaging in HRO, there is scarce evidence of the effect of HRO on their performance.
In a study of State Corporations in Kenya, Anyango (2014) found that State Corporations are practicing HRO and that the overall performance of the State Corporations improved through customer satisfaction, the enhanced product quality, increased operational efficiency, reduced turnover, created good image and innovative practices. The study was carried out in State Corporations in the County of Nairobi; hence the findings may not be applicable to State Corporations in other counties. The private sector where logistics companies fall into was also not covered in the study and yet they offer different services from those offered by the public sector. Matolo and Iravo (2018) did a study on how HRO impact the performance of public universities in Kenya and found that outsourcing reduced cost hence enhanced the financial position of the universities. The study also found out that outsourcing allowed the university to concentrate on the core business of universities and therefore created competitive advantage. However, the results of the study may not apply to logistics companies due to operational differences.

Boison et al. (2018) studied how HRO impact the organizational performance in Vodafone, Ghana. They found that outsourcing reduced the cost and number of employees; promoted sharing of risk, enhanced access to external capabilities and reduced capital expenditure. However, the benefits were closely matched with risks such as stagnant growth, concerns of quality, lead time problems, erosion of competency, hidden costs and increased employee turnover. The study showed mixed results on the effect of HRO in that particular firm. The findings can however, not be generalized to all other organizations in the same industry, other sectors and even countries because they are for a particular organization. Deloitte Consulting (www.deloitte.com) reviewed HRO in 25 large organizations and found that 70% were dissatisfied with the surprise additional hidden cost which was a very strong negative in HRO.
Even though there are many studies in relation to HRO, very few have been on the effect of HRO on performance of logistics companies. According to the author’s knowledge, there exists scarce empirical evidence on HRO in logistics companies, and yet logistics is an area seeking ways of continuous improvement, cost saving, flexibility and remaining competitive in the market through HRO. Studies done on the effect of HRO on organizational performance show mixed results, like in the case of Vodafone, Ghana. This study has given an answer to the following question: What is the effect of human resource outsourcing on performance of logistics companies in Mombasa County?

1.3 Research Objective

The objective of this study was to establish the effect of human resource outsourcing on the performance of logistics companies in Mombasa County.

1.4 Value of the Study

Findings of the study will enable the Kenyan government understand the grey areas in human resource outsourcing. This will guide the government to formulate regulatory policies on the same. Currently human resource outsourcing in not expressly covered in the Employment Act of 2007. It is one of the five Acts enacted by the parliament that form Kenyan labour laws. The Act currently only addresses the conducts of the employer and the employee in the employment relationship.

The study will help future scholars with interest in carrying out more research in areas related to human resource outsourcing and performance of organizations. The academicians can use the
report as reference material in their studies. Areas of further research in human resource outsourcing and performance of organizations will be highlighted for further scholars to build on.

Finally, the study will assist logistics companies who are currently practicing human resource outsourcing to have a good understanding of human resource outsourcing concept and those that are not practicing human resource outsourcing to be aware of the effect of human resource outsourcing on other organizations in the same field. This will give them an opportunity to make well informed decisions when deciding whether to implement it or not. Human resource vendors will also benefit from the findings to understand what the market expects from them.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter addressed the review of existing literature connected to human resource outsourcing; the theories which support human resource outsourcing comprising the transaction cost theory and agency theory. The effect of human resource outsourcing on cost cutting, productivity, profitability, growth and focus on core business were also reviewed in this chapter.

2.2 Theoretical Foundation

This section reviewed the theories on which the notion of HRO and organization performance is tied up on. Human resource outsourcing is supported by many theories. This research project focused on the following theories: The transaction cost theory and the agency theory.

2.2.1 Transaction Cost Theory

A British economist called Ronald Coase came up with the theory of transaction cost in 1937 and later an American economist called Oliver Williamson refined it in 1975. The theory explains transactions between an organization and vendor. The transaction cost theory explains the grounds on which the decisions of making or buying are made. The theory has been extensively utilized in explaining strategies adopted by corporations such as franchising, vertical integration and internationalization (Boison et al, 2018). OECD defined transaction cost as the cost that is incurred in foreign market exchange. The costs consist of the costs of establishing the prices in the market and the cost of contract writing and enforcement. The theory ultimately assists in
assessing the costs and the risks that are involved in outsourcing of internalized activities. The theory plays a role assisting organizations make a decision of ether outsourcing HR functions or not. It also helps in explaining the transactions between the organization outsourcing its HR function and the firm offering outsourcing services.

Transaction costs include time used, money spent, human resources engaged, contract negotiation activities and the risks that are involved. Transactional cost theory has been merited for enabling organizations make choices regarding what they do and what they do not. Ghoshal and Moran (1996) criticized the validity of transaction cost in the view that opportunism with guile is not a good practice. This is as it fails to apprehend that organizations are not simply options for structuring efficient transactions when markets fail but they own special advantages for governing positive forms of financial activities through logical methods that are different from the market.

2.2.2 Agency Theory

Barry Mitnick (1975) is the proponent of the agency theory after developing on Stephen Ross (1973) agency theory of economic. The agency theory tries to address the problems that occur in organizations due to separation of owners of the business and managers engaged by the owners and emphasizes on the reduction of the problem. This theory has been used to explain the situation in which one party delegate’s responsibility for a task to another party (Fama, 1980). The party that is delegating the work is called the principal and the one to who tasks are delegated to be the agent. The original purpose of formulating the agency theory was to define and manage the relationship and behavior that exists between the principals (shareholders) and their agents (directors or managers employed by shareholders) in organizations (Boison et al.)
The agency theory has been used in this study to illustrate the relationship between two inter-firm subjects, outsourcer (the principal) and outsources/vendor (the agent).

Several scholars have noted that the theory has tried to solve the problems that exist between the principal and agent. The theory assists by recommending implementation of proper governance mechanism in organizations to manage the actions of the agent in the agreed contract. Perrow (1986) noted that the theory is not concerned about controlling the principals, who may be interested in deceiving and/or exploiting the agents. The theory is more concerned in controlling the agent’s side of the problem that exists between the principal and his agent and yet the principal may be the one with the problem.

### 2.3 Human Resources Outsourcing and Organizational Performance

Manisha and Deepa (2011) raised concerns about the future purpose and contribution of HR professionals because some functions will be transferred and the strategic and management complexities of HRO deal. Outsourced practices consist of sales and marketing, security services, manufacturing, logistics, transport, HR, research and development, IT, management services and administration, customer support, cleaning and catering (Chanzu, 2002). Outsourcing practice for the intended of this study was HR.

A study conducted by Greev, et al. (1999) established that organizations outsource HR for both strategic and operational purposes. Their findings recommended the following guidelines of HRO: vendor selection, outsourcing transition management, vendor relations management and vendor performance monitoring. Outsourcing happens in HR functions include training & development, recruitment, payroll management, employee benefits administration and
management of short term contracts (Maende, 2010). Mumbi (2012) stated that recruitment, training & development, job description, job evaluation and employee relation are the most outsourced HR functions by many organizations in Kenya.

According to Manisha and Deepa (2011), organizations engage in human resource outsourcing due to the following reasons: the cost reduction, technology adaptation, risk diversification and to increase productivity. Successful HRO arrangements start with carefully examining aspects such as stock taking of the internal processes of the HR department, developing realistic and achievable goals and sourcing for a vendor that will fit the organization’s culture. Most organizations use pricing a factor of selecting vendors.

Lawal (2000) stated that an organization is considered to be performing when it has the ability of achieving its desired goals, that is measurable in terms of profit, growth, surviving in a competitive environment and the ability to adopt to environmental changes. He further stated that the qualities of the top level management team, stability of executives, availability of resources, enabling environment and strategies adopted contribute to the success of organization. Osuagwu (1999) is of the view that strategic factors (the strategic planning process and the content of strategic plans) are essential to the survival and growth of organizations.

According to Kamanga and Ismail (2016), organizational performance is a vital parameter and defined mostly as the dependent variable. It can produce different performance. It can be assessed in terms of market share, sales turnover, productivity and profitability. Organizational performance is the level of which an organization meets its set goals driven by team performance, customer value, strategic plan and talent management. The goals are attained
through good planning of resources, performance monitoring and evaluation, implementing the strategy and controlling the limited resources.

A study by Gitiye and Omondi (2018) on how HRO functions impact the performance of CAPWELL Industries Limited in Kiambu, established that outsourcing employee recruitment had negative impact on performance; outsourcing of employee training had a positive impact on performance, while outsourcing employee payroll had a significantly negative effect on performance. Since the study was on a particular manufacturing company one cannot generalize the findings to all other manufacturing companies, not to mention logistics companies.

The reviewed literature has indicated that most research carried out focused on general outsourcing which included IT, manufacturing, business processes, transport, logistics, sales and marketing. Few studies have been done on HRO and performance of logistics companies in Kenya. There was therefore a need to carry out a study to realize how outsourcing of HR impact performance of logistics companies in Kenya to bridge the gap.

This study attempted to shed light on the relationship between HRO and performance of logistics companies in Mombasa County by examining 5 HR functions that are outsourced and their influence on customer satisfaction, quality of service, operational efficiency, staff turnover, operational cost and image of the organization of the logistics companies. The 5 HR functions included recruitment and staffing (job advertisement, CV screening and shortlisting, testing and assessment, conduction interviews and background check), training and development (training needs analysis, designing the training program, developing training material, training delivery and training evaluation), payroll management (statutory deductions calculation, statutory deductions remittance, salary deposit, pay slip issuance, salary reports), performance
management (targets and goals setting, defining key performance indicators, performance management tools development, performance appraisal system development, performance monitoring and feedback management) and contract and casual management (monitoring attendance, employee relations, performance management, leave management, injuries treatment and medical care).

2.4 Conceptual Framework

For this study, human resource outsourcing was represented as the independent variables while the performance of the organization the dependent variable. Independent variable elements included recruitment and staffing, training and development, payroll management, performance management, contract and casual employment management.

**Human Resource Outsourcing**

**Organizational Performance**

- The level of customer satisfaction
- The quality of services offered
- Operational efficiency
- Rate of staff turnover
- Operational cost
- The image of the organization

**Dependent Variable**

**Figure 2.1: Human Resource Outsourcing Functions and Organizational Performance**
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter addressed the research method that was adopted and how the data collected was analyzed. The study involved descriptive cross – sectional survey design and a random sampling of the population that was targeted.

3.2 Research Design

Descriptive cross – sectional survey was used in this study. Kothari (2004) described descriptive research design as a study which aims at explaining the traits of a particular person, or of a particular group. Descriptive survey was appropriate because it describes the present state of affairs. The study was concerned with bringing out the relationship that exists between human resource outsourcing and organization performance. Anyango (2014), Ngari (2012) and Muturi (2007) effectively applied descriptive research design in their studies.

3.3 Target Population

A population is the whole group of people or objects that have similar traits that can be observed as described by Mugenda and Mugenda (2003). Sekaran and Bougie (2010) defined population as the entire group of people or things that the researcher is interested in and aims to assess. The target population for this study was all logistics companies based in Mombasa County and according to the Federation of East African Freight Forwarders Associations (www.feaffa.com), there are 425 companies operating in Mombasa County.
3.4 Sample Design

The researcher used a sample size of 30% which represented 128 logistics companies in Mombasa County. Mugenda and Mugenda (2003) stated that for a population of less than 500, a sample of 30% is sufficient. Simple random sampling was used for this study. Kothari (2004) stated that simple random sampling method involves randomly selecting from the population a subset of participants. It gives equal chance for every participant in the population to be selected. The 425 logistics companies were assigned numbers from 1 to 425 on slips of papers, and then lottery conducted. A sealable jar was used for this exercise. The jar was shaken after every selection until 128 logistics companies were selected for study.

3.5 Data Collection

The researcher used a questionnaire as the instrument for collecting primary data. Questionnaire was more appropriate because it was able to reach a large number of respondents, respondents were able to open up without fear of victimization since they were not be required to reveal their identity. It also had standardized answers that were simple to analyze. The questionnaires were distributed via email to the respondents and they answered the questions, giving their views independently on the effect of HR on organization performance and sent them back to the researcher via email.

It was a semi structured questionnaire using a 5 point Likert scale ranging from 1 agree to a very less extend to 5 agree to a very great extent. The questionnaire was had three sections 1, 2 and 3. Section 1 was to establish general information on the person and organization’s profile, section 2 consisted questions on HRO practices, and section 3 on the performance of the logistics companies under study. The respondents were heads of human resource department from the
selected 128 logistics companies in Mombasa County. This was because the functions of this department are what are outsourced and the head of HR department is a senior member of the management team of organizations.

3.6 Reliability and Validity Tests

Kothari (2004) argues that reliability and validity are key concepts in quantitative and qualitative research because they enhance the consistency and quality of research outcome. Cronbach’s alpha coefficient was employed to test the internal consistency reliability of the findings in the study. Any score above 0.7 is a good indication of acceptable internal consistency of the measurement scale. A pre-testing of the questionnaire was conducted on 3 professionals and 3 respondents to point out any lack of clarity and issues of ambiguity. The feedback from the respondents was documented and appropriate corrections effected.

3.7 Data Analysis

The completed questionnaires were thoroughly reviewed and edited to ensure accuracy, completeness, uniformity and consistency through data coding and data tabulation and keyed in Statistical Package for Social Sciences (SPSS). Means and standard deviations were used to establish the existence and the extent of human resourcing outsourcing practices.

A multiple linear regression was used to analyze the collected data with organizational performance as the dependent variable and HRO as the independent variable. Linear regression analysis offered estimates of values of the dependent variable which were summarized by use of tables and percentages. A multiple linear regression was used to test the relationship between
HRO and the organizational performance in logistics companies in Mombasa County. The equation is represented as follows:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon \]

Where:

\[ Y = \text{Organization Performance} \]
\[ \alpha = \text{Constant (Intercept)} \]
\[ \beta_1, \beta_2, \beta_3, \beta_4 \text{ & } \beta_5 = \text{Regression Coefficient for the five Variables} \]
\[ X_1 = \text{Recruitment and Staffing} \]
\[ X_2 = \text{Training and Development} \]
\[ X_3 = \text{Payroll Management} \]
\[ X_4 = \text{Performance Management} \]
\[ X_5 = \text{Contract and Casual Employment Management} \]
\[ \varepsilon = \text{Error term} \]
CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter addressed data analysis and its interpretation. The objective of the study was to establish the effect of human resource outsourcing on the performance of logistics companies in the County of Mombasa. 128 questionnaires were distributed to heads of human resource department in randomly selected logistics companies in Mombasa County via email and 91 were returned. As shown in table 4.1, the response rate was 71% which is considered adequate for the study and the findings presented in tables, percentages, mean, standard deviations and multiple regression analysis.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>91</td>
<td>71%</td>
</tr>
<tr>
<td>Not responded</td>
<td>37</td>
<td>29%</td>
</tr>
<tr>
<td>Total</td>
<td>128</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2 Test of Reliability

Mugenda & Mugenda (2003) stated that reliability is the extent to which the research instrument brings out consistent results of data after repeated trials. The coefficient is between 0 and 1.00. The Cronbach’s alpha, 0.7 and above is considered adequate but the higher the better. The
Cronbach’s Alpha for each value was obtained through SPSS application and measured against each other to give an average of 0.876 which is considered good.

### Table 4.2: Results of the Test of Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>No of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and staffing</td>
<td>0.913</td>
<td>5</td>
</tr>
<tr>
<td>Training and development</td>
<td>0.912</td>
<td>5</td>
</tr>
<tr>
<td>Payroll management</td>
<td>0.925</td>
<td>5</td>
</tr>
<tr>
<td>Performance management</td>
<td>0.833</td>
<td>5</td>
</tr>
<tr>
<td>Contract and casual employment management</td>
<td>0.796</td>
<td>5</td>
</tr>
<tr>
<td><strong>Average Cronbach’s Alpha</strong></td>
<td><strong>0.876</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.3 Test of Normality

Test of normality was done to determine Shapiro – Wilk and Kolmogorov – Smirnov values. The data are normally distributed if Shapiro – Wilk score is insignificant (P>0.05).
Table 4.3: Results of the Test of Normality

<table>
<thead>
<tr>
<th>Organizational Performance</th>
<th>Organization</th>
<th>Shapiro - Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recruitment &amp; Staffing</td>
<td>Statistic</td>
</tr>
<tr>
<td></td>
<td>Training &amp; Management</td>
<td>0.985</td>
</tr>
<tr>
<td></td>
<td>Payroll Management</td>
<td>0.975</td>
</tr>
<tr>
<td></td>
<td>Performance Management</td>
<td>0.972</td>
</tr>
<tr>
<td></td>
<td>Contract &amp; Causal Employment Management</td>
<td>0.984</td>
</tr>
</tbody>
</table>

a. Lilliefors Significance Correlation

Data for all the independent variables was normally distributed as shown in table 4.3 above. Recruitment & staffing had Shapiro – Wilk statistic of 0.974, P>0.05, training & development had Shapiro – Wilk statistic of 0.985, P>0.05, payroll management had Shapiro – Wilk statistic of 0.975, P>0.05, performance management had Shapiro – Wilk statistic of 0.972, P>0.05 and contract & casual employment management had Shapiro – Wilk statistic of 0.984, P>0.05. This indicated that the data is therefore fit for a regression analysis.

4.4 Test of Multicollinearity

Multicollinearity is when two or more independent variables in a multiple regression model have high inter-correlations occurrence. It can cause skewedness or misleading results if a researcher tries to establish how well each independent variable can be used more effectively to predict or understood the dependent variable in a statistical model. The collinearity statistics have been displayed in table 4.4 below.
Table 4.4: Results of the Test of Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Staffing</td>
<td>0.559</td>
<td>1.787</td>
</tr>
<tr>
<td>Training &amp; Management</td>
<td>0.560</td>
<td>1.785</td>
</tr>
<tr>
<td>Payroll Management</td>
<td>0.936</td>
<td>1.068</td>
</tr>
<tr>
<td>Performance Management</td>
<td>0.869</td>
<td>1.151</td>
</tr>
<tr>
<td>Contract &amp; Causal Employment Management</td>
<td>0.924</td>
<td>1.082</td>
</tr>
</tbody>
</table>

It is concluded that there is no multicollinearity symptoms when the obtained values of VIF are between 1 and 10. The collinearity statistics are presented in table 4.4 for all the predictor variables.

4.5 Demographic Information

The respondents were requested to state how long the company they are working for has been in existence, how many years they have worked in logistics companies, to which extend the organization has outsourced HR activities and how long has the organization been outsourcing HR activities.

4.5.1 Age of the Company

The respondents were requested to state the duration the logistics company they are working for has been in existence. Out of 91 companies, 12 have been existing for less than 3 years, 23 between 4 and 8 years, 33 between 9 and 13 years, 8 between 14 and 18 years, 9 between 19 and
23 years and 6 over 24 years. The study confirmed that the bulk of logistics companies have been in existence between 9 and 13 years. Table 4.5 shows the age of the logistics companies.

Table 4.5: Distribution of the Sampled Companies by Age

<table>
<thead>
<tr>
<th>Duration</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 3 years</td>
<td>12</td>
<td>13.2</td>
<td>13.2</td>
</tr>
<tr>
<td>4-8 years</td>
<td>23</td>
<td>25.3</td>
<td>38.5</td>
</tr>
<tr>
<td>9-13 years</td>
<td>33</td>
<td>36.2</td>
<td>74.7</td>
</tr>
<tr>
<td>14-18 years</td>
<td>8</td>
<td>8.8</td>
<td>83.5</td>
</tr>
<tr>
<td>19-23 years</td>
<td>9</td>
<td>9.9</td>
<td>93.4</td>
</tr>
<tr>
<td>Over 24 years</td>
<td>6</td>
<td>6.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.5.2 Length of Service in Logistics Companies

The respondents were requested to state the duration they have been working in logistics companies. Out of 91 respondents, 14 have worked for less than a year, 28 between 2 and 5 years, 23 between 6 and 10 years, 16 between 11 and 15 years, and 10 over 24 years. The study established that a good number of the respondents have worked in logistics companies between 2 and 5 years. Table 4.6 shows the respondents’ length of service in logistics companies.
Table 4.6: Distribution of the Respondents by Length of Service in the Logistics Companies

<table>
<thead>
<tr>
<th>Duration</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year</td>
<td>14</td>
<td>15.4</td>
<td>15.4</td>
</tr>
<tr>
<td>2-5 years</td>
<td>28</td>
<td>30.7</td>
<td>46.1</td>
</tr>
<tr>
<td>6-10 years</td>
<td>23</td>
<td>25.3</td>
<td>71.4</td>
</tr>
<tr>
<td>11-15 years</td>
<td>16</td>
<td>17.6</td>
<td>89.0</td>
</tr>
<tr>
<td>Over 24 years</td>
<td>10</td>
<td>11.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.5.3 The Extent of Human Resource Outsourcing

The respondents were requested to state the extent to which the organization they are working for has outsourced human resource and the results shown in table 4.7. Out of 91 logistics companies, 9 have outsourced less than 25%, 10 have outsourced 25%, 14 have outsourced 50%, 48 have outsourced 75% and 10 have outsourced more than 80%. The findings illustrate that majority logistics companies have outsourced 75% of its human resource.

Table 4.7: The Extent of Human Resource Outsourcing

<table>
<thead>
<tr>
<th>Percent</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25%</td>
<td>9</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td>25%</td>
<td>10</td>
<td>11.0</td>
<td>20.9</td>
</tr>
<tr>
<td>50%</td>
<td>14</td>
<td>15.4</td>
<td>36.3</td>
</tr>
<tr>
<td>75%</td>
<td>48</td>
<td>52.7</td>
<td>89.0</td>
</tr>
<tr>
<td>Over 80%</td>
<td>10</td>
<td>11.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
4.5.4 The Duration Logistics Companies Have Been Outsourcing Human Resource

The respondents were requested to state how long the companies they are working for have been practicing human resource outsourcing. Out of 91 logistics companies, 10 have outsourcing for less than 1 year, 38 for between 2 and 5 years, 31 for between 6 and 10 years, and 12 for over 11 years. The findings demonstrate that the bulk of logistics companies have been outsourcing for between 2 and 5 years. Table 4.8 shows the duration logistics companies have been practice human resource outsourcing.

Table 4.8: The Duration Logistics Companies Have Been Outsourcing Human Resource

<table>
<thead>
<tr>
<th>Duration</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year</td>
<td>10</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>2-5 years</td>
<td>38</td>
<td>41.7</td>
<td>52.7</td>
</tr>
<tr>
<td>6-10 years</td>
<td>31</td>
<td>34.1</td>
<td>86.8</td>
</tr>
<tr>
<td>Over 11 years</td>
<td>12</td>
<td>13.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.6 Human Resource Outsourcing

The five HR functions considered for the study were recruitment & staffing, training & development, payroll management, performance management and contract & casual employment management. The respondents were requested to state the extent to which their company has used the HR outsourcing practices in a five Likert scale, where 1 represented no extent, 2 to a little extent, 3 to a moderate extent, 4 to a great extent and 5 to a very great extent.
4.6.1 Recruitment and Staffing

The study desired to realize the extent to which logistics companies are outsourcing recruitment and staffing function. Heads of human resource department were requested to state the extent to which the activities displayed in table 4.9 are outsourced.

Table 4.9: Frequency (%) of Responses

<table>
<thead>
<tr>
<th>HR Practice</th>
<th>No extent</th>
<th>Little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job advertisement</td>
<td>8.8%</td>
<td>16.5%</td>
<td>34.1%</td>
<td>27.5%</td>
<td>13.2%</td>
<td>3.20</td>
<td>1.137</td>
</tr>
<tr>
<td>CV screening</td>
<td>12%</td>
<td>20.9%</td>
<td>30.8%</td>
<td>30.8%</td>
<td>5.5%</td>
<td>2.97</td>
<td>1.110</td>
</tr>
<tr>
<td>Testing and assessment</td>
<td>7.7%</td>
<td>22%</td>
<td>36.2%</td>
<td>24.2%</td>
<td>9.9%</td>
<td>3.07</td>
<td>1.083</td>
</tr>
<tr>
<td>Interviews</td>
<td>7.7%</td>
<td>25.3%</td>
<td>32.9%</td>
<td>25.3%</td>
<td>8.8%</td>
<td>3.02</td>
<td>1.083</td>
</tr>
<tr>
<td>Background check</td>
<td>8.8%</td>
<td>25.3%</td>
<td>35.1%</td>
<td>23.1%</td>
<td>7.7%</td>
<td>2.96</td>
<td>1.074</td>
</tr>
</tbody>
</table>

The recruitment and staffing activities scored the following; job advertisement (mean 3.20 and standard deviation 1.137), CV screening (mean 2.97 and standard deviation 1.110), testing & assessment (mean 3.07 and standard deviation 1.083), interviews (mean 3.02 and standard deviation 1.083), and background check (mean 2.96 and standard deviation 1.074). With a mean of 3.20, it is evident that job advertisement is most outsourced recruitment and staffing activity in logistics companies in Mombasa County. The companies prefer using recruitment firms to advertise their job vacancies.
4.6.2 Training and Development

The study desired to realize to what extent are logistics companies outsourcing training and development activities. The heads of human resource department were requested to state to what extent the activities displayed in table 4.10 are outsourced.

Table 4.10: Frequency (%) of Responses

<table>
<thead>
<tr>
<th>HR Practice</th>
<th>No extent</th>
<th>Little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs analysis</td>
<td>16.5%</td>
<td>28.6%</td>
<td>35.2%</td>
<td>14.3%</td>
<td>5.5%</td>
<td>2.64</td>
<td>1.091</td>
</tr>
<tr>
<td>Training program</td>
<td>3.3%</td>
<td>15.4%</td>
<td>37.4%</td>
<td>31.9%</td>
<td>12.1%</td>
<td>3.34</td>
<td>1.991</td>
</tr>
<tr>
<td>Training material</td>
<td>5.5%</td>
<td>25.3%</td>
<td>36.3%</td>
<td>24.2%</td>
<td>8.8%</td>
<td>3.05</td>
<td>1.037</td>
</tr>
<tr>
<td>Training delivery</td>
<td>1.1%</td>
<td>12.1%</td>
<td>38.5%</td>
<td>34.1%</td>
<td>14.3%</td>
<td>3.48</td>
<td>0.923</td>
</tr>
<tr>
<td>Training evaluation</td>
<td>8.8%</td>
<td>23.1%</td>
<td>40.7%</td>
<td>19.8%</td>
<td>7.7%</td>
<td>2.95</td>
<td>1.047</td>
</tr>
</tbody>
</table>

The training and development activities scored the following; training needs analysis (mean 2.64 and standard deviation 1.091), training program (mean 3.34 and standard deviation 1.991), training material (mean 3.05 and standard deviation 1.037), training delivery (mean 3.48 and standard deviation 0.923), and training evaluation (mean 2.95 and standard deviation 1.047).

With a mean of 3.48, it is evident that training delivery is the most outsourced training and development activity in logistics companies in Mombasa County. The companies prefer having external trainers train their staff.
4.6.3 Payroll Management

The study desired to realize to what extent logistics companies are outsourcing payroll management activities. The heads of human resource department were asked to indicate the extent to which the activities displayed in table 4.1 are outsourced.

Table 4.11: Frequency (%) of Responses

<table>
<thead>
<tr>
<th>HR Practice</th>
<th>No extent</th>
<th>Little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory deductions</td>
<td>0%</td>
<td>24.2%</td>
<td>42.9%</td>
<td>23.1%</td>
<td>9.9%</td>
<td>3.19</td>
<td>0.918</td>
</tr>
<tr>
<td>Statutory remittance</td>
<td>2.2%</td>
<td>20.9%</td>
<td>44%</td>
<td>27.5%</td>
<td>5.5%</td>
<td>3.13</td>
<td>0.885</td>
</tr>
<tr>
<td>Salaries deposit</td>
<td>9.9%</td>
<td>9.9%</td>
<td>36.3%</td>
<td>23.1%</td>
<td>20.9%</td>
<td>3.35</td>
<td>1.205</td>
</tr>
<tr>
<td>Pay slip issuance</td>
<td>0%</td>
<td>25.3%</td>
<td>42.9%</td>
<td>19.8%</td>
<td>12.1%</td>
<td>3.19</td>
<td>0.953</td>
</tr>
<tr>
<td>Salary reports</td>
<td>6.6%</td>
<td>23.1%</td>
<td>45.1%</td>
<td>20.9%</td>
<td>4.4%</td>
<td>2.93</td>
<td>0.940</td>
</tr>
</tbody>
</table>

The payroll management activities scored the following; statutory deductions (mean 3.19 and standard deviation 0.918), statutory remittance (mean 3.13 and standard deviation 0.885), salary deposit (mean 3.35 and standard deviation 1.205), pay slip issuance (mean 3.19 and standard deviation 0.953), and salary reports (mean 2.93 and standard deviation 0.940). With a mean of 3.35, it is evident that salary deposit is the most outsourced payroll management activity in logistics companies in Mombasa County.
4.6.4 Performance Management

The study desired to realize to what extent logistics companies are outsourcing their performance management activities. The heads of human resource department were requested to state to what extent the activities displayed in table 4.12 are outsourced.

Table 4.12: Frequency (%) of Responses

<table>
<thead>
<tr>
<th>HR Practice</th>
<th>No extent</th>
<th>Little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targets and goal setting</td>
<td>23.1%</td>
<td>20.9%</td>
<td>23.1%</td>
<td>18.7%</td>
<td>14.3%</td>
<td>2.80</td>
<td>1.368</td>
</tr>
<tr>
<td>KPI</td>
<td>19.8%</td>
<td>20.9%</td>
<td>23.1%</td>
<td>17.6%</td>
<td>18.7%</td>
<td>2.95</td>
<td>1.393</td>
</tr>
<tr>
<td>Performance tools</td>
<td>13.2%</td>
<td>17.6%</td>
<td>23.1%</td>
<td>30.8%</td>
<td>15.4%</td>
<td>3.18</td>
<td>1.270</td>
</tr>
<tr>
<td>Appraisal system</td>
<td>5.5%</td>
<td>23.1%</td>
<td>39.6%</td>
<td>9.9%</td>
<td>22%</td>
<td>3.20</td>
<td>1.185</td>
</tr>
<tr>
<td>Performance monitoring</td>
<td>15.4%</td>
<td>18.7%</td>
<td>26.4%</td>
<td>17.6%</td>
<td>22%</td>
<td>3.12</td>
<td>1.365</td>
</tr>
</tbody>
</table>

The performance management activities scored the following; target and goal setting (mean 2.80 and standard deviation 1.368), key performance indicators (mean 2.95 and standard deviation 1.393), performance tools (mean 3.18 and standard deviation 1.270), appraisal system (mean 3.20 and standard deviation 1.185), and performance monitoring (mean 3.12 and standard deviation 1.365). With a mean of 3.20, it is evident that appraisal system development is the most outsourced performance management activity in logistics companies in Mombasa County.
4.6.5 Contract and Casual Employment Management

The study desired to realize to what extent logistics companies are outsourcing their contract and casual employment management activities. The heads of human resource department were requested to state to what extent the activities displayed in table 4.13 are outsourced.

Table 4.13: Frequency (%) of Responses

<table>
<thead>
<tr>
<th>HR Practice</th>
<th>No extent</th>
<th>Little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance monitoring</td>
<td>17.6%</td>
<td>4.4%</td>
<td>35.2%</td>
<td>26.4%</td>
<td>16.5%</td>
<td>3.20</td>
<td>1.284</td>
</tr>
<tr>
<td>Employee relations</td>
<td>6.6%</td>
<td>18.7%</td>
<td>36.3%</td>
<td>17.6%</td>
<td>2.9%</td>
<td>3.27</td>
<td>1.184</td>
</tr>
<tr>
<td>Performance evaluation</td>
<td>8.8%</td>
<td>6.6%</td>
<td>46.2%</td>
<td>18.7%</td>
<td>19.8%</td>
<td>3.34</td>
<td>1.137</td>
</tr>
<tr>
<td>Leave management</td>
<td>13.2%</td>
<td>13.2%</td>
<td>36.3%</td>
<td>17.6%</td>
<td>19.8%</td>
<td>3.18</td>
<td>1.270</td>
</tr>
<tr>
<td>Injury treatment</td>
<td>6.6%</td>
<td>5.5%</td>
<td>34.1%</td>
<td>37.4%</td>
<td>16.5%</td>
<td>3.52</td>
<td>1.047</td>
</tr>
</tbody>
</table>

The contract and casual employment management activities scored the following; attendance monitoring (mean 3.20 and standard deviation 1.284), employee relations (mean 3.27 and standard deviation 1.184), performance evaluation (mean 3.34 and standard deviation 1.137), leave management (mean 3.18 and standard deviation 1.270), and injury treatment (mean 3.52 and standard deviation 1.047). With a mean of 3.52, it is evident that injury treatment for contracted and casual employees is the most outsourced activity in logistics companies in Mombasa County.
4.7 The Overall Performance of the Logistics Companies in Mombasa County

The respondents were requested to state the extent of performance of their companies on a rating in a five Likert scale; where 1 represented no extent, 2 to a little extent, 3 to a moderate extent, 4 to a great extent and 5 to a very great extent.

Table 4.14: Response Rate (%) on the Performance of Logistics Companies in Mombasa County

<table>
<thead>
<tr>
<th>Performance Level</th>
<th>No extent</th>
<th>Little extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>Very great extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>0%</td>
<td>0%</td>
<td>41.8%</td>
<td>40.7%</td>
<td>17.6%</td>
<td>3.76</td>
<td>0.735</td>
</tr>
<tr>
<td>Quality of services</td>
<td>1.1%</td>
<td>0%</td>
<td>50.5%</td>
<td>28.6%</td>
<td>19.8%</td>
<td>3.66</td>
<td>0.833</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>1.1%</td>
<td>6.6%</td>
<td>36.3%</td>
<td>39.6%</td>
<td>16.5%</td>
<td>3.64</td>
<td>0.876</td>
</tr>
<tr>
<td>Reduced staff turnover</td>
<td>1.1%</td>
<td>14.3%</td>
<td>30.8%</td>
<td>31.9%</td>
<td>22%</td>
<td>3.59</td>
<td>1.022</td>
</tr>
<tr>
<td>Operational cost</td>
<td>1.1%</td>
<td>12.1%</td>
<td>30.8%</td>
<td>47.3%</td>
<td>8.8%</td>
<td>3.51</td>
<td>0.861</td>
</tr>
<tr>
<td>Organizational image</td>
<td>0%</td>
<td>0%</td>
<td>17.6%</td>
<td>50.5%</td>
<td>31.9%</td>
<td>4.14</td>
<td>0.692</td>
</tr>
<tr>
<td><strong>Average Performance Level</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.72</strong></td>
<td><strong>0.837</strong></td>
</tr>
</tbody>
</table>

The study findings revealed that the overall performance of logistics companies in Mombasa County is above average given that it scored a mean of 3.72 and standard deviation of 0.837 implied that there was insignificant difference on level of performance among companies. The elements scored the following; customer satisfaction had a mean of 3.76 and standard deviation 0.735, quality of service had a mean of 3.66 and standard deviation 0.833, operational efficient
had a mean of 3.64 and standard deviation 0.876, staff turnover reduction had a mean of 3.59 and standard deviation 1.022, operational cost had a mean of 3.51 and standard deviation 0.861 and organizational image had a mean of 4.14 and standard deviation 0.692.

4.8 Relationship between Human Resource Outsourcing and Performance of Logistics Companies in the County of Mombasa

The objective of the study desired to establish the effect of human resource outsourcing on the performance of logistics companies in the County of Mombasa. The relationship was investigated using correlation and multiple regression analysis.

4.8.1 Correlation Analysis

Correlation among variables was used to show the magnitude and direction of the relationship between variables. From table 4.15, it is evident that there were both positive but insignificant correlation and significant and positive correlation between HR outsourcing and performance of logistics companies in Mombasa County. Significant correlation coefficient implies that the independent variable has an effect on the dependent variable while insignificant correlation coefficient implies that the independent variable has no effect on the dependent variable. There was a positive but insignificant correction between recruitment & staffing and organizational performance (r=0.104, P>0.05), training & development and organizational performance (r=0.065, P>0.05), and payroll management and organizational performance (r=0.045, P>0.05). Performance management had a negative and insignificant correlation with organizational performance (r=-0.147, P>0.05). Contract & casual employment management had a positive and significant correlation with organization performance (r=0.302, P<0.05).
Table 4.15: Correlation among Variables

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson's Correlation</strong></td>
<td>1</td>
<td>0.104</td>
<td>0.065</td>
<td>0.045</td>
<td>0.147</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>0.327</td>
<td>0.540</td>
<td>0.669</td>
<td>0.164</td>
<td>0.004</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
</tr>
</tbody>
</table>

| Recruitment & Staffing | **Pearson's Correlation** | 0.104 | 1 | 0.658** | 0.0016 | -0.0576 | -0.018 |
| **Sig. (2-tailed)** | 0.327 | 0.001 | 0.882 | 0.594 | 0.862 | 0.001 |
| **N** | 91 | 91 | 91 | 91 | 91 | 91 |

| Training & Development | **Pearson's Correlation** | 0.065 | 0.658** | 1 | -0.050 | -0.001 | -0.004 |
| **Sig. (2-tailed)** | 0.540 | 0.001 | 0.635 | 0.996 | 0.969 | 0.613 |
| **N** | 91 | 91 | 91 | 91 | 91 | 91 |

| Payroll Management | **Pearson's Correlation** | 0.045 | 0.016 | -0.050 | 1 | 0.233* | 0.054 |
| **Sig. (2-tailed)** | 0.669 | 0.882 | 0.635 | 0.026 | 0.613 | 0.008 |
| **N** | 91 | 91 | 91 | 91 | 91 | 91 |

| Performance Management | **Pearson's Correlation** | 0.147 | -0.057** | -0.001 | 0.233* | 1 | 0.276** |
| **Sig. (2-tailed)** | 0.164 | 0.594 | 0.996 | 0.026 | 0.008 | 0.000 |
| **N** | 91 | 91 | 91 | 91 | 91 | 91 |

| Contract & Casual Management | **Pearson's Correlation** | 0.302** | -0.018 | -0.004 | 0.054 | 0.276** | 1 |
| **Sig. (2-tailed)** | 0.004 | 0.862 | 0.969 | 0.613 | 0.008 | 0.000 |
| **N** | 91 | 91 | 91 | 91 | 91 | 91 |

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.01 level (2-tailed).

4.8.2 Regression Analysis

A multiple regression model was used to establish the relationship between HR outsourcing and performance of logistics companies in the County of Mombasa. The information used to
understand the relationship between the explanatory variables and the response variable. The response variable was organizational performance while explanatory variables included; recruitment & staffing, training & development, payroll management, performance management, and contract & casual employment management.

Table 4.16: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.731a</td>
<td>0.538</td>
<td>0.324</td>
<td>0.745</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.16 displays results indicating that R is 0.731, which means that there was a fairly strong linear relationship between independent variables and dependent variable. R square was 0.538. The results imply that the independent variables contributed to 53.8% variation in the performance of logistics companies in the County of Mombasa and other factors had 46.2% which is the error term. The value of adjusted R square was 0.324. The standard error of the regression indicates that observed values fall an average range of 0.745 units from the regression line.

Table 4.17: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>15.276</td>
<td>5</td>
<td>3.055</td>
<td>5.504</td>
<td>0.001b</td>
</tr>
<tr>
<td>Residual</td>
<td>47.186</td>
<td>85</td>
<td>0.555</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>62.462</td>
<td>90</td>
<td>0.555</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The fitness of the model was established by analysis of variance (ANOVA). Table 4.17 shows that the F-ratio (F=5.504, P<0.05) was statistically significant. The findings imply that it was not by chance that HR outsourcing predicted the performance of logistics companies in the County of Mombasa. The multiple regression model presented in chapter three meets the test of goodness of fit. This means that the use of the regression model was appropriate.

**Table 4.18: Regression Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.680</td>
<td>0.422</td>
<td></td>
<td>6.350</td>
</tr>
<tr>
<td>Recruitment and staffing</td>
<td>0.080</td>
<td>0.090</td>
<td>0.122</td>
<td>0.892</td>
</tr>
<tr>
<td>Training &amp; development</td>
<td>-0.010</td>
<td>0.097</td>
<td>-0.014</td>
<td>-0.099</td>
</tr>
<tr>
<td>Payroll management</td>
<td>0.008</td>
<td>0.077</td>
<td>0.010</td>
<td>0.099</td>
</tr>
<tr>
<td>Performance management</td>
<td>0.045</td>
<td>0.067</td>
<td>0.074</td>
<td>0.670</td>
</tr>
<tr>
<td>Contract &amp; casual management</td>
<td>0.200</td>
<td>0.075</td>
<td>0.283</td>
<td>2.659</td>
</tr>
</tbody>
</table>

Regression coefficients and the associated regression outcomes are given in table 4.18. From the table, results show that regression constant was $\beta=2.68$, $t=6.35$, $P<0.05$. It also shows that the effect of recruitment & staffing on performance was also insignificant ($\beta=0.080$, $t=0.892$, $P>0.05$), training & development was equally insignificant ($\beta=-0.01$, $t=-0.099$, $P>0.05$), payroll management ($\beta=0.008$, $t=0.099$, $P>0.05$), performance management was also insignificant ($\beta=0.045$, $t=0.67$, $P>0.05$), and contracts & casual employment management was significant ($\beta=0.2$, $t=2.659$, $P<0.05$).
The results showed a positive but insignificant relationship between recruitment & staffing and organizational performance, a negative and insignificant relationship between training & development and organizational performance, a positive but insignificant relationship between payroll management and organizational performance, a positive but insignificant relationship between performance management and organizational performance, and a positive and significant relationship between contracts & casual employment management and organizational performance. The findings show that keeping all other variables constant, an increase of a unit in the level of outsourcing contract & casual employment management will result to an increase in performance of logistics companies in Mombasa County by 0.2.

With the dependent variable being organizational performance (Y), the independent variables were recruitment & staffing (X1), training & development (X2), payroll management (X3), performance management (X4), and contracts & casual employment management (X5). The regression equation obtained from the regression coefficient table was therefore:

\[ Y = 2.68 + 0.2X5 + \varepsilon \]

Table 4.19: Regression Results for the Influence of Human Resource Outsourcing on Organization Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.871</td>
<td>0.390</td>
<td></td>
<td>7.364</td>
</tr>
<tr>
<td>HR Functions</td>
<td>0.045</td>
<td>0.021</td>
<td>0.227</td>
<td>2.199</td>
</tr>
</tbody>
</table>

Dependent Variable: Organization Performance
Table 4.19 was used to demonstrate the direction and magnitude of relationship between the coefficients of the combined independent variables (outsourced HR functions) and dependent variable (organizational performance). The results show that regression constant was $\beta=2.871$, $t=7.364$, $P<0.05$ and HR functions was $\beta=-0.045$, $t=2.199$, $P<0.05$. The results therefore indicated a significant and positive relationship between human resource outsourcing and organizational performance. The findings showed that keeping all other variables constant, a unit increase in the level of HR outsourcing functions will lead to an increase in performance of logistics companies in the County of Mombasa by 0.045.

$Y=2.871+0.045X+\varepsilon$

4.9 Discussion of Results

The study was to realize the effect HRO on the performance of logistics companies in Mombasa County. The HR outsourced functions in the study were recruitment & staffing, training & development, Payroll management, performance management and contract & casual employment management.

4.9.1 Outsourcing of Recruitment and Staffing to Organizational Performance

The findings of the study have shown that most respondents indicated that their organizations are engaged in outsourcing of recruitment and staffing. Job advertisement was the most outsourced recruitment activity among logistics companies in Mombasa County, with a mean score of 3.20. Outsourcing of recruitment and staffing had a positive but insignificant relationship with performance, hence doesn’t affect performance of the organization ($r=0.104$, $P>0.05$). Regression coefficients of ($\beta=0.008$, $P>0.05$) indicated a positive but insignificant relationship
between recruitment & staffing and organizational performance. Therefore, recruitment and staffing did not have a significant contribution to the performance of logistics companies in Mombasa County. Most respondents felt that recruitment & staffing could be handled internally by the HR department for career growth of the existing staff and also for the purpose or succession planning.

4.9.2 Outsourcing of Training and Development and Organizational Performance

The findings of the study have shown that the respondents indicated mixed feelings about their organizations being engaged in outsourcing of training and development. Training delivery was the most outsourced training activity among logistics companies in Mombasa County, with a mean score of 3.48. Outsourcing of training and development had a positive but insignificant relationship with performance of the organization, hence doesn’t affect performance of the organization ($r=0.065$, $P>0.05$). Regression coefficients of ($\beta=-0.01$, $P>0.05$) indicated a negative and insignificant relationship between training & development and organizational performance. Therefore, training and development did not have a significant contribution to the performance of logistics companies in Mombasa County. Most of the respondents were for the view that the line managers and supervisors were well placed to offer trainings as external trainers do not have hands on experience and therefore use generic training materials for training.

4.9.3 Outsourcing of Payroll Management and Organizational Performance

The findings of the study have shown that most respondents indicated that their organizations are engaged in outsourcing of payroll management. Salary deposit is the most outsourced payroll activity among the logistics companies in Mombasa County, with a mean score of 3.35. Outsourcing of payroll management had a positive but insignificant relationship with
performance, hence doesn’t affect performance of the organization \((r=0.045, P>0.05)\). Regression coefficients of \((\beta=0.008, P>0.05)\) indicated a positive but insignificant relationship between payroll management and organizational performance. Therefore, payroll management did not have a significant contribution to the performance of logistics companies in Mombasa County.

4.9.4 Outsourcing of Performance Management and Organizational Performance

The findings of the study have shown that the respondents indicated mixed feelings about their organizations being engaged in outsourcing of performance management. Development of appraisal system was the most outsourced performance management activity among logistics companies in Mombasa County with a mean score of 3.20. Outsourcing of performance management had a positive and insignificant relationship with performance, hence doesn’t affect performance of the organization \((r=0.147, P>0.05)\). Regression coefficients of \((\beta=0.045, P>0.05)\) indicated a positive but insignificant relationship between performance management and organizational performance. Therefore, performance management did not have a significant contribution to the performance of logistics companies in Mombasa County. Most respondents felt that performance could be managed by the line managers and supervisors in conjunction with the HR department. Outsourcing the function demoralized employees.

4.9.5 Outsourcing of Contract and Casual Employment Management and Organizational Performance

The study findings have shown that most respondents indicated that their organizations are engaged in outsourcing of contract and casual employee management. Performance evaluation was the most outsourced contract and casual employment management activity among logistics
companies in Mombasa County with a mean score of 3.34. Outsourcing of contract and casual employment management had a significant and positive relationship with performance, hence affect performance of the organization (r=0.302, P<0.05). Regression coefficients of (β=0.2, P<0.05) indicated a positive and significant relationship between contract & casual employment management and organizational performance. A unit increase in contract and casual employment management will translate in a 0.2 increase in performance of the organization. Therefore, contract and casual employment management contributed significantly to the performance of logistics companies in Mombasa County.

The study findings have revealed that HRO has led to an overall performance level of a mean 3.72 which represents a 53.8% improvement on the performance of logistics companies in the County of Mombasa. The element performance scored the following means; customer satisfaction 3.76, quality of service 3.66, operational efficiency 3.64, reduction in staff turnover 3.59, operational cost 3.51 and organizational image 4.14.

Matolo and Iravo (2018) did a study on effect of human resource outsourcing and organizational performance in public universities in Kenya. The independent variables were reduction of costs, allowing HR personnel to focus on strategic functions, access to technology and focus on core competences. The study established that access to technology and cost savings were not significant drivers for outsourcing HR in the public universities. Focus on core activities, allowing HR personnel to focus on strategic functions and streamlining HR functions had moderate impact on HR outsourcing driver for HRO in public universities. Although the independent variables in the two studies were different, HRO had positive effect organization performance in both studies, hence supporting findings of this study.
Kamanga and Ismail (2016) in their study on effects of outsourcing on organization performance in manufacturing sector in Kenya (case of Del Monte Kenya Limited), had cost, quality, technology adaption and risks as the independent variables. Cost reduction ($r=0.701$, $P<0.05$), quality improvement ($r=0.525$, $P<0.05$) and technology adoption ($r=0.67$, $P<0.05$) had a positive and significant relationship with organization performance. Risks from outsourcing had a positive but insignificant relationship with organization performance ($r=0.14$, $P>0.05$). Overall performance level had a mean of 2.96 which represented a 65% improvement on the performance of Del Monte Kenya Limited. The results of their study support the results of this study due to the fact that organization performance was positively impacted by outsourcing.

A study by Gitiye and Omondi (2018) on how HRO functions impact the performance of CAPWELL Industries Limited in Kiambu, had employee recruitment, training, payroll and human resource management information system as independent variables. The findings established a significant and positive relationship between training and performance of CAPWELL Industries Limited ($r=0.47$, $P<0.05$), recruitment ($r=-0.548$, $P<0.05$) and payroll ($r=-0.487$, $P<0.05$) had a negative but significant relationship while HRMIS ($r=-0.246$, $P>0.05$) had a negative and insignificant relationship with organization performance. Overall performance level had a mean of 3.06 which represented a 54.7% improvement on the performance of CAPWELL Industries Limited. Findings of their study contrast those of this study in that training had a significant and positive relationship with organization performance in their study while in this study, it had a positive but insignificant relationship with organization performance, and both recruitment & payroll in their study had a negative but significant relationship with organization performance.
performance while both the 2 independent variables had a positive but insignificant relationship. However, in both studies, HRO positively affected the overall performance of the organization.

Mwangi (2017) did a study on effect of HRO on organizational performance (case study of Post Bank Kenya Ltd). The independent variables in the study were training, recruitment & selection, human resource information system and payroll. All the human resource functions had a significant and positive relationship with the performance of Post Bank Kenya Ltd as follows; training ($r=0.784$, $P<0.05$), Recruitment & selection ($r=0.612$, $P<0.05$), HRIS ($r=0.935$, $P<0.05$) and payroll ($r=0.673$, $P<0.05$). The findings of his study contrast this study because training, recruitment and payroll had an insignificant but positive relationship with performance of logistics companies in Mombasa County.

The transaction cost theory explains the grounds on which the decisions of making or buying are made. It helps organizations decide whether to outsource HR and prepare for forthcoming HRO arrangements or manage HR functions within. Based on the study findings which demonstrated contributions of outsourcing HR towards organizational performance in logistics companies in Mombasa County ($\beta=0.045$, $P<0.05$), it is advisable for organizations to make a decision of outsourcing HR. The transaction cost theory is more applicable in the reconsideration phase of HR outsourcing process.

The agency theory illustrates the relationship between two inter-firm subjects, outsourcer (the principal) and outsources/vendor (the agent). It is noticeable from the findings of the study that human resource outsourcing is being practiced in logistics companies in Mombasa County (mean of 3.72). Therefore, the relationship between outsourcer (logistics company) and outsources/vendor (outsourcing agents) exists. The application of agency theory in the process
HR outsourcing will be in the preparation stage, during vetting for vendors and describing the nature of the relationship.
CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

The chapter addressed the summary of the key findings and conclusion from chapter four, recommendations and limitations of the study based on its objective. Suggestions for further studies have also been included in this chapter.

5.2 Findings Summary

From the study, it was realized that the average mean and standard deviation scores of the extent of specific HR functions outsourced were as follows: recruitment & staffing (mean 2.788 and standard deviation 1.215), training & development (mean 2.84 and standard deviation 1.106), payroll management (mean 2.932 and standard deviation 1.523), performance management (mean 3.053 and standard deviation 1.535), and contract & casual employees (mean 3.484 and standard deviation 1.215). The findings revealed that contract and casual employment management was greatly outsourced HR functions.

The study revealed the most outsourced activities in human resource functions as; job advertisement in recruitment & staffing with mean score of 3.044, training delivery in training & development with mean score of 3.495, salary deposit in payroll management with mean score of 3.066, development of appraisal system in performance management with mean score of 3.175, and performance evaluation in contract & casual employment management with mean score of 3.539.
The study findings have also revealed that outsourcing has resulted in an overall performance level of mean 4.748. The overall standard deviation of 0.886 indicated that the level of performance among the logistics companies was to an extent, greatly similar. The element performance of customer satisfaction (mean 4.143 and standard deviation 0.768), quality of services (mean 4.033 and standard deviation 0.936), operational efficiency (mean 3.978 and standard deviation 0.954), reduced staff turnover (mean 3.934 and standard deviation 1.020), operational cost (mean 3.934 and standard deviation 0.94) and organizational image (mean 4.396 and standard deviation 0.697).

From the findings, only contract & casual employment management had both positive and significant correlation and significant relationship with the performance of logistics companies in Mombasa County. Recruitment & staffing, training & development and payroll management had a positive but insignificant correlation with the performance of logistics companies in Mombasa County. Performance management had a negative and insignificant correlation with the performance of logistics companies in Mombasa County. All other independent variables (recruitment & staffing, training & development, payroll management and performance management) had insignificant relationship with the performance of logistics companies in the County of Mombasa.

5.3 Conclusion

The study was designed to achieve an objective of establishing the effect of HR outsourcing on performance of logistics companies in Mombasa County. The findings of the study have shown that HR outsourcing is practiced in logistics companies in Mombasa County. The study established that the extent of HR functions (recruitment & staffing, training & development,
payroll management, performance management and contract & casual employment management) outsourced by logistics companies in Mombasa County vary among the logistics companies.

The independent variables had 53.8% determination on the performance of logistics companies in the County of Mombasa, while other factors contributed 46.2%. The correlation, R value of 0.731 indicated a high positive relationship between HR outsourcing and performance of logistics companies in Mombasa County. The study has confirmed that contract and casual employment management had the most effect on the performance of logistics companies in the County of Mombasa. This was indicated by the Pearson’s correlation (r=0.302, P<0.05) and regression coefficients (β=0.2, P<0.05).

5.4 Recommendations

From the above findings, the following deductions were observed. HRO has been practiced to varying extents by logistics companies in Mombasa County which are seeking to improve their performance. HRO is a common practice today making it unusual to find an organization that has not engaged HRO to some degree. Increased business competition, accelerated changes in technology and globalization effects have enabled the organizations to outsource some of its HR functions to enhance customer satisfaction, quality of service offered, operational efficiency, reduced staff turnover rate, operational cost and the image of the organization in order to improve their performance continuously. This has resulted to outsourcing of recruitment & staffing, training & development, payroll management, performance management, and contract & casual employment management. Based on the study results, the best outsourced HR function was contract & casual employment management.
It is highly recommended that the top management should spearhead the process and support the business through increasing the extent of HR outsourcing by outsourcing several HR functions because this would drive the organization’s performance by allowing HR department to focus on its core competencies that they have the capacity to handle well. The nature of HR functions is often time consuming and complex, thus creating difficulty in managing the important areas.

5.5 Limitations

The three major challenges encountered by the researcher include: COVID 19 protocols do not allow free mingling of people and emphasize on social distance and minimal physical interaction. This made it impossible for the researcher to physically distribute the questionnaire to targeted logistics companies in Mombasa County. The researcher had to use emails making it difficult to confirm if the respondents had received them or not. Some of the emails bounced back.

Some multinational logistics companies have data protection policy therefore being very confidential in nature. This forced the respondents to seek authority of the highest office in the organization for them to give feedback. This was a long process putting pressure on the time allocated to complete the project. Some authorization requests were declined and other respondents did not even attempt to seek authorization.

Finally, some respondents were not comfortable responding to the questionnaire because the completed questionnaires were to be sent back via email. This means that the respondents could not be unanimous as a result of existing email evidence for their feedback. The respondents
from organizations with strict confidentiality policy were afraid to respond for the fear of being victimized.

5.6 Further Studies Suggestions

The study used only 5 HR functions (recruitment & staffing, training & development, payroll management, performance management, and contract and casual employment management) to realize the effect of HR outsourcing in logistics companies in Mombasa County. The study therefore recommends for an in-depth study by including many HR functions.

The study confined itself in logistics companies in Mombasa County. This can be argued that the findings may not be generalized for other logistics companies in other regions within the country. It is therefore recommended that the study covers logistics companies in the entire country. This will give more general findings on the effect of HR outsourcing on the performance of logistics companies in Kenya.

It is recommended that the study be replicated in other sectors such as public and private organizations, parastatals, higher learning institutions (tertiary colleges, private and public universities), hospitality industry, financial institutions and non-profit making organizations. This will establish the extent of HR outsourcing and performance of the other organizations.
REFERENCES


APPENDIX

4.8.5 Appendix i: Research Questionnaire

This questionnaire contains questions relating to the human resource outsourcing and organization performance in logistics companies in Mombasa County, Kenya. The information provided will be treated very confidential and will be solely used for the purpose of academic.

Section 1: Background Information

*Please tick [✔️] appropriate boxes where applicable*

1. For how many years has your company been in existence?
   - 3 years and below [ ]
   - 4 to 8 years [ ]
   - 9 to 13 years [ ]
   - 14 to 18 years [ ]
   - 19 to 23 years [ ]
   - Over 24 years [ ]

2. For how long have you worked in logistics companies?
   - 1 year and below [ ]
   - 2 to 5 years [ ]
   - 6 to 10 years [ ]
   - 11 to 15 years [ ]
   - Over 15 years [ ]

3. To which extent does your organization outsources human resource activities?
   - Less than 25% [ ]
   - 25% [ ]
   - 50% [ ]
   - 75% [ ]
   - Over 80% [ ]

4. How long have your organization been outsourcing human resource activities?
   - 1 year and below [ ]
   - 2 to 5 years [ ]
   - 6 to 10 years [ ]
   - Over 11 years [ ]
### Section 2: Human Resource Outsourcing

The table below indicates the common human resource outsourced functions. On a scale of 1 to 5 (where 1 is no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to very great extent) please indicate the extent to which your organization uses the human resource outsourcing practice by ticking the appropriate box.

<table>
<thead>
<tr>
<th>HR Outsourcing Practice</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1. Recruitment and staffing</td>
<td></td>
</tr>
<tr>
<td>• My organization uses outsourcing for the purpose of job advertisement</td>
<td></td>
</tr>
<tr>
<td>• My organization usually outsource CV screening and shortlisting of candidates</td>
<td></td>
</tr>
<tr>
<td>• My organization uses the services of recruitment agents for testing and assessment of candidates</td>
<td></td>
</tr>
<tr>
<td>• My organization engages recruitment firms to conduct interviews</td>
<td></td>
</tr>
<tr>
<td>• My organization uses outsourcing for conducting background checks on potential candidates</td>
<td></td>
</tr>
</tbody>
</table>
2. Training and development

- My organization engages outsourced consultants to conduct training needs analysis

- Training program design in my organization has been outsourced

- My organization uses outsourced training firms to develop training material

- Training is delivered in my organization by outsourced trainers

- Training evaluation in my organization is conducted by outsourced training firms

3. Payroll management

- Statutory deductions in my organization is calculated by outsourced payroll consultants

- Statutory deductions remittance for my organization is done by outsourced payroll consultants

- Outsourced payroll consultants deposit
- Pay slips in my organization are issued by outsourced payroll consultants
- Salary reports in my organization are generated by outsourced payroll consultants

4. Performance Management
- My organization engages the services of outsourced consultants for the purpose of targets and goal setting
- Key performance indicators in my organization are defined by outsourced consultants
- Performance management tools for my organization are developed by outsourced consultants
- Performance appraisal system development in my organization has been outsourced to a consultant
- Performance monitoring and feedback management in my organization is conducted by outsourced consultant
<table>
<thead>
<tr>
<th>5. Contract and casual employment management</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Attendance monitoring for outsourced staff in my organization is done by the outsourcing agent</td>
</tr>
<tr>
<td>- Outsourcing agent handles all employee relations matters for outsourced staff in my organization</td>
</tr>
<tr>
<td>- Performance management for outsourced staff in my organization is conducted by the outsourcing agent</td>
</tr>
<tr>
<td>- Leave for outsourced staff in my organization is managed by the outsourcing agent</td>
</tr>
<tr>
<td>- Outsourcing agent takes care of all injuries treatment and medical for outsourced staff in my organization</td>
</tr>
</tbody>
</table>
Section 3: Performance of the Organization

Below are statements on the performance levels of logistics companies in Mombasa County. On a scale of 1 to 5 (where 1 is no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to very great extent).

<table>
<thead>
<tr>
<th>Performance Level</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>The level of customer satisfaction in our organization has increased in the last 5 years</td>
<td></td>
</tr>
<tr>
<td>The quality of services offered by our organization has been enhanced</td>
<td></td>
</tr>
<tr>
<td>Our operations are now efficient</td>
<td></td>
</tr>
<tr>
<td>The rate of staff turnover in our organization has reduced</td>
<td></td>
</tr>
<tr>
<td>Our operational costs have reduced</td>
<td></td>
</tr>
<tr>
<td>Our organizational image is good</td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU
Appendix ii: Logistics Companies in Mombasa County

1. Aba Express Logistics Ltd
2. Abaadila Enterprises Ltd
3. Abacy Logistics Ltd
4. Abaex Logistics Limited
5. Absolute Freight Services and Logistics Ltd
6. Acceler Global Logistics Ltd
7. Access Shipping & Logistics (K) Ltd
8. Advantage Logistics Ltd
9. Advent Logistics Ltd
10. Aela Company Ltd
11. Aero-Marine Cargo Services Ltd
12. Aero-Marine Cargo Services Ltd
13. African Salihiya Cargo and Clearing Ltd
14. Afridge Line Logistics
15. Afriton Logistics Co. Ltd
16. Afro Freight Forwarders Ltd
17. Agility Logistics Ltd
18. Ahero Freight Forwarders
19. Al-Iman Trading Company Ltd
20. Alitgan Clearing and Forwarding Company Ltd
21. Alpha Logistics (K) Ltd
22. Alvine Forwarders Co Ltd
23. Amaan Logistics & Trading Co Ltd
24. Amal Fighters and Forwarders Ltd
25. Amer Traders Ltd
26. Annointed Freighters
27. Anytime Clearing and Forwarding Company
28. A-Plus Shipping Logistics Ltd
29. APM Terminals
30. Apokori Logistics Ltd
31. Aquaero Cargo Company Ltd
32. Arc Pro Logistics Ltd
33. Arnop Logistics Company Ltd
34. Aro Cargo Clearing and Forwarding
35. Ascent Freight Logistics Ltd
36. Bahari Forwarders Ltd
37. Bakriz Holdings Ltd
38. Bargaaba Business Agency PTY Ltd
39. Bbp Logistics E.A.Ltd
40. Beach Line Ltd
41. Bell Euro Express (K) Ltd
42. Bem Swift International
43. Bencmark Global Solutions
44. Benjo Cargo Services
45. Bestfast Cargo (K) Ltd
46. Bigmack Agency
47. Bikha Agencies Ltd
48. Bin Zain Logistics Ltd
49. Blackstone Logistics Kenya Limited
50. Blaze Cargo Ltd
51. Blue Bell Freighters Ltd
52. Blue Cat Port Services
53. Bob Morgan Services Ltd
54. Boldline Shipping & Logistics Services Ltd
55. Bolfa Cargo Logistics Ltd
56. Bolloré Transport & Logistics Kenya Ltd
57. Bondeni Kaya Ltd
58. Bonfide Clearing and Forwarding Company Ltd
59. Boss Freight Terminal Ltd
60. Box Clever (K) Ltd
61. Brettly Agencies Ltd
62. Bright & Best Ltd, Mombasa
63. Buzeki Group of Companies
64. Cargo & Truck Logistics
65. Cargo Logistics Services Ltd
66. Cargo Star Kenya Ltd
67. Cargo World Aviation Ltd
68. Cargodeck (EA) Ltd
69. Cargofax Ltd
70. Cargolux (Kenya) Ltd
71. Caribbean Freight Limited
72. Casements (A) Ltd
73. Charities Logistics Ltd
74. Chibe Freighters Ltd
75. Chilwe Investments Ltd
76. Clarion International Shipping & Logistics Ltd
77. Clearing and Forwarding Services for South Sudan
78. Coast Professional Freighters Ltd
79. Coastline Agencies
80. Compact Freight System Ltd
81. Conken Cargo Forwarding Ltd
82. Consolbase Limited
83. Consolidated (Msa) Ltd
84. Consolidated Freight Company Ltd
85. Continental Freighters
86. Continental Logistics Network Ltd
87. CPC Freight Services Ltd
88. Crescent Forwarders Ltd
89. Crestwood Logistics Ltd
90. Dahla Kenya Ltd
91. Dalsan Freighters Ltd
92. Damco Logistics (K) Ltd
93. Dap Logistics Ltd
94. Deccan Freight Logistics
95. Decent Freight & Logistics Ltd
96. Denali Logistics Ltd
97. DFS Express Lines Ltd
98. DHL Global Forwarding (K) Ltd
99. Diamond Shipping Services
100. Diverse Cargo Marine and Air C&F Services
101. Dock Suppliers
102. Dodwell and Co. (East Africa) Ltd
103. Dominion Freight (Kenya) Ltd
104. Doshi & Co (Hardware) Ltd
105. Dot Co. Enterprises
106. Dotcom Consultants
107. Dr Horizon World Cargo
108. DSV Air and Sea ltd
109. Dynamite Logistics Ltd
110. East Africa Cargo Logistics Ltd
111. East Cape Enterprises Ltd
112. Easthol logistics Ltd
113. Ebrahimjee, Saleem J A
114. Echken Agencies Ltd
115. Economic Carriers Ltd
116. Eden Transport And Logistics Ltd
117. Ellite Freight Forwarders
118. Eri Kenya Ltd
119. Etako Freighters Ltd
120. Everfast Forwarders
121. Exel Kenya Ltd
122. Export Consolidation Services (K) Ltd
123. Express Kenya Ltd
124. Express Shipping & Logistics (EA) Ltd
125. Exrol Logistics Kenya Limited
126. Eyeblink Freight Management Ltd
127. Faida Cargo Services Ltd
128. Fairways Consolidators Ltd
129. Famo Forwarders Ltd
130. Fast Transit Line (K) Ltd
131. Fastlane Freight Forwarders Ltd
132. Fastrak Logistics Ltd
133. Feederlink Logistics Ltd
134. Fenkel International Logistics Ltd
135. Feri Logistics Ltd
136. Fox International Logistics Ltd
137. Fredtech Forwarders (K) Ltd
138. Free States Enterprise Ltd
139. Freederlink Logistics Ltd
140. Freeport Logistics (K) Ltd
141. Freight Forwarders Kenya Ltd
142. Freight in Time Ltd
143. Freight Well Express Ltd
144. Freight Work Logistics Ltd
145. Freightpoint Ltd
146. Fremmy Freight International Ltd
147. Fremo Freight Logistics
148. Galaxy Logistics Limited
149. Geke Enterprises Ltd
150. Gemini Trading Co.Ltd
151. Genius Clearing and Forwarding Ltd
152. Genuine Movers E A Ltd
153. Geomiko Agencies
154. Georine Agencies Ltd
155. Get Way Clearing House Ltd
156. Gisenya Freight Logistics Ltd
157. Globe Forwarders Ltd
158. Goal Clearing and Forwarding
159. Goldwell Forwarders Ltd
160. Green World Logistics International Ltd
161. Guardforce Group of Companies
162. H H Mody and Company Ltd
163. H H Tharoo and Sons
164. Habo Agencies Ltd
165. Hakika Transport Service Ltd
166. Hamity Group Ltd
167. Harbour City Forwarders Ltd
168. Hasaki Freight Conveyors Ltd
169. Hawala Logistics
170. Heavy Industry Logistics Ltd
171. Homeland Freight Ltd
172. Huaye International Logistics Co.Ltd
173. Ilongo Agencies Ltd
174. Inchcape Shipping Services Kenya Ltd
175. Indian Ocean Forwarders & Logistics Co. (K) Ltd
176. Inet Cargo
177. Inland Africa Logistics Ltd
178. Inspire Africa Logistics Limited
179. Institute of Logistics
180. Interfreight East Africa Ltd
181. International Clearing and Forwarding Company Ltd
182. International Maritime Agency
183. Intra Ship Clearing and Forwarding
184. Intra Shipping & Logistics (K) Ltd
185. Isedal Kenya Ltd
186. Island Freighters Ltd
187. Jade Prime Logistics (EA) Ltd
188. Jap Clearing and Forwarding Company Ltd
189. Jaspa Logistics Ltd
190. Jihan Freighters Ltd
191. Joegraka Enterprises
192. Jordan Freight
193. Juhudi Forwarders Ltd
194. Junic Logistics
195. K B Freighters Ltd
196. Kabimex Freighters Ltd
197. Kadmus Freight Logistics Ltd
198. Kaiser Agencies Ltd
199. Kamar C and F House
200. Kanche Enterprises Ltd
201. Karmat Freighters Ltd
202. Kate Freight and Travel Ltd
203. Keihin Maritime Services Ltd
204. Kemostar Logistics
205. Kenfreight (EA) Ltd
206. Kenkal Ship and General Contractors Ltd
207. Kenmark Consultants
208. Kenmont Logistics Limited
209. Kentan Services Ltd
210. Kenuga Agencies Ltd
211. Kenya Haulage Agency Ltd
212. Kenya Ships Agents Association
213. Keron Logistics Ltd
214. Kian Cargo Ltd
215. Kibirigwi Enterprises
216. Kidima Enterprises Ltd
217. Kofexco Ltd
218. Kuehne + Nagel Ltd
219. Kwanjeteka Enterprises
220. Lagoon Freighters
221. Lake Trawling Company Ltd
222. Lakeland Cargo Logistics
223. Last Millenium (E.A) Ltd
224. Leatherhead Freight Ltd
225. Lelo Logistics Solutions Ltd
226. Leonary
227. Libet Forwarders (K) Ltd
228. Lidan Enterprises Ltd
229. Likoni Freighters (K) Ltd
230. Limutti Holdings Ltd
231. Lions Export and Import Agency Ltd
232. Livercot Impex Ltd
233. Logistics & Procurement Management Centre
234. Logistics Container Centre Mombasa EPZ Ltd
235. Logistics Expeditors Ltd
236. Logistics Link Ltd
237. Lyndon Agencies Ltd
238. Lyson Logistics Ltd
239. Maalox Agencies Ltd
240. Machews Providers
241. Magot Freight Services
242. Mahdi Logistics
243. Mahek Parcels & Courier
244. Makupa Transit Shade Limited
245. Mamba Trade Links Service Ltd
246. Mango Vission Freighters Ltd
247. Mara Shabba (K) Ltd
248. Mareno Company Ltd
249. Mar-Frontier (K) Ltd
250. Marichor Marketing Services Ltd
251. Maritime Freight Company Ltd
252. Mark Riech (Africa) Ltd
253. Martric Logistics Kenya Ltd
254. Maruni Products Ltd
255. Marymac Freight Company
256. Masihi Logistics
257. Matudawa Freighters Ltd
258. Mearsk Kenya Ltd
259. Menhir Ltd
260. Mepro Trade Ltd
261. Mercantile Freighters
262. Mfanco Agencies Ltd
263. Midwave Freighters Ltd
264. Milan Freight Services (K) Ltd
265. Mitchell Cotts Freight (K) Ltd
266. Moda Freight Forwarders Ltd
267. Modern Logistics Ltd
268. Mombasa Advance Logistics Ltd
269. Mombasa Cargo Tally Organization
270. Mombasa Container Terminals
271. Mona Consolidated Ltd
272. Morning Glory Freight Services Ltd
273. Mtapanga Agencies Ltd
274. Multiple Solutions Ltd
275. Muranga Forwarders Ltd
276. Mwangaza Enterprises

277. Naash Logistics

278. Nairobi Conveyors Ltd

279. Najmi Clearing and Forwarding Ltd

280. Nedowes Cargo Freight Ltd

281. Neema Parcels Ltd

282. Networks Freight Company Ltd

283. Nibal Freighters Ltd

284. Northwest (K) Ltd

285. Northwood Freighters

286. Oasis Cargo Logistics (OCL) Ltd

287. Ocean Atlantic Services Ltd

288. Ocean Pacific Lines Ltd

289. Oceanrock Logistics Ltd

290. Oceanware Tradelinks Ltd

291. One2One Logistics Ltd

292. Online Authenticity & Logistics Services Ltd

293. Onward Cargo Systems Company Ltd

294. Ozam Maritime Services Ltd

295. Pallet Logistics Ltd

296. Pam Freight Agencies Ltd

297. Pan Afrique Forwarders Ltd

298. Panal Freighters Limited
299. Patana Enterprises Ltd
300. Paweed Agencies Ltd
301. Pearl Forwarders
302. Pearl Matrix & Logistics Ltd
303. Pepe Ltd
304. Perfect Freight Logistics Ltd
305. Perseus Forwarders Kenya
306. Peserah Clearing and Forwarding Group of Companies Ltd
307. Plus Movers & Logistics
308. Portlink Logistics Ltd
309. Practer Enterprises
310. Prafulla Enterprises Ltd
311. Protax Express Company Ltd
312. Quick Movers Limited
313. Rahma Logistics Ltd
314. Rakai Clearing and Forwarding Ltd
315. Ramisi Maritime Freight Ltd
316. Rapat Freight (K) Ltd
317. Ravi Clearing and Forwarding Company Ltd
318. Red Anchor Freight Forwarders Ltd
319. Regional Logistics Centre Ltd
320. Reliable Freight Services Ltd
321. Renaissance Ltd
322. Renex Global Logistics Ltd
323. Ric Africa Ltd
324. Rift Valley Logistic Ltd
325. Ripe Freight Services Ltd
326. Rising Freight Ltd
327. Rockell International Ltd
328. Ronta Clearing and Forwarding Agents
329. Rorene Ltd
330. Royal Logistics Ltd
331. Ruatech Global Logistics Ltd
332. Ruman Ltd
333. S K Amin Ltd
334. Sadaf Investment Ltd
335. Safe Freights Logistics
336. Sahara International Logistics Ltd
337. Sahel Freighters Ltd
338. Samstar International Ltd
339. Sanofi (K) Ltd
340. Sawjani Clearing Company
341. Sea Air Forwarders International Ltd
342. Sea Movers Clearing and Forwarders
343. Sea Star Forwarders Ltd
344. Seacon (K) Ltd
345. Seaforth Shipping (K) Ltd
346. Seahorse Freighters Ltd
347. Sealink Cargo Handling E A
348. Seed Global Shipping E.A. Ltd
349. Shipmarc Clearing and Forwarding Limited
350. Shipside and General Services
351. Siggol Logistics
352. Siginon Group
353. Simcon Freight Ltd
354. Simpet Global Logistics Ltd
355. Sisco Superior Cargo Handling Services Ltd
356. Site Forwarders Ltd
357. Sky Dive Logistics
358. Skylark C and F Company Ltd
359. Skyman Freighters Ltd
360. Slopes Agencies Ltd
361. Soin Cargo Handlers Ltd, Mombasa
362. Spart Freight Logistics Ltd
363. Spedag Interfreight Kenya Ltd
364. Spedag Spedition (K) Ltd
365. Speedex Logistics Ltd
366. Speedway Clearing Company Ltd
367. Spepg Speditions Ltd
368. Sterner Logistics Limited
369. Supersonic Freighters (K) Ltd
370. Swife Ltd
371. Swift Global Logistics Ltd
372. Swift Royal Conveyors Ltd
373. SwiftStrides Logistics Ltd
374. Tabaki Freight Services International Ltd
375. Tallient Logistics Ltd
376. Tasara Forwarders Ltd
377. Techfreight Logistics Ltd
378. Teos Company Ltd
379. Territorial Enterprises
380. The Main Maritime Shipping Ltd
381. Threeways Shipping Services (K) Ltd
382. Tiba Freight Forwarders
383. Tohel Agencies
384. Top Leader Forwarders Ltd
385. Topaz Transport Company Ltd
386. Topnotch Clearing & Forwarding Agency
387. Total Freight Logistics Limited
388. Trading Floor Ltd
389. Transeast Group
390. Transfreight Goods Services Ltd
391. Transfreight Logistics Ltd
392. Transitern Ltd
393. Transouth Conveyors
394. Trevart Express Ltd
395. Tudor Services Ltd
396. Twin Kith Ltd
397. Tyrone Freight Forwarders Ltd
398. Ufanisi Freighters (K) Ltd
399. Underseas Merchants
400. Unigroup Transports Ltd
401. Union Clearing and Forwarding Ltd
402. United (E A) Warehouses Ltd
403. United Clearing Company Ltd
404. United Vanlines Ltd
405. Urgent Cargo Handling Ltd
406. Vantage Point Clearing and Forwarding
407. Ventah Freight Logistics
408. Venture Africa Company Ltd
409. Virchand Virpal and Sons Ltd
410. Waki Freight Forwarders
411. Walford Meadows Ltd
412. Wandey Freight Services
413. Waru Enterprises Ltd
414. Waterwaves Agencies Ltd
415. Webian Imports Logistics
416. Westin Enterprises Limited
417. Weston Logistics Ltd
418. Wigedoje Enterprises Ltd
419. Worldnet Freight Limited
420. X-Press Freight & Logistics Ltd
421. Yorkstar Enterprises
422. Yuston Cargo Ltd
423. Zafora Investments
424. Ziofreight Clearing and Forwarding Company
425. Zomark Freighters