

**LOGISTICS OUTSOURCING AND THE SUPPLY CHAIN
PERFORMANCE OF MOBILE PHONE SERVICE
PROVIDERS IN KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION (MBA)**

UNIVERSITY OF NAIROBI

2013

DECLARATION

I declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree.

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This project has been submitted with my authority as the university supervisor.

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ACKNOWLEDGEMENTS

First and foremost I would like to acknowledge the Almighty God for giving me the strength to complete this undertaking. I would also like to extend my utmost gratitude to my Supervisor Mr. Michael Chirchir for his patience, support, knowledge, encouragement and contributions that made the completion of this research a reality.

Also much gratitude to Elizabeth Wambui on behalf of Bollore Africa Logistics for giving me the time to pursue this endeavour, Khalividzi, Ombasa, Farid, Makuthi, Nancy, my parents and all the individuals who have contributed to the successful completion of this project including the respondents.

Thank you all and be blessed.

ABSTRACT

The study sought to determine logistics outsourcing and the supply chain performance of mobile phone service providers in Kenya. The study looked into logistics outsourcing and the performance of the supply chain by collecting primary data through the use of an interview guide. It is evident that there is a relationship between logistics outsourcing and supply chain performance in the mobile phone service providers. All the four mobile phone companies surveyed have outsourced most of their logistics functions.

It has also been noted that the use of performance measures by the four mobile phone companies is prevalent in addition to having robust contracts that spell out the service level agreements.

The study concludes that the future of logistics outsourcing is bright in the mobile phone service providers and there is a drive towards the use of logistics outsourcing as a strategy in order to aggregate costs, reduce risks, pursue core business activities and hence gain a competitive advantage in the cut throat business of mobile telephony

The advantages of logistics outsourcing cannot be gainsaid and its impact on the performance of the supply chain far more supersedes the challenges faced in the implementation of the same.

There were limitations to the study such as respondents busy schedule hence limited time to conduct the interviews. Also the respondents were unwilling to share the financial data for their respective organizations. They deemed it too sensitive to share with outsiders.

Finally, further research is needed on the quantitative aspects of logistics outsourcing and supply chain performance.

Table of Contents

DECLARATION.....	II
ACKNOWLEDGEMENTS	III
ABSTRACT	IV
TABLE OF CONTENTS.....	v
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Logistics Outsourcing	2
1.1.2 Supply Chain Performance.....	4
1.1.3 Mobile Phone Service Providers in Kenya.....	6
1.2 Research Problem	7
1.3 Research Objective	9
1.4 Value of the Study	9
CHAPTER TWO.....	10
LITERATURE REVIEW.....	10
2.1 Introduction	10
2.2 Overview of Outsourcing.....	10
2.3 Logistics Outsourcing	11
2.4 Supply Chain Performance.....	14

2.5 Logistic Outsourcing and the Performance of the Supply Chain	17
2.6 Challenges in the Implementation of Logistics Outsourcing	19
2.7 Research Gap.....	22
CHAPTER THREE.....	24
RESEARCH METHODOLOGY	24
3.1 Introduction	24
3.2 Research Design	24
3.3 Population and Sampling	24
3.4 Data Collection	25
3.5 Data Analysis	25
CHAPTER FOUR.....	27
DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS.....	27
4.1 Introduction	27
4.2 Data Analysis	27
4.3 Elements of Logistics Outsourcing.....	28
4.4 Major Outsourced Activities and Levels of Satisfaction	28
4.5 Main Reasons for Outsourcing	29
4.6 Logistics Outsourcing and Supply Chain Performance	31
4.7 Challenges in the Implementation of Logistics Outsourcing	33

4.8 Discussion of Findings.....	35
CHAPTER FIVE.....	36
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	36
5.1 Introduction	36
5.2 Summary of Findings	36
5.3 Conclusion.....	38
5.4 Recommendations.....	38
5.5 Limitations and Suggestions for Further Research.....	39
REFERENCES	40
APPENDICES:	45
Appendix I: Interview Guide.....	45
Appendix II: Mobile phone service providers in Kenya: Tier 1 Networks	49

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The world of business has been changing rapidly over the recent times forcing organizations to recognize the importance of strategically re-looking at their business processes. Through the development of information technology, organizations have been eager to capture these opportunities from their business environment. Logistics outsourcing has become an important strategic tool where organizations are leveraging on it in order to remain competitive. Logistic processes are outsourced to vendor companies that specialize in the outsourced logistic activities leaving organizations to focus on their core activities. Emerging trends indicate that logistics management has shifted from the traditional back end operation to a strategic boardroom activity (Stock and Lambert, 2001). Therefore in order for organizations to handle its logistics activities effectively, it may consider a number of strategic options namely providing the service in-house, own logistics subsidiaries through purchase or setting up one or out rightly outsource the function and buy the service (Stock and Lambert, 2009).

In a report undertaken by a firm called Infonetics Research, it was noted that telecommunication companies have increasingly been adopting outsourcing as a way to cut costs and remain competitive. Ste'phaneTe'ral, an Infonetics research principal analyst states that" fierce competition among telecommunication service providers around the world is driving them to boost operating expenses and that in turn is forcing service providers to outsource more of their networks tasks"(www.Infonetics.com,2009).

According to Gulamhusein (2011) tougher competition and tighter margins have pushed organizations of all sizes to consider the strategic implications of divesting a considerable amount of business functions. As organizations seek to enhance their competitive positions in increasingly global market place, they are discovering they can cut costs and seek to maintain quality by relying more on outside providers for activities seen as non core. The trend of outsourcing within the telecommunication companies in Kenya will continue in a bid to remain competitive by bringing down costs on the non core business activities. Maghanga (2011) states that the practice of outsourcing has arisen as a result of various factors such as the liberalization of the economy, increased competitive pressure, shrinking budgets, retrenchments, cost reductions and improved customer service. Other drivers of outsourcing are improved productivity, mergers and acquisitions that require keeping assets away from the books, since the assets used are those of the service providers. (Stock and Lambert, 2001). Organizations need to undertake a cost benefit analysis before committing itself to outsourcing any of its activities. Some of the challenges in outsourced logistics include switching costs, losing degree of control, human and electronic interface, tuning logistics service to the needs of the channel members, degree and the legal aspects of outsourcing (Sople, 2009).

1.1.1 Logistics Outsourcing

Jacobs, Chase and Aquilano (2009) have defined outsourcing as the act of moving some of a firm's internal activities and decision responsibility to other outside providers. They state that not only are the activities transferred, but also the resources that make the activities occur namely, people, facilities, equipment, technology and other assets. The responsibilities for making decisions over certain elements of the activities are transferred

as well. The reasons for outsourcing vary, but most importantly, it allows firms to focus on activities that represent its core competencies, thus enabling the companies create competitive advantage while reducing costs.

Logistics plays a key role in a lot of organizations. Its impact extends to performance, sustainability, competitiveness and profitability of a company. Companies are under growing pressure from both customers and shareholders to seek ways to decrease costs while at the same time increase performance, thus improving the efficiency and effectiveness of their operations. Traditional activities like transport ,warehousing and distribution, inventory management, order processing and material handling have been given low priority compared to other business functions(Bradley 1994). According to Sople (2009) the word logistics originated from the Greek word logistikos and the Latin word logisicus, which is the science of computing and calculating. Logistics today is considered as a major integrating operational tool for every business undertaking despite the fact it is no longer viewed as a core function (Stock and Lambert, 2001).

Logistics is a term that refers to the management functions that support the complete cycle of materials flow from the purchase and internal control of production materials to the planning and control of work processes, to the purchasing, shipping and distribution of the finished products (Jacobs et al, 2009). Therefore Logistics outsourcing means either outsourcing an entire function or some elements of logistics with the rest being kept in-house. Commonly outsourced logistics activities include warehousing, distribution, transport, customs clearing and forwarding. Organizations have opted to outsource their logistics function to third party service providers through strategic alliances and partnerships. This has been as a result of competitive pressures, shrinking

budgets, downsizing of staff, cost reduction and quest to improve customer service levels. Maghanga (2011) has enumerated the benefits of logistic outsourcing as responsiveness to customer's demands, improved costs, enhanced quality and service delivery, reliability, creation of sound business relationships and a source of core competence. Lynch (2000) asserts that there is plenty for growth of logistics activities. He contends that as long as intensive competitive pressures in the market place persists, streamlining and downsizing will also continue resulting in increasing interest in logistics outsourcing. Langley,et al.(2002) further reiterates that the use of third party logistics is increasingly prevalent across the world.

1.1.2 Supply Chain Performance

Supply chain performance is defined as a measure of the ability of a supply chain to meet the customer needs through product or service availability, at the right time, right place, at the right price and in the right quantities. Supply chain performance crosses both functional lines and company boundaries.

According to Cai,J.,et al (2008) Improving supply chain performance is a continuous process that requires both an analytical performance measurement system. It also requires a mechanism to initiate steps in order to meet key performance indicators. Cai,J.,et al (2008) also describe "key performance indicator accomplishment" as the ability to connect planning and execution, building steps for realization of performance goals into routine work. There are a number of set of variables that capture the impact of logistic supply chains on revenues and costs of the whole system when measuring supply chain performance. These variables seen as drivers of supply chain performance are derived from supply chain management practices. Managers need to identify and continuously

improve them, through continuous planning, monitoring and execution. It is noted that in this performance management cycle, there are many challenges, both in performance measurement and their improvement (Cai, Jet al, 2008).

Supply Chain Performance can be measured in the context of supply chain activities namely planning, sourcing, production and delivery to customer. These activities are considered at the three levels of management - strategic, tactical, and operational (Stewart, 1995; Gunasekaran et al., 2004). A lot of metrics used in supply chain performance evaluation have been designed to measure operational performance, evaluate improved effectiveness, and examine strategic alignment of the whole supply chain management (Cuthbertson and Piotrowicz, 2011).

Individual measures of supply chain performance have been classified into four categories: quality, time, cost and flexibility. In addition, they have also been grouped as quality and quantity, cost and non cost, strategic, operational, tactical focus and supply chain processes. However, a lot of measurement systems still lack a strategic alignment, a balanced approach and systemic thinking. Managers find difficulty in systematically identifying the most appropriate metrics. To address this problem, the balanced scorecard and activity based costing methods have been used to evaluate supply chain performance (Shepherd and Günter, 2006).

Supply Chain Operations Reference is another model that has often been recognized as a systematic approach for identifying, evaluating and monitoring supply chain performance. The model is a balanced performance measurement system that measures at multiple levels, covering five core supply chain processes namely planning, sourcing, making, delivery and return (Lockamy and McCormack, 2004). Outsourcing in itself is

also considered as one of the ways through which organizations can be able to improve their supply chain performance.

1.1.3 Mobile Phone Service Providers in Kenya

The genesis of the telecommunication industry in Kenya can be traced back in 1948 when the East African Posts and Telecommunication Corporation was set up to offer Kenya, Uganda and Tanzania both telecommunication and postal services. This continued until the breakup of the East African Community in 1977 thereby spawning the Kenya Posts and Telecommunication Corporation. This state corporation was the first entity to offer mobile telephony which was quiet expensive in the early 1990's. To address this challenge, Safaricom Kenya Ltd was set up in 1997 and was a joint venture between Telkom Kenya Ltd and Vodacom Kenya Ltd a subsidiary of Vodacom group Plc. Thereafter Kencell was licensed in the year 2000 and presently operates as Airtel Networks Kenya Ltd after having changed ownership several times. Currently, according to Communications Commission of Kenya website (www.cck.go.ke 11.07.13) there are two additional tier one network facilities providers namely Telkom Kenya Ltd (trading under the brand name Orange) and Essar Telecom Kenya (trading under the brand name YU).All the four telecommunication companies offer voice, data, texts and money services.

According to Communications Commission of Kenya, (www.cck.go.ke 11.07.13), the number of mobile subscribers rose to 30.7 million (quarter 2 of the financial year 2012/2013) in Kenya. Out of this, Safaricom has subscriber base of 19.81million, Airtel Networks (K) Ltd has 5.20 million subscribers, Essar Telecom has 3.22 million and Telkom Kenya(Orange) has 2.48 million subscribers. The market share as measured by

the number of subscribers means that Safaricom accounts for 64.5%,Airtel Networks 16.9%,Essar Telecoms 10.5% and finally Telkom Kenya(Orange) 8.1%.During this period under review, the population that had access to mobile telephony services(mobile penetration) stood at 78.0 per 100 inhabitants.

1.2 Research Problem

Outsourcing of non core activities is a trend that organizations will continue to pursue into the foreseeable future. The underlying assumption is that outsourcing is becoming popular for sound business reasons such as economies of scale and thus enabling executives to concentrate on core business activities. The strongest group of reasons given regarding outsourcing pertains to cost savings and improving performance, but outsourcing is also used to access skills and resources not available in-house (Beaumont and Sohal, 2004).

According to Jiang and Qurchi (2006) a number of gaps have been identified mainly, lack of current literature review, lack of objective metrics for outsourcing results evaluation and lack of research on the outsourcing contract itself. They portend that outsourcing has emerged as a popular operational strategy and most current literature was established during the 1990's. However the results of outsourcing are still vague and therefore there is need to point out gaps in current literature and examine the link between logistics outsourcing implementation and firms performance metrics by analyzing the requisite data. Kinyua (2010) notes that despite the dramatic rise in outsourcing in recent years, few empirical investigations of this subject have been conducted. Despite this concern, he has not mentioned any performance management metrics in regard to outsourcing, but has mentioned the need to have inbuilt quality control. Mwando (2010) also examined

outsourcing in detail but was unable to assess both the metrics and the impact of the outsourcing activities on the performance of British Airways. His research also did not extend on to other airlines in Kenya for comparative purposes and hence was restricted in scope.

Gulamhusein (2011) conducted research on strategic process outsourcing practices in the mobile phone service providers in Kenya and more so in business process outsourcing. Maghanga (2011) also carried out a case study on logistics outsourcing practices among tea processing firms in Kericho County in Kenya. Apparently in both cases they did not address the issue of logistics outsourcing and the performance of the supply chain. There were no performance indicators. In any outsourcing activity or process, one should be able to assess the performance of the third party logistics suppliers. It is not just sufficient to point out the pros and cons of outsourcing. Kariko (2012) examined logistics outsourcing and supply chain performance of universities in Nairobi County, but in his study, he did not examine the elements of logistics outsourcing i.e. third party or fourth party logistics provision in relation to supply chain performance, but challenges faced in the implementation of logistics outsourcing were similar in the above mentioned studies. Hence this study seeks answers to the following questions: What is the relationship between logistics outsourcing and the performance of the supply chain of mobile phone service providers in Kenya? Secondly, what are the challenges encountered by the mobile phone service providers in Kenya in the implementation of logistics outsourcing?

1.3 Research Objective

This study seeks to achieve two objectives:

- i. To establish the relationship between logistic outsourcing and supply chain performance of the mobile phone service providers in Kenya
- ii. To examine the challenges facing mobile phone service provider in Kenya in the implementation of logistics outsourcing.

1.4 Value of the Study

The findings from this study will provide insight for researchers, academicians and decision makers in organizations who may be interested in studying logistics outsourcing and the performance of supply chain not only in the telecommunication industry but on other sectors of the economy.

It will also be a valuable source of reference for other future academicians and researchers who might be interested in pursuing research in the field of logistics outsourcing.

Organizations will be in a position of executing decisions based on available data rather than groping in the dark and hence save themselves the anguish associated with lack of performance metrics. The ability to analyze the impact of logistics outsourcing on the performance of the supply chain will prove critical in decision making at the strategic level of organizations. Resources are scarce in nature and the ability to optimize the same will enable organizations meet their shareholders expectations of profit maximization.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focused on the literature review conducted by the researcher. It also included a review of the various studies that have been conducted by other researchers on outsourcing and supply chain performance. Among the areas reviewed included: An overview on outsourcing; logistics outsourcing; an in-depth look on supply chain performance, logistics outsourcing and the performance of the supply chain and finally the challenges faced in the implementation of logistics outsourcing. This chapter also highlights the research gaps identified and provides a conceptual framework to show the relationship between the dependent and independent variables.

2.2 Overview of Outsourcing

Outsourcing by organizations can be termed as either strategic or tactical, long-term or short term and tangible or intangible (Beaumont and Sohal, 2004). Sinha et al. (2011) has drawn up an outsourcing framework namely transaction cost approach, core competences approach and networks, alliances and internalization approach. The transactional cost approach looks at all the cost factors related to the outsourcing decisions including the hidden costs of managing the transaction (Agrawal et al., 2010). The decision to outsource comes with high risks and hidden costs (Sanders et al., 2007). Transaction costs associated with outsourcing means the actual cost reduction may not be as much as the organization anticipated. There may also be other inherent risk of loss of quality control (Kaya and Ozer, 2009).

Core competency approach advocates that firms should outsource those activities in which they do not have competencies in. This helps in improving the organization responsiveness. The reduction in costs and increased flexibility improves the ability to concentrate on the core competencies, decreased capital investment requirements and reduced risks. These are cited as benefits of outsourcing (Lysons and Farington, 2006).

Gnyawali and Park (2009) have suggested that collaborative relationships and networks play an important role in the outsourcing strategy. This allows organizations improve their capabilities, enter new markets and access new resources. The notion of trust as described by Dyer and Chu(2000) is an important source of advantage as it lowers costs, facilitates investment in relation specific assets and leads to superior information sharing.

2.3 Logistics Outsourcing

The current business environment and challenges facing organizations has forced management to focus more on logistics outsourcing hence its importance cannot be underscored. Companies are under intense pressure to increase profitability, customer service, and market share in the global economy. Lynch (2000) has defined logistics outsourcing as an arrangement whereby a company hands over a service it could have done internally to a logistics service provider. Logistics outsourcing is about subcontracting logistic activities to companies equipped to do so.

Rabinovich et al. (1999) have defined logistics outsourcing as long or short term contracts or alliances between manufacturing or service companies and third party logistic providers. Organizations have been seeking cost savings thus concentrating on their core competencies, with the market and the company characteristics influencing the decision to subcontract to third party logistic providers. Chow and Gritta (2002) contend

that there are many companies providing logistics service like transport, custom clearance, forwarding service, warehouse and distribution. These are external suppliers performing a company's logistic services. This service provision varies from traditional services limited to one primary logistics process whereby they just plan and control specific processes to those that add a high degree of management services across multiple logistic processes.

Contract logistics, relationship marketing, integrated logistics management, fourth party logistics, supply chain integration, third party supply chain management and lead logistics management have all been used to describe these logistics providers (Stock and Lambert,2001; Ravi,2001). According to Langly et al (2002) these terms can be used interchangeably. Lynch (2000) states that whilst the term third parties as well as fourth party logistics are commonly used they can be quite confusing. He prefers to define third party logistics as outsourcing of logistic activities to companies that are equipped to provide the services. Hence third party logistics is a logistics provider who is usually asset based. Their main focus is on specific elements of the supply chain in order to optimize the physical movement of goods from point of origin to the end user (Stock and Lambert 2001).

For third party logistic providers, their primary value addition is based on information and knowledge. This is a key differentiating factor when compared to traditional supplier providing a non-differentiated service at the lowest cost. Therefore a major characteristic of a third party logistics provider is that it focuses on formal contractual, long term relationship between the provider and user. Third party logistics provider inherently involves long term interdependent relationships which are oriented towards solving

problems for customers, sharing risk and benefits and finally reorganizing mutual interdependency. In third party logistics arrangement, organizations negotiate with a single provider that supplies a broader set of order fulfillment activities (Chow and Gritta, 2002).

The major drivers of third party logistic providers have been deregulation, globalization of economies and growth of emerging markets. These factors combined with the increased focus on costs and operations have driven the growth of third party logistics. Vendors have purported to cut cost by between 10-50% (Lacity and Hirscheim, 1993) due to expertise or technology they have thus allowing the vendor to build, maintain or run a process more cheaply than can be done in-house (Lacity and Wilcocks, 1998). Quinn and Hilmer (1994) contend that lower labour cost leads to lower costs for the organization. Economies of scale have been noted to lower costs by aggregating the demand and thus distributing the costs to a number of clients using the same resources. Strategic alliances and partnering vis a vis relationship marketing is the most recent activity in partnered logistics outsourcing. The concept works by focusing on establishing close and long term work relationships. This is similar to supplier tiers where first tier suppliers work in close collaboration with the outsourcing firm by consolidating services from other tiers. The first tier has access to the entire supply chain of the outsourcing firm as well as other tiers. The first tier is at the center of communication between the outsourcing firms and other tiers (Stock and Lambert 2001). Use of contract logistics enables firms to spend more time pursuing strategic planning and management issues while focusing on core competencies rather than on logistics (Lynch et al.1994).

Examples of contract logistic vendors include public warehousing, transportation, warehousing, imports, exports, marketing and packaging (Richardson, 1992).

2.4 Supply Chain Performance

According to Forslund (2007), high performance logistics requires mastering the discipline of measurement. For any organization to remain competitive, it needs to recognize the central role of measuring performance. Best in class suppliers consider performance measurement capability more important for success compared to lower performing suppliers (Fawcet and Cooper, 1998).

However, it has become a challenge for most organizations to measure their performance (Novak and Thomas, 2004), the reason being that they relate to multiple service metrics such as lead times and on time delivery which are well related to one another. Having formal means of measuring supply chain performance is important in order to achieve competitive advantage in future (Harrison and New, 2002).

Research on how organizations use performance measurement to manage relationships with vendors is rather rare (Schmitz and Platz, 2004). Forslund (2007) contends that there is need for expanding logistics performance measurements. She goes ahead and states that measurement of these metrics has no value by itself but rather what is important is to improve customer service in the direction of customer expectations. In order to assess the impact of logistics outsourcing on supply chain performance, a number of activities preceding measurement are necessary. All aspects of performance measurement need to start with definition of performance metrics, measurement procedure, analysis, comprehensive evaluation and finally the improvement process (Tian et al 2003).

Gunasekaran et al (2004) has presented a number of characteristics of effective performance measurement systems that can be used in evaluation of these measurement systems. These characteristics include: inclusiveness (measurement of all pertinent aspects), universality (allow for comparison under various operating conditions), measurability (data required are measurable), and consistency (measures consistent with organization goals). Besides analyzing the measures based on their effectiveness, benchmarking is another important method that is used in performance measurement evaluation. Benchmarking can also serve as a means of identifying improvement opportunities.

Researchers have categorized a large number of performance measures available. Neely et al. (1995) presents a few of these categories namely quality, time, flexibility and cost. This categorization is a useful tool if one is to develop a model to improve one characteristic of a system, for example, time. The model may then compare manufacturing lead time or due-date performance by changing the system's configuration. By using this single type of measure chosen i.e. time, within this category, many different specific measures of time are applicable. Thus, measures within a category can be compared and analyzed, so that performance measurement selection within a category may be easier. Using this approach, it means the performance category is already determined.

Gunasekaran (2004) also argues that a supply chain performance measurement system that consists of a single performance measure is generally inadequate. This is because it is not inclusive, ignores the interactions among important supply chain characteristics, and ignores critical aspects of organizational strategic goals. Strategic goals involve key

elements that include the measurement of resources, output and flexibility. Resources measures (generally cost) and output measures (generally customer responsiveness) have been widely used in supply chain models. Although flexibility has been limited in its application to supply chains, many advantages exist in a flexible supply chain.

Gunasekaran (2004) examines the three levels of supply chain measures namely strategic, tactical and operational. Strategic level measures include, lead time against industry norm, quality level, cost saving initiatives, and supplier pricing against market. Tactical level measures include the efficiency of purchase order cycle time, booking in procedures, cash flow, quality assurance methodology and capacity flexibility. Operational level measures include day to day activities, adherence to developed schedule, ability to avoid complaints and the achievement of defect free deliveries.

In conclusion, the growth of outsourcing has led outsourcing strategies to become an increasingly important component of an organizations success (Gottfredson et al., 2005). While the purported goal of outsourcing in supply chains is to derive a competitive advantage, it is not clear whether the outsourcing decisions a firm undertakes are always strategically aligned with their overall competitive strategy. All five competitive priorities in outsourcing (cost, flexibility, innovativeness, quality and time) converge to and have an impact on the performance of the logistics supply chain management. It has also been found that the level of supply chain performance in a firm is more often than not associated with the firm's positive business performance.

2.5 Logistic Outsourcing and the Performance of the Supply Chain

Current economic outlook has forced organizations to outsource major logistic processes namely warehousing, transportation, clearing and forwarding (Kaneshige, 2001). According to Wilson (2001b) the need to cut costs and the growing complexity of logistics technology is forcing organizations to outsource transportation and logistics functions. Despite this, organizations are still reluctant to outsource critical logistic functions, albeit the fact that third party logistics are better at integrating logistics functions hence improving the performance of the supply chain. Therefore firms outsource in order to focus on activities that represent their core activities, thus creating a competitive advantage while reducing costs.

According to Lynch (2000), companies that outsource have reduced investments in expensive technology, warehouse and equipment. They have significantly enhanced their returns through improved returns on assets and cost reductions. Another consideration regarding outsourcing is the perceived addition of value to a company's operation i.e. just in time, consolidation of shipments through cross docking. This in turn reduces freight and handling costs and thus enhances the distribution process.

Information and technology management has been the most important value addition by third party logistics firms. They have provided security and safety according to Sopher et al (2002). Supply chain visibility and access to real time information on inventory and shipments order status is important in enhancing logistics efficiencies. It has led to the reduction of inventory levels and improved customer service. Therefore, the logistics

provider will be forced to take the lead in the implementation of the same if the integrity and security of goods while being transported, handled and stored is to be maintained.

Measuring supply chain performance can facilitate greater understanding of the supply chain and improve its overall performance (Ravi 2001) Information Technology as a tool does not only improve the effectiveness and efficiencies of the supply chain, but it also acts as a competitive weapon to the organizations strategy i.e. logistics outsourcing (Ravendran 2002). Information Technology assists in the co-ordination and integration of information flow electronically throughout the supply chain network. This technology provides partners and customers with an opportunity for effective and efficient business transactions, quick access to information, better customer service, reduced paperwork, better communication, increased productivity and saves time.

Some of the supply chain technologies that can boost supply chain performance include enterprise resource planning, supply chain planning systems, warehouse management systems, transport management systems, extranets, radio frequency identification systems and demand forecasting management systems (Helo and Szekely, 2005). One of the visible effects associated with supply chain technology on the supply chain performance is the integration of services such as transport and warehousing with information based services like booking, freight rate computation routing and scheduling. The impact of logistics outsourcing on the performance of the supply chain cannot be gainsaid. According to Kariko (2012), logistics outsourcing can contribute to the organizations profitability by ensuring that goods and services are procured at the right time, place, quality, price and right quantity. A robust and efficient supply chain enables an organization gain a competitive advantage through superior customer service. An

organization needs to improve its operations in order to enhance the performance of the supply chain by creating value at every stage of the supply chain.

Sinha et al., (2011), have pointed out a number of reasons for offshore outsourcing namely increasing efficiency and reducing labour costs while maintaining quality constant. Outsourcing has also provided flexibility in resource allocation and has enabled building of relationships through networks and alliances. Amacon in their website (<http://amanet.org>) have drawn a number of reasons why firms outsource namely organization driven (enhance effectiveness) improvement driven (performance and innovation) financial (freeing resources), revenue driven (gain market access), cost driven (reduce costs) and employee driven (commitment and energy in non core areas). In a nutshell, logistics outsourcing is closely associated with the performance of the supply chain of an organization.

2.6 Challenges in the Implementation of Logistics Outsourcing

Mwando (2010) has noted that there are risks inherent in outsourcing and one of the major challenges companies face is identifying which processes or activities are core and non-core. He has gone ahead and enumerated the following challenges facing outsourcing namely, loss of critical skills and knowledge by the organization, loss of company's knowledge. Some of the risks include inferior services, lower quality of goods and services to match lower price bids (Jennings, 1997) and inability to deliver business transformation. He proposes the need for robust contracts to take care of the above challenges. Kinyua (2010) has reiterated the same challenges as above but has pointed out the overreliance on the vendor which leads to declining innovation by the organization. Outsourcing can lead to loss of long run research and development,

competitiveness since outsourcing has been used as a substitute for innovation. As a result, firms that outsource are likely to lose touch with new technological breakthroughs that offer opportunities for product and process innovation (Teece, 1987).

Beaumont and Sohal (2004) have discussed a number of challenges facing organizations in the quest for outsourcing namely the difficulty in allocating the costs internally. Apart from this also, the ability to quantify the fixed and variable components is also a challenge (Quinn and Hilmer, 1994). Documentation of internal operations being considered for outsourcing and preparation of service level agreements may be a lengthy and expensive exercise (Sturm et al., 2000). An outsourcing relationship can be termed as either arm's length or collaborative. An arm's length relationship is appropriate when the services and quality attributes are not complex and can be defined i.e. turnaround time, unit price and accuracy of order picking.

When an important aspect of performance has to be measured using intangible criteria, a cooperative or partnership relationship is required. Specification of all requirements needs to be defined beforehand. More often than not, vendor learns about the client's business as the relationship progresses. A participative approach in knowledge and information sharing is needed in order to have a meaningful relationship while sharing the benefits of an improved logistics process. Managing the outsourcing of logistic process may be a complex and expensive task (Barthelemy, 2001; Lacity and Willcocks, 2001).

According to Sturm et al., (2000) it is important for the parties to define the degree of the services to be outsourced and agree on relevant measures of quality. During the contract stage both parties need to agree on the service levels agreement before hand. Changing

from internal to external operations needs to be considered while monitoring the quality of services offered. In the contract, there is need for a provision to negotiate changes brought about by changing business conditions. In addition, mechanisms need to put in place in order to address the challenges on how a contract can be renegotiated or terminated.

Jacobs et al., (2009) state that managers need a framework to make appropriate choices in terms of supplier relationship, a continuum that ranges from vertical integration to arms length relationship. An activity can be evaluated based on the following characteristics required, namely co-ordination, strategic control and intellectual property.

Bettis et al., (1992), Lonsdale and Cox (2000) and Quinn and Hilmer (1994) have stressed the fact that it is not prudent to outsource a competence that gives an organization a competitive edge. This is because a vendor can replicate the same knowledge and hence give advantage to competitors or create new competitors. Skills and knowledge accumulated by a vendor can be applied to the development of a competitor's similar system. In addition, it may be impossible to recreate in-house an outsourced knowledge and skills (Bettis et al., 1992; Earl, 1989) thus giving the vendor leeway to increase prices.

Outsourcing sometimes creates change problems. By replacing an internal system with a vendor's system, there is danger of disruption caused by misunderstanding or failure to handover properly. Outsourcing a function may also entail dismissal or redeployment of employees, changes in the work they do or changes in terms and conditions of their employment (Antonucci et al, 1998; Caldwell and McGee, 1996; Useem and Harder,

2000; Jacobs et al, 2009). This normally translates into discontent and loss of productivity amongst employees.

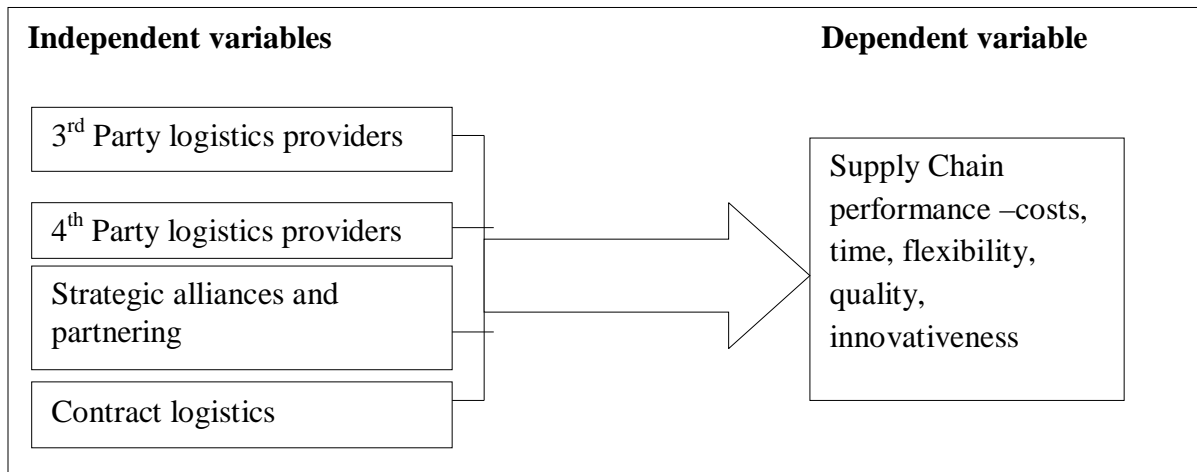
Signing a long term outsourcing contract often lessens flexibility. The business environment is constantly changing. These changes in technology can create new opportunities or lower prices. This usually forces the client to renegotiate the contract in order to access the new opportunities. If the process had not been outsourced, changes could have been effected through a managerial decision within the shortest time possible.

In summary, in order to address some of the issues highlighted in the literature review, a well designed contract may provide a stronger link between an organization expectation and the vendor's activities. A flexible and responsive performance management system is needed that is flexible enough to capture changes in the business environment. By engaging in a responsive performance management system, a business can continuously evaluate its outsourced logistic processes in order to remain competitive.

2.7 Research Gap

The literature review confirms that a lot has been done on logistics outsourcing and its benefits to organizations. Studies have found gaps between customers expected and perceived logistics performance and challenges (Forslund, 2004). Whereas logistics outsourcing may cut across several organizations, it may not be the case with the performance of the supply chain which focuses on the internal metrics of a given organization. It is therefore clear that there is need to examine logistics outsourcing and the performance of an organizations' supply chain.

2.6 Conceptual Framework



Source: Author (2013)

According to Forslund (2004), relating performance management activities and issues relating to customers' perceived logistics outsourcing performance might provide a complementary picture. This in turn will enable best practices to be revealed. The design and contents of contracts for logistics outsourcing performance need further studies.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was applied in conducting the study. It discusses the research design, target population, sampling design and sample size, data collection procedures as well as data analysis techniques.

3.2 Research Design

The study involved a case study design. Case study research method is an empirical enquiry that investigates a contemporary phenomenon within its realistic life context, when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used (Yin 1994). Case study methods involve an in-depth examination of a single instance or event. It is a systematic way of looking at events, collecting data, analyzing information and reporting the results. Case studies are suitable for in-depth analysis of the phenomenon. As a consequence the researcher may gain a sharpened understanding of why the event happened as it did and what might become important to look extensively in the future. The case study design has been chosen because the unit of analysis in this study is the four mobile phone service providers in Kenya.

3.3 Population and Sampling

The population of the study in this research are the four mobile phone service providers in Kenya. According to Communications commission of Kenya, there are four tier one licensed mobile telecommunication companies in Kenya. The four companies based in Nairobi were therefore targeted as the population of the study. It involved a case study of

mobile telecommunication companies Kenya. A respondent was purposely picked from each of the four mobile phone companies to participate in this study.

3.4 Data Collection

The researcher collected primary data from heads of procurement and supply chain management of all the four mobile telecommunication companies in Kenya. Heads of procurement and supply chain management were considered appropriate since they understood better logistics outsourcing and its impact on the supply chain performance. The data was collected through the use of an interview guide. A structured guide permitted more direct comparability of responses, eliminated questions variability and thus the answer variability was assumed to be real. Also the interviewer's neutrality was maintained (Cooper et al 2006). The interview sought data on the respondent profile, elements of logistics outsourcing, logistics outsourcing and supply chain performance and the challenges which these mobile phone service providers faced in the implementation of logistics outsourcing.

3.5 Data Analysis

The data obtained from the interview guide was analyzed using content analysis. Nachmias and Nachmias (1996) have defined content analysis as any technique used to make inferences through systematic and objective identification of specified characteristic messages. Kothari (2004) further defines content analysis as the analysis of the content of documentary and verbal material and describes it as qualitative analysis concerned with the general import of message of the existing document. It also measures pervasiveness. The researcher analyzed the information provided by the interviewees

against known logistics outsourcing concepts in order to describe logistics outsourcing and the performance of the supply chain.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This study was carried out to establish the relationship between logistics outsourcing and the supply chain performance of mobile phone service providers in Kenya. It also examined the challenges faced by the mobile phone providers in the implementation of logistics outsourcing. The data was gathered through the use of an interview guide, developed in line with the objectives of the study stated above. Moreover additional data and observations gained from the interview were incorporated in the discussion.

The study sought data on key organisational aspects of the respondents. Such information was considered necessary in laying the basis of obtaining pertinent information on logistics outsourcing and the performance of the supply chain. From the information obtained, the results indicate that the respondents head critical docket. The researcher sought to find out how long the heads of procurement and supply chain had worked in their respective positions and apparently all of them had an experience in their respective organisations of more than four years. This therefore contributed to them holding vast wealth of experience in their respective docket. The data collection targeted the four heads of procurement and supply chain management and were all available for the personal interview representing 100% response rate.

4.2 Data Analysis

Data obtained from the respondents was analyzed using content analysis. The case study sought to solicit for data that was qualitative in nature. The analysis consisted of making

statements as reported by the interviewee and comparing the interview data obtained. One factor that enhanced the comparability of the data was the fact that the interview guide was standardized with a fixed questionnaire that was adhered to and there was a clear guideline for selection of the respondents. Cross case analysis was of value. Data was analyzed across all the data obtained from the respondents with the aim of identifying similarities and differences in the degree of formalization.

The findings are as below.

4.3 Elements of Logistics Outsourcing

The study sought to establish the elements of logistics outsourcing widely used in outsourcing by the mobile phone service providers. The most commonly used terms as acknowledged by the heads of procurement and supply chain in the provision of logistics and in their rank of importance are third party logistics, fourth party logistics and contract logistics providers. Apparently they feel that their organisations have not yet reached a level of strategic alliances and partnering yet with logistics providers. The industry is still relatively young with adversarial type of relationships still pervasive. They are still yet to embrace collaboration and destiny sharing type of relationship in their logistics outsourcing practises.

4.4 Major Outsourced Activities and Levels of Satisfaction

In regard to this, respondents were required to indicate the most frequently outsourced logistics activities. According to them, they were able to rank traditional activities like warehousing, distribution, transport, clearing and forwarding, as commonly outsourced in their respective organisations. International courier is also one of the major outsourced activities. The heads of procurement and supply chain management also indicated their

levels of satisfaction in regard to the outsourced logistics activities as satisfactory and hence are happy with the performance of logistics outsourcing within their organisations. In regard to the number of logistics providers currently in use by their respective organisations, they have been found to vary between two to five logistics providers. This is as a result of consolidation and leveraging of their existing supplier base. It is easier to monitor and manage a few logistics vendors and thus saving time and effort.

4.5 Main Reasons for Outsourcing

The research sought to establish the main reasons for outsourcing logistics activities in the mobile phone service providers. A number of reasons have been given by the respondents as to why their respective organisations have outsourced their logistics activities. One of the most important reasons mentioned is the perceived competencies that the vendors have. The respective organisations feel confident outsourcing to vendors who have the expertise in the outsourced activity. In one organisation it has been noted their main reason for outsourcing is not only the pressure to reduce costs but rather to aggregate these costs in order not to affect the quality of the outsourced services. This supports the findings of Stock and Lambert (2001) who asserted that the concept of logistics outsourcing in organisations is driven by the organisations and businesses in order to improve on productivity, reduce costs and to gain sustainable competitive advantage.

Another reason for outsourcing includes the quest for improving efficiencies. The heads of procurement and supply chain management feel that it is important to make the existing processes better at a minimum cost and effort. Risk reduction is another reason given for outsourcing especially in the warehousing. By outsourcing the management of

inventory to vendors, the vendors assume the risk of pilferage and damages and the process the organisations reduce the costs on inventory write-offs.

During the outsourcing process, other internal users of the outsourced activities are found to be involved to a large extent. This position is strongly agreed on by the four heads of procurement and supply chain management. These internal users include finance (because of payment issues) Information Technology, networks, sales and distribution. The reason as to why they are involved is because they are the owners of the outsourced activity and to a large extent the budget holders.

The agreements entered into with the vendors are formal contracts of two years renewable subject to performance during the same time. The metrics are based on the performance measures put in place by the mobile phone service providers and agreed upon with the vendors. Steps undertaken when executing logistics outsourcing are common across the four organisations. Basically they conduct an internal audit to analyse and ascertain that the particular service needs outside contracting, conduct a supplier evaluation to check the vendors' capacity. The organisations will then request for quotations, tender and contract the service out. Performance measurement is one key area that the respective organisations lay an emphasis on. The need to constantly audit, register, measure and monitor is imperative for them in order to ensure that the key performance measures are being met as per the contract. These performance measures play a critical role upon the time for contract renewal.

4.6 Logistics Outsourcing and Supply Chain Performance

The research sought to find out the relationship between logistics outsourcing and supply chain performance. From the onset there were a number of criteria that the heads of procurement and supply chain management considered important in regard to the selection of logistics providers. The most important criteria considered when outsourcing to logistic providers is the availability of management expertise. This is rated highly as a very strong incentive by the heads of procurement and supply chain. This is followed by the capacity of the vendor to deliver the service. Capacity is measured in terms of the vendor's infrastructure, finance and human resource capability. Flexibility in-terms of execution of operations is another factor cited. This is noted as adhoc requests' coming over and above what is stipulated in the contract especially working over the weekend, at night and over the holidays. Dependability or rather reliability of the vendor is also another factor mentioned as important by the heads of procurements and supply chain management. Other factors looked into by heads of supply chain when selecting logistics providers are price and financial strength of the vendors. Geographical presence (network reach) and risk management is another crucial consideration. Finally the ability to give feedback in terms of reporting is another criteria used in selecting a logistics provider.

A number of performance measures were discussed. Orders fulfilled on time and in full (OTIF) is a performance measure for deliveries to the customer especially when dealing with the inventory at the warehouse level. This performance measure is put in place with the customer in mind. What the heads of procurement and supply chain management are interested in this performance measure, is the frequency of order accuracy, order picking,

fulfillment, delivery and therefore customer satisfaction. At the warehouse level the accuracy of stock holding is found to be important and the measure of this is the variance reports. Any pilferage and damages are surcharged to the vendor and therefore the organization is able to achieve cost savings in the process.

Also another performance measurement mentioned is the adherence to the service level agreements with the vendors. A robust contract is important whereby it specifies the responsibilities of each party. In one organization, they have agreed with the vendor that they will pay absolutely no charges on demurrage if the delay is not occasioned by them. This is a clear cut measure whereby the organization does not accept to pay any charges as a result of delay in customs clearance. There is an agreement in the contract that goods will be cleared within three working days. In addition, application of import declaration forms will be done on time, as per the agreed timelines. The mobile service providers have also ensured that in their contracts, there is a provision for penalties in case the performance measures are not met.

According to the interviewees, the quality of reports transmitted by the vendors plays a role in key performance measures. Evaluations are based on these timelines and contents are agreed on beforehand. Outsourcing to logistics service providers by the mobile phone service providers is an attempt to leverage on the expertise of the logistics vendors in the provision of services and therefore a key performance measure.

The research also sought out the use of technology in tracking performance measurement across the supply chain by the mobile phone service providers. It has been found that the use of enterprise resource planning is common amongst the four mobile phone service providers as the primary integrating tool of the organizations activities. Commonly used

platforms include Oracle and SAP. These enterprise resource planning are useful in tracking supply chain performance in that they assist greatly in placing of requisitions, purchase orders, receipts, managing inventory holding, issuance and payments to the suppliers. They provide an end to end financial tool to the organization to integrate its activities from purchasing to payments. The heads of procurement are able to extract valuable data i.e. spend per category from the data base. From this data base, they are also able to extract data pertaining to the number of contracts entered with suppliers, value of these contracts and duration hence renewals where necessary. This information usually plays a pivotal role during negotiations with vendors. The enterprise resource planning therefore assists the heads of procurement and supply chain to categorize these vendors as either critical or strategic, leverage, bottleneck or non critical suppliers and in the process improving the supply chain performance by applying the necessary type of effort and time in the supplier relationship.

4.7 Challenges in the Implementation of Logistics Outsourcing

The research sought to find out the challenges faced by the mobile phone service providers in the implementation of logistics outsourcing. A number of challenges were discussed and pervasive amongst all is the perceived diminished control of the logistics activity. The heads of procurement and supply chain of the respective organizations have noted that contracting out an activity to a third party logistics provider leaves the management vulnerable due to the loss of control of the operation of the activities being performed by the vendor. There is no longer control of the outsourced activities like in the past despite the fact that there is a contract in place. They now have less influence in regard to how the activity can be carried out. They are forced to place total trust and

responsibility in the vendors in order to carry out the service. Apart from this, information is hardly shared freely especially when there is a problem. This affects the performance of the supply chain since it is difficult to intervene in the course of a contract with the vendors.

Another challenge noted is the inability of the vendors to meet their obligations as per the service level agreements put in place. More often than not, what is promised in the contract is in stark contrast to what is being delivered by the vendor. This often leads to disagreements and setting off of penalty clauses therefore leading to an adversarial type of relationship. This type of relationship is found to be detrimental to the performance of supply chain.

One of the reasons given for organizations embarking on outsourcing is the need to cut or reduce costs. It was noted by the heads of procurement and supply chain management that during the course of the outsourcing relationship, prices tend to increase hence cost creep. Creeping in of costs is seen as a challenge since this in effect reduces the performance of the supply chain in terms of savings envisaged hence negating the reasons for outsourcing in the first place.

Another challenge noted by the heads of procurement and supply chain management is the perceived loss of critical organizational capabilities to perform a function hence loss of institutional memory. The vendor becomes an expert better than the organization in performing that particular task.

4.8 Discussion of Findings

Findings obtained from this study have close correlation with what has been discussed in the literature review and more so the theoretical framework. The quest for outsourcing by the four mobile phone service providers has been noted. The current business environment has forced organizations to pursue this strategy in order to concentrate on their core competencies while saving costs on their operations. Kariko (2012) in his study has noted that logistics outsourcing has an impact on the performance of the supply chain in universities in Kenya. The mobile phone service providers have outsourced their logistics activities to third party, fourth party and contract logistics firms in order to tap in on their expertise and therefore enhance the performance of the supply chain. This can be related to the literature review whereby the organizations have outsourced to third party logistic providers for the primary value addition based on information and knowledge.

A major characteristic of the relationships is that it is formal and long-term and is oriented towards problem solving, risks sharing and rewards. It has also been noted that performance measures are in place in order to gauge the effectiveness of logistics outsourcing in the mobile phone service providers in terms of costs, time, flexibility and risk reduction. Organizations have been able to concentrate on their core competencies and in the process enhance value to their customers. Despite the challenges faced in the implementation of logistics outsourcing the mobile phone service providers have embraced logistics outsourcing as a strategic tool for gaining a competitive advantage, customer satisfaction and therefore profit maximization to their shareholders.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study was carried out on logistics outsourcing and the supply chain performance of mobile phone service providers in Kenya. This chapter represents the summary of findings, conclusions and recommendations, limitations of the study and suggestions for further research

5.2 Summary of Findings

The study adopted a case study design method in determining logistics outsourcing and supply chain performance of mobile phone providers in Kenya. It sought answers to two main objectives: To establish the relationship between logistic outsourcing and supply chain performance in the mobile phone service providers in Kenya and secondly to determine the challenges facing mobile phone service provider in Kenya in the implementation of logistics outsourcing.

After interviewing the heads of procurement and supply chain of the four mobile service providers, it has been found out that the use of third party, fourth party and contract logistic providers is prevalent in their organizations. Frequently outsourced activities include clearing, forwarding, transport, warehousing and distribution and the level of satisfaction with the services has been satisfactory. The four mobile phone companies have clearly adopted logistics outsourcing practises at a large scale with two to five vendors. The findings have revealed that through outsourcing of these none core activities; it has led to the reduction of overhead costs, improvement of operations and

customer service. This in turn has left the management to focus on the core competencies and mandate while saving time and valuable resources. In this respect, the outsourcing of these logistics activities has affected the performance of the supply chain in a positive way. This collaborates what Maghanga (2011) and Kariko (2012) have stated regarding logistics outsourcing.

The importance of effective performance measures has also been noted in the case study and this concurs with Gunasekaran et al., (2004). The parameters mostly measured include time, cost, reports submitted and flexibility of the vendors. The importance of enterprise resource planning has been noted in its ability to store vast data and also to assist the heads of procurement and supply chain to keep track of the above mentioned parameters.

Also as Sople (2009) has noted, logistics outsourcing is fraught with a myriad of challenges in its implementation. According to the findings of this case study, a number of factors have been cited among the mobile phone service providers as challenges in their initiative to outsource. One of the biggest challenges is the fear of loss of control of their logistics activities to third party logistics providers. They would no longer be in control of the day to day activities. This is in concurrence with Bradley (1995) who stated that the vendor assumes full control of the logistics services.

Another challenge cited by the respondents is the fact that the service level agreement is more often not met by the vendors. In addition to the un-fulfillment of service level agreement, there is also the perception that costs creeps in slowly into the contract hence negating the savings initially envisaged in terms of costs reduction. This tends to affect the performance of the supply chain. All in all logistics outsourcing has a profound effect

on the supply chain performance of the four mobile phone service providers.

5.3 Conclusion

The study concludes that logistics outsourcing is evidently practised in the four mobile phone service providers in Kenya. Also it has been found that logistics outsourcing has enhanced the performance of the supply chain in terms of reduction of costs, time management, risk transfer and leveraging on the expertise of the vendor. This is supported by the results gained from the interview conducted with the heads of procurement supply chain of the four organisations.

Despite the various challenges faced in the implementation of logistics outsourcing, it is still felt that logistics outsourcing is a good business strategy. The benefits of outsourcing logistics outweighs the challenges, therefore organizations will have to work through them and enjoy the benefits of outsourcing.

5.4 Recommendations

The study has confirmed that logistics outsourcing plays a strategic role in the performance of the supply chain. The four mobile phone service providers have embraced the concept in order to reap the benefits associated with outsourcing of logistics activities. However they will still need to leverage on the current logistics providers to ensure that value for money is achieved. In addition, they will need to develop appropriate levels of supplier relationship by moving from adversarial type of relationships to collaborative type of relationship. This means that in future, they will need to embrace strategic alliances and partnering that will seek to share both risks and rewards. Also organizations need to examine the best practices within logistics outsourcing and benchmark them against global standards.

The business environment is constantly changing and for the organizations to remain competitive there is need to be on a constant lookout for opportunities to maximize on.

5.5 Limitations and Suggestions for Further Research

Interviewing the four heads of procurement and supply chain management proved to be a herculean task. This is because they are busy people and getting them to sit down for an interview for half an hour was challenging.

It was also difficult getting the respondents to give specific answers on the cost elements of their outsourced logistics activities. Some of these companies are private in nature; hence access to valuable information was difficult.

Also this study was qualitative in nature because the numbers of mobile phone service providers are only four hence could not offer a bigger sample size to conduct a quantitative study.

This study has a number of issues that can be addressed in future research especially on third party, fourth party and contract logistics providers in order to examine their role in logistics outsourcing. In addition, further research is needed on strategic partnering and alliances in logistics outsourcing. There are limits on how far one can cut costs without affecting quality of service hence more research is needed here.

Also further research is needed particularly in examining performance measures in use by these mobile phone service providers and benchmarks them against best practises in the country.

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APPENDICES:

Appendix I: Interview Guide

Introduction

This questionnaire has been designed for the sole purpose of collecting data on logistics outsourcing and the supply chain performance of mobile phone service providers. The data collected will be treated with a very high degree of confidentiality and it is meant for academic purpose only.

1. What is your position in this organization?
2. How long have you been in this position?
3. What are the elements of logistics outsourcing
4. What logistics activities have you frequently outsourced?
clearing and forwarding
transport
warehousing
order processing
part service support
Others.....
5. What are your levels of satisfaction?
Excellent , Satisfactory , good , poor , extremely poor
6. What are the numbers of logistics providers currently in use by your organization?

categories-number used	
1	
2 to 5	
6 to 9	
10 or more	

7. What were your main reasons for outsourcing logistics activities?

Improve customer service

pressure to cut costs

lack of internal expertise

increase flexibility

reduce risks

any other reason.....

8. To what extent are other departments i.e. Finance, IT involved in logistics outsourcing decisions (functional or managerial)?

To no extent, **small extent**, **moderate**, **to a large extent**

9. What are the types of agreements entered in with your logistics providers?

-transaction by transaction

-formal contract 1yr+

-partnering-sharing facilities

-partnering-sharing benefits and risks

-other...

10. What are the steps undertaken when executing logistics outsourcing?
11. What do you consider as the most important criterion used when selecting logistics provider?
- Dependability/reliability
 - Convenience
 - Price
 - Flexibility in operations
 - Management expertise
 - security & safety
 - financial strength
 - Geographical presence
 - range of services
 - other:
12. What are the main areas of concern with the current logistics provider?
- SLA not realized
 - Cost creep
 - Cost reduction not realized
 - Lack of ongoing improvements
 - Lack in reduction of time & effort in logistics operations
 - Disagreements
 - Lack of strategic management
 - Diminished control

13. What are the performance measures commonly used by your organization in regard to logistics outsourcing?
14. What has been the impact of logistic outsourcing on the performance of the supply chain?
15. What have been the challenges in the implementation of logistics outsourcing in your organization?
 - SLA not realized
 - Cost creep
 - Cost reduction not realized
 - Lack of ongoing improvements
 - Lack in reduction of time &effort in logistics operations
 - Disagreements
 - Lack of strategic management
 - Diminished control
 - others....
16. What is your general opinion regarding aspects of logistics outsourcing? What has been the impact on the performance of the supply chain?

Thank you

Appendix II: Mobile phone service providers in Kenya: Tier 1 Networks

MOBILE PHONE SERVICE PROVIDERS IN KENYA	
1	Safaricom Kenya Ltd.
2	Airtel Networks Kenya Ltd.
3	Essar Telecom Kenya.
4	Telkom Kenya Ltd.

Source: Communications Commission of Kenya (2013) www.cck.go.ke 11.07.13