

**LOGISTICS OUTSOURCING AND PERFORMANCE OF HUMANITARIAN
ORGANISATIONS IN KENYA**

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D61/66244/2013

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**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI**

OCTOBER, 2015

DECLARATION

This research project is my original work and has not been presented to any other institution of learning for the award of an academic certificate.

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ACKNOWLEDGEMENT

I would like to sincerely express my appreciation for great support and effort from my lectures and all the people I have interacted with during the course of this project. I am especially grateful to my project Supervisor Mr. Tom Kongere who sacrificed enormous patience , time and energy throughout this work.

DEDICATION

I dedicate this work to my dear family, especially my mother who is an ardent believer in the value education and has encouraged me through out .

To my children Hazel Wanjiru, Jason Ngugi and Nathan Ngugi who continue to be a constant source of inspiration .

ACRONYMS & ABBREVIATIONS

ASO:	Administrative Services Outsourcing
CL:	Comparison Level
HR:	Human Resource
HRO:	Human Resources Outsourcing
KIPPRA:	Kenya Institute for Public Policy Research and Analysis
NGO:	Non-Governmental Organization
PEO:	Professional Employer Organization
SCM:	Supply Chain Management

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ABSTRACT

The main objective of the study was to investigate the logistics outsourcing strategy and performance of humanitarian organisations in Kenya. The specific objectives of the study were to: determine the influence of human resource outsourcing on the performance of humanitarian organisations in Kenya, evaluate the extent to which information systems outsourcing impact on the performance of humanitarian organisations in Kenya and establish the influence of transport outsourcing on the performance of humanitarian organisations in Kenya. This research involved a cross sectional survey of the humanitarian organisations in Kenya. There are seventy (70) registered organizations that were actively involved in humanitarian work in Kenya. Since the population was small there was no need for sampling rather the whole population of 70 acted as the sample population by use of census method. The researcher collected data from key supply chain personnel who include supply chain managers, officers or their equivalent. Primary data was collected using semi structured questionnaire. The research was both qualitative and quantitative in nature. The researcher employed multiple regression models to study the factors influencing performance of humanitarian organisations in Kenya. According to the findings assessments were done to bridge the gap between the organizations' demand and supply level to a great extent (mean score 3.77). The study findings show that the organization uses flow of information as an important tool for communication between all its stakeholders to a great extent (mean score 3.73). Further through the majority (79%), the study found that they were in agreement that they outsourced transport. The study found that overall success on the mandate assigned was achieved to a great extent (mean score 4.01). The study concedes that HR outsourcing gives the organizations a competitive edge and brings profitability for the business overall. The study concludes that, the use of information systems outsourcing has benefits which the humanitarian organizations have adopted to a large extent and has improved their performance. The study further concludes that the firms were outsourcing transportation management. The firms opted to outsource this service due to the associated advantages and possible influence on organizational performance, thus enabling the firms to focus on their core competencies. The study recommends the creation of office of outsourcing management within the HR division. From the findings the study recommends that organizations need to identify the key areas within the information systems outsourcing that have the highest benefits and least challenges or negative impact on the performance. From the findings the study also recommends that humanitarian organizations should outsource these services by ensuring that information is handled with utmost care by ensuring there are high security measures not to disclose the organisations information. The outsourcing practices being adopted by the humanitarian organizations resulted in increased productivity, organizational effectiveness, continuous improvement, improved quality and improved quality of work life and thus outsourcing of these processes was an ideal solution that helped to increase the organizations performance.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

In recent years, humanitarian organisations have come under immense pressure from the donors, pledging millions in aid and goods, to prove that they are meeting their objectives in the most efficient and effective way (Hancox & Hackney, 2012). Since donors are becoming more involved when it comes to expenses, humanitarian organizations are under greater scrutiny to monitor the impact of aid, not just the input and output but the whole operation (Kremic, Tukul & Rom, 2006). As a result, humanitarian organizations are forced to be more result oriented, accountable and transparent in their operations. In disaster relief, 80 percent of the operations are spent on logistics. Therefore, efficiency and effectiveness in logistics is of dire importance in the operation of humanitarian organizations and majority outsources logistics services in order to maintain or enhance their performance.

The outsourcing of logistics functions has become the obvious choice with companies eyeing for cost reduction and value enhancement (Barthelemy, 2003). Logistics involves the management of the flow of resources, between the point of origin and the point of destination in order to meet some requirements. The resources managed include materials, equipment, liquids, staff, information and energy. Management of resources usually involves the integration of information flow, material handling, production, inventory, transportation and warehousing. The commonly outsourced services and products include, information management services, transportation services, material handling services, inventory management services and warehousing services. Kakabadse and Kakabadse (2010) assert that an improvement in the delivery process, resulting from the outsourcing process, can also contribute towards competitive advantages, as contributed by the product. Further, he observes that logistics outsourcing has also been instrumental in turn around cases in many humanitarian organisations. Managers in this organisations view outsourcing as the only way to keep them competitive into the twenty-first century.

Humanitarian organisations normally keep control over any process that is necessary and core and outsource processes that are necessary but not core (McIvor, 2013). Outsourcing has become one of the major strategies that humanitarian organisations are adopting to remain competitive in the current dynamic environment. In Kenya, humanitarian organisations have adopted outsourcing of services and goods from third parties due to the benefits resulting from this such as lower cost to the organization, satisfied customers and most important relieving the management to deal with more strategic issues by ceding the non core functions to specialized firms (KIPPRA, 2013).

1.1.1 Logistics Outsourcing

Logistics is the management of the flow of resources, between the point of origin and the point of destination in order to meet some requirements (Barthelemy, 2003). Outsourcing has been defined as the transfer of the production or transfer of goods and services that have been carried out internally to an external provider (Lijo & Ramesh, 2012). Therefore Logistics outsourcing means either outsourcing an entire function or some elements of logistics with the rest being kept in-house (Hancox & Hackney, 2012). Commonly outsourced logistics activities include warehousing, distribution, transport, customs clearing and forwarding.

Logistics outsourcing has grown rapidly to impact many activities of organisations and can cover many areas, including the outsourcing of humanitarian organisations as well as services. In the face of increasingly intensified need in the emerging global economy, humanitarian organisations are progressively turning to outsourcing of their logistics functions. Outsourcing is a viable business strategy because turning non-core functions over to external suppliers enables organisations to leverage their resources, spread risks and concentrate on issues critical to survival and future growth (Kirui, 2013). One of the most important reasons why organisations outsource their logistics functions is the need to decrease the number of warehouses, vehicles and excess inventories and to reduce shrinkage, and labor costs.

The concept of logistics outsourcing strategy basically focuses on inbound logistics which concentrates on purchasing and arranging inbound movement of materials, parts and or finished inventory from suppliers to humanitarian organisations or assembly plants, warehouses or retail stores (Pettit & Beresford, 2005). On the other hand

outbound logistics relates to the storage and movement of the final product and the related information flows from the end of the production line to the end user. Logistics outsourcing strategy include information management, transportation management, warehouse management, material handling management and inventory management. Kenya has 70 humanitarian organisations according to NGO Coordination Board (2015) as listed in Appendix II. Most of these humanitarian organisations outsource (part) of their production process (Kinyua, 2010). One way of extending the logistics organization beyond the boundaries of the company is through the use of a third party supplier or contract logistics services (3PL).

1.1.2 Organizational Performance

Organizational performance is the final achievement of an organization and constitutes various factors such as the existence of certain targets to be achieved, period of time set to achieve the targets and the realization of efficiency and effectiveness (Iyer, 2011). Narasimhan and Jayaram (2011) posits that organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at a pre-determined time using relevant strategy for the same. Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

All organizations, whether small or big, public or private, for-profit or non-profit, struggle for survival. In order to survive, they need to be successful (effective and efficient). Performance lies at the heart of any managerial process and organizational construct and is therefore considered as a critical concept in the strategic management field. Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target (Blecken, 2010). It is used to make adjustments to accomplish goals more efficiently and effectively. Organization performance is what business executives and owners are usually frustrated about. Results are achieved more due to unexpected events and good fortune rather than the efforts made by the employees. However, for any business to be successful, functions must be defined and accomplished. It is important for an

organization to develop strategies that are designed around the skills that would enhance the performance of the organization (Hancox & Hackney, 2012). In the humanitarian context performance is generally measured by the outcomes of activities and a higher level the impact of those outcomes.

1.1.3 Humanitarian Organizations in Kenya

Humanitarian organisations engage in two broad types of activities: relief activities which include provision of relief for victims of large scale emergencies and involve short term measures that focus on provision of goods and services to minimize immediate risk to human health and survival (Charles, Lauras & Van Wassenhove, 2010). Humanitarian organisations are involved in the provision of humanitarian assistance in the forms of food, water, medicine, shelter, and supplies to affected populations whenever disasters strike. Humanitarian organisations are involved in a range of activities that include preparedness, planning, procurement, transport, warehousing, tracking and tracing, and customs clearance (Klassen, 2007). Development activities involve long term measures that focus on community self-sufficiency and sustainability (Njanja & Pellisier, 2011). These activities include establishing permanent and reliable transportation, healthcare, housing and food. Some Humanitarian Organisations engage only in relief activities while others engage in developmental activities. A good number still engage in both.

The operating environment in Kenya is extremely unstable, prone to political and military influence, and inefficient due to lack of joint planning and inter-organisational collaboration (Ruso & Frankel, 2007). Humanitarian organisations deal with inadequate logistics infrastructure, along with shifting origins of and/or destinations for relief supplies without warning. This is further complicated when disaster strikes in remote areas as they often do. The activities of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and materials as well as related information, from point of origin to point of consumption for the purpose of alleviating the suffering of vulnerable people are known as humanitarian logistics (Tatoglu & Zaim, 2013). In cases of emergencies, coordination and communication are vital. The humanitarian organizations need to not only ensure that there is adequate and timely communication, their activities must also be well coordinated to ensure that they

respond to the emergency in good time and with the appropriate supplies and personnel to remedy the situation and ensuring maximum impact of their activities.

There is a heavy presence of UN affiliated organizations as well as international NGO'S that engage in disaster, relief, health, reconstruction and development activities in various parts of the country (Chima, 2007). Humanitarian organizations in Kenya are either founded in Kenya or originate from foreign countries and set up autonomous offices in Kenya (as listed in Appendix II). These organizations provide humanitarian assistance according to their mandates and level of funding, in ways that alleviate suffering, are supportive to recovery and long-term development (Njanja & Pellisier, 2011).

1.2 Problem Statement

The humanitarian environment is becoming increasingly complex, given the number and diversity of the different stakeholders involved and the environment in which they operate (World Disasters Report, 2012). There is the public sector with the government agencies, emergency relief mechanism and local authorities. There is the private sector with the corporations, service providers, goods suppliers and individuals. In between, there is the international community and the large and small aid agencies. There is the society at large, which, regardless of their condition after the disaster, is exposed to unexpected changes (Dewsnap & Hart, 2014). All these stakeholders have different expectations that need to be coordinated for an effective outcome. Failure to do so would be at the expense of optimal performance of the humanitarian organization and ultimately the well-being of those in critical need of assistance (Lin & Tseng, 2008).

Measuring performance in the private sector is more straightforward since financial metrics are used and which in most cases are clear and accessible indicators of performance (National Policy on Disaster Management, 2009). However, there are challenges when it comes to humanitarian organisations. These include the intangibility of the services offered, immeasurability of missions, unknown outcomes and the variety, interests, and standards of stakeholders. Unlike the commercial sector humanitarian organisations have two main bottom lines; mission effectiveness and financial sustainability and therefore their logistics strategy must support high service levels provided to the recipients at low logistics cost (Ismaili & Sharifi, 2008). Despite

the challenges, they are still measurable as later demonstrated in the conceptual framework and the research instruments (the questionnaires).

A number of studies have been done on the area of outsourcing for example Monczka and Morgan (2012) identified the lack of adequate human resource and transport services during disaster management which influenced humanitarian organizations performance in Indonesia. The study identified the challenges but did not seek to establish solutions. Narasimhan and Jayaram (2011) conducted a study to establish the logistical practices being implemented by humanitarian organizations in Nigeria and their impact on performance. The study did not evaluate the effect of the challenges or identify possible solutions to the challenges faced. Blecken(2010) identified the challenges of humanitarian logisticians with respect to different types of disasters, phases of disaster relief and the type of humanitarian organization in Uganda. The study was, however based on a country as a case study. Country environment and dynamics differ from country to country.

Locally, Wambui (2010) who researched on the analysis of logistics outsourcing at Kenya Armed forces found out that the concept of outsourcing in the Kenyan armed forces is so much limited due to the secretive nature of their work such that adoption of the strategy is on supply of non essential services such as stationery. She observed that in the developed world maintenance of military hardware is in some cases outsourced. On his part Kamuri (2010) undertook a research on challenges facing the implementation of logistics outsourcing strategy at the Kenyatta National Hospital and found out among others for an organization to realize the competitiveness resulting from logistics outsourcing, then it should be able to develop a cordial relationship with all the supplier of goods and services which will facilitate efficient and effective delivery of services. Bosire (2011) researched on the Impact of logistics outsourcing on lead time and customer service among supermarkets in Nairobi. He found out that outsourcing of logistics services in supermarkets has a direct effect on the lead times of product delivery and that among those supermarkets that have outsourced procurement of products from the suppliers; time taken to deliver the same products to their warehouses has tremendously reduced. Kangaru (2011) while researching on challenges of business outsourcing at the Kenya Power found out that third party

logistics providers are ahead of manufacturing companies that operate logistics departments on quality implementation and improvement issues in logistics services.

In view of the foregoing, it is evident that most previous research has mainly focused on the commercial organisations whose operating environment is different from that of the humanitarian world. Therefore more research needs to be conducted on the humanitarian logistics outsourcing strategy and more specifically on the relationship between logistics outsourcing as a strategy and performance of humanitarian organizations in Kenya. This research aimed to bridge the gap by answering the following question; how does logistics outsourcing strategy influence performance of humanitarian organisations in Kenya?

1.3 Objectives

The main objective of the study was to investigate the logistics outsourcing strategy and performance of humanitarian organisations in Kenya

The specific objectives of the study were:

- i. To determine the influence of human resource outsourcing on the performance of humanitarian organisations in Kenya
- ii. To evaluate the extent to which information systems outsourcing impact on the performance of humanitarian organisations in Kenya
- iii. To establish the influence of transport outsourcing on the performance of humanitarian organisations in Kenya

1.4 Significance of the study

The information from the study will be crucial on lead time management and service to project managers.

The study will go a long way in empowering decision makers such as managers in determining which factors to consider most when undertaking outsourcing decisions in their entities more so humanitarian organisations. On the other hand, the study will also fill the information and knowledge gap already being experienced by Government agencies and semi-autonomous government agencies in adoption of outsourcing

strategy. To achieve this goal this study will provide more factors which are bound to influence, promote or even inhibit adoption of outsourcing strategy.

NGOs staff will benefit from this study as the findings would be used to cut costs and optimize on resource use in order to serve their clients better (the staff includes procurement officers, marketing manager, operations managers or their equivalents in the NGO sector).

Academically, the proposed study is expected to contribute to the existing literature in the field of outsourcing in general and its impact on competitive advantage through outsourcing of non-core logistics activities within the supply chain in particular. Besides, the study will be a basis for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presented the literature review on the impact of logistics outsourcing strategy on the performance. The first section of the chapter contains a theoretical background which contains the theories that underpin the study. The section also summarizes the information from other researchers who have studied the field. The review covers the reviews of the existing literature. The literature review helps in understanding what other related studies have found and suggested. The reviews are used to develop conceptual frame work.

2.2 Theoretical Review

Different theories have been advanced to explain the subject of outsourcing. Various authors identified significant number of theories that could explain the outsourcing phenomenon (Rong, Zuo-Jun & Snydaer, 2009). The study will be underpinned on three theories which are; transaction cost theory, social exchange theory and commitment trust-theory as presented below;

2.2.1 Transaction Cost Theory

Transaction cost theory is generally accepted as a useful framework for analyzing logistics and outsourcing decisions. This theory was developed by Hobbs in 1996. According to the author, transaction costs reduced by outsourcing logistics include, for example, decentralized order processing, assets, working capital, and overhead. The application of transaction cost theory provides a justification for the establishment of alliances between organizations and their service providers (Iyer, 2011). It should be noted that the resource profile of organizations has a tendency to influence the extent to which all or part of the logistics process is outsourced, as Supatn (2011) discussed in respect to the outsourcing of information technology from a manufacturer's perspective.

Applying transaction cost theory, higher asset specificity favors the hierarchy decision. The amount of the transaction costs may be used as an indicator for the decision of

outsourcing (Pettit & Beresford, 2005). When asset specificity and uncertainty are low, and transactions are relatively frequent, transactions will be governed by market-outsourcing. High asset specificity and uncertainty lead to transactional difficulties with transactions held internally within the firm-vertical integration. Transaction cost theory rests on two basic behavioural assumptions about the transaction partners involved: bounded rationality and opportunism. By hypothesizing that firms seek to minimize costs, the theory of transaction cost analysis attempts to predict which activities are internalized and which are transacted via market exchanges (Dewsnap & Hart, 2014).

2.2.2 Social Exchange Theory

Initially, the transaction cost theory by Hobbs (1996) offers an acceptable explanation of governance mechanisms in inter-organizational relationships. However, as institutional markets and exchange practices advance, transaction cost theory seems to be losing some of its explanatory power and concepts; trust and cooperation are gaining increasing importance for understanding successful logistics supplier relationships (Barro, 2009). To overcome these deficiencies and to find new ways to explain relational exchange, researchers of inter-organizational relationships have recently drawn increasingly on social exchange theory (Rong et al., 2009).

The concept of social exchange has been suggested by Hobbs (1996) to be an important element of successful logistics relationships (Hoyt, 2000). Social exchange theory allows a deeper insight into how these relationships should be designed in order to enhance their outcomes. This governance mechanism is built on the foundation of trust, commitment, and exchange norms that replace or complement more formal governance mechanisms, such as detailed contracts. In social exchange theory, the relationship is the unit of analysis and the key to relational exchange success. Iyer (2011) for example, explains that relationship development is experienced as a series of exchange episodes. Each exchange episode is composed of four events: defining the purpose of a relationship, setting relationship boundaries, creating relationship value, and evaluating exchange outcomes.

2.2.3 Commitment Trust-Theory

The commitment-trust theory has its roots in the work of Morgan and Hunt (1994). It is a relatively young theory based on social exchange theory. It views commitment and

trust as central elements of exchange relationships while at the same time integrating opportunism into the theory whose implicit exclusion had been a major point of criticism for the social exchange theory. Morgan and Hunt (1994) observed that marketing must distinguish between discrete transactions and relational exchange. As relational exchange is becoming more important, relationship marketing is required to adequately address partnership issues. Since the commitment-trust theory enables a deeper insight into the formation of successful exchange relationships, even beyond the pure marketing considerations, it presumably is useful for the understanding of logistics relationships.

In keeping with commitment trust-theory, Porter (1991) viewed socialization as a learning process. In this context, Bettis (2011) asserts that there are four distinct contextual domains that are relevant to the socialization process: task, role, group, and organizational domains. The task domains deals with all aspects related to the actual execution of the job, how to perform task assignments and equipment use. The role domain focuses on non-task specific expectations for the position. These would include appropriate behaviors as well as boundaries of authority and responsibility. Group processes are concerned with group structures, group norms/values and how the group functions as a unit. The organizational domain is made up of information regarding organizational structure, history, organizational goals/values, politics and language (Dewsnap &Hart, 2014).

2.3 Logistics Outsourcing Strategies

Due to the nature of logistical requirements in humanitarian organisations, the most key and commonly areas of outsourcing include Human resource, Informations systems and transportation. This research will focus on these key areas as discussed in the following sections.

2.3.1 Human Resource Outsourcing

In the growing global economy, HR services are becoming increasingly complex and resource-intensive. Outsourcing specialists facilitate the client organization in developing HR strategies and policies, sourcing and selecting employees, leading and managing employees, creating rewards and incentive programmes, administering benefit and retirement programmes, and managing payroll (Njanja & Pellisier, 2011).

The end-to-end HR outsourcing model includes more strategic processes such as employee acquisition functions, these are, recruitment, pre-employment testing, temporary staffing in addition to optimization functions such as absence management, compensation or incentive planning and e-learning. This enables the HR department of the client organization on leveraging employee performance and supporting strategic initiatives (Chima, 2007).

Different models have been used for Human resource outsourcing. Blecken (2010) offers three human resources outsourcing (HRO) models: Professional Employer Organization (PEO), Administrative Services Outsourcing (ASO) and HR Navigator model to meet the needs of organizations of all sizes, with one or multiple locations. For business in need of service payroll processing, first-class employee benefits programs, plus additional or supplementary human resources expertise, Professional Employer Organization (PEO) model may be the right HRO model for use. A truly flexible model, Administrative Services (ASO) Outsourcing offers businesses many of the same services and benefits to the firm, without a co-employment agreement (Hoskisson et al., 2009).

Barthelemy (2003) argues that as a company gets bigger, there is a need to protect the staff and handle everything linked with human resources properly. Though often staffed by capable leaders and a well-educated workforce, most organizations lack the HR expertise to address a broad range of emerging issues, for instance, how to find and deploy skilled staff for international assignments in emerging markets or quickly absorb thousands of employees from a merger or acquisition and rapidly integrate them into a single enterprise resource planning (ERP) platform (Tatoglu & Zaim, 2013). To meet such challenges, a company's HR organization would need to quickly develop an understanding of business environments and local cultures as well as expertise in localized labor relations, payroll requirements and expatriate administration, among others. In the second instance, they need technical tools and IT support to swiftly and efficiently capture record, and transfer personal employee data, histories, records and other sensitive information (Ruso & Frankel, 2007).

Firms can maximize returns on internal resources by concentrating investments and energies on core competencies. Outsourcing will enable firms to transfer resources from non-value added staff functions to value-added core functions (Lijo & Ramesh,

2012). Outsourcing firms can also utilize the superior knowhow of the service provider to enhance their own production capabilities, which enables them to offer higher value and thus higher margin bearing products to their customers. By focusing on fewer, manageable core activities organizations could lessen the costs and complexity of their own operations. This provides better customer focus flexing and changing offerings and processes to meet changing customer demands (Kirui, 2013).

According to Iyer(2011) outsourcing is a viable option to any company because it takes away attention from dealing with other aspects of the business that have nothing to do with the functions of a company. Companies can therefore concentrate on aspects of business that encircle their business objectives and eventually improve their business function. Outsourcing human resource processes frees the firm's time and resources for core competencies (Pettit & Beresford, 2005). The service provider owns, administers and manages the business process, based upon defined and measurable performance metrics with an objective to improve overall business performance and competitiveness.

2.3.2 Information Systems Outsourcing

Information systems exert major influences on the internal environment and how it is organized, managed and carried out (Chima, 2007). The introduction of new information systems in the digital area may result in considerable changes to systems and processes he notes. The availability or the lack of technology in a firm may be the cause to outsource some human resource functions. Bettis (2011) noted that outsourcing is useful for firms competing with increasing levels of environmental dynamism. For example, when new technologies emerge and mature technologies become obsolete, outsourcing enables firms to switch suppliers to exploit any cost or quality improvements that may then be available. On the contrary, this technology-related flexibility is not so necessary in stable environments because production and service technologies do not change so rapidly.

Outsourcing information allows companies to use a large number of computing resources on demand, no matter where they are located (Njanja & Pellisier, 2011). Due to economies of scale, vendors are capable of modernizing their information systems regularly at lower unit costs thus giving host organization the most current and efficient

information solutions (Poole, 2000). Outsourcing enables host organizations to build flexible long-term platforms capable of adaptation or evolution. To keep pace with the emerging market dynamics outsourcing allows host organizations to buy technology from a vendor that would have been financially intensive and difficult to build internally (Hoskisson, et al., 2009). Outsourcing repetitive and information systems intensive activities allows staff to focus on core business functions such as product development, service delivery, partnership building, thus reducing growth risk since external costs are easier to reduce than staff thus increasing flexibility, that is, ability to adapt to changing market conditions quickly (Njanja & Pellisier, 2011).

2.3.3 Transport Outsourcing

The option to transfer all or part of a company's business function including transport to an external entity plays an increasingly important role in the strategic arsenal of organizations (Bettis, 2011). Humanitarian organizations considered transport outsourcing to rapidly improve performance and reduce operating costs. Humanitarian organizations are using strategic and transport outsourcing to seek improved business focus, mitigate risks, build sustainable competitive advantage, extend technical capabilities and free resources for core business purposes. Competitive advantage can be gained when the most appropriate business processes are performed more effectively and efficiently by external suppliers (Hoskisson et al., 2009). Organizations consider outsourcing transport services they need which include; maintenance, security, payments payrolls, recruitment and many others, thus restricting their own employees to the core functions that define the organization's business.

Humanitarian organizations have been increasingly outsourcing transport service to a range of service providers offshore notably in India, the Philippines and Brazil (Rong et al., 2009). Although outsourcing is increasing in prominence both locally and offshore many organizations are still encountering considerable difficulties in evaluating the suitability of processes for transport outsourcing since some are owned by the private sector and the government. Transport service outsourcing decision involves consideration of a number of complex issues including the importance level of processes to the organization; organizational capability in processes relative to competitors and/or suppliers and service provider selection (Barro, 2009). However, organizations often fail to fully assess the implications of these issues when considering

outsourcing. In particular, a major reason found for transport outsourcing failure has been that organizations are outsourcing services that should not be outsourced periodically but rather the humanitarian organizations should be equipped with the same (Hoyt, 2000).

2.4 Outsourcing and Organizational Performance

Outsourcing can improve organizational performance when applied as an organizational strategy (Lijo & Ramesh, 2012). Outsourcing one's business processes can improve one's competitive edge. The reason behind this is that outsourcing reduces business costs. Organizations may choose to outsource with certain business aims in mind. The aim might be the need to improve on financial performance. Most time, such organizations are aware that outsourcing firms may offer them an opportunity to work cheaply through efficient technology and economies of scale (Blecken, 2010). By minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance.

Consequently, the extra amount that would have been passed to the consumers in the form of higher prices for the goods and services now becomes irrelevant as consumers pay less for their commodities. This allows businesses to compete favorably based on price thus giving them a competitive edge. Outsourcing is attractive to senior management because it improves some of the dimensions of organizational performance. According to Hancox and Hackney (2012) outsourcers who know how to manage the process can enhance their company's performance and achieve a high level of satisfaction with the results. The business process outsourcing of on-core activities allows the organization to increase managerial attention and resource allocation to those tasks that it does best and to rely on management teams in other firms to oversee tasks at which the business process outsourcing firm is at a relative disadvantage.

Outsourcing as a strategy improves results by allowing the firm to be more effective, more innovative and more skilled in those activities. Also, business process outsourcing can be used to increase the quality of work life. When the organization focuses on its core competences, especially for the remaining employees, some positive improvements may emerge (Iyer, 2011). Focusing on core competences ensures that the job becomes more meaningful for the employees. Thanks to the new sources created,

the organization may find new sources for wages and out-of-wage incentive programs. It can give more importance to the training of its employees and search for possibilities to develop them (Pettit & Beresford, 2005).

2.5 Empirical Review

This section reviews and summarizes former related studies within the area of logistics outsourcing strategy. More specifically, it looks into what researchers have found out about the implication of strategies on firms performance and other related areas.

Chima (2007) conducted a study on logistics outsourcing strategies applied in the Oil and Gas Industry in Norway. He asserted that the oil and gas industry is involved in global logistics outsourcing strategies that includes domestic and international transportation, ordering and inventory visibility and control, materials handling, import/export facilitation and information technology. Thus, the industry offers a classic model for implementing logistics outsourcing strategies. In applying logistics outsourcing strategies, a company is linked to its upstream suppliers and downstream distributors as materials, information, and capital flow through the supply-chain.

Hoskisson, Hitt, Wan and Yiu (2009) noted that research in logistics outsourcing strategies has undergone enormous growth. However, Bettis (2011) asserts that research should have relevance to understanding actual strategic decisions, actual firms, actual industries, and actual managers and should have an implication both to the industry and the government. He suggested that research should be problem driven rather than theory driven. Problem driven can induce new theory and validate, reject, or extend existing theory in ways that theory driven research cannot.

Hoskisson, et al., (2009) indicates that the fluidity of many logistics outsourcing strategies requires strategy researchers to keep advancing the extent body of knowledge. This is due to the fact that the new competitive landscape represented by the rapid technological changes and increasing globalization poses different research questions for strategic management researchers. He noted some urgency in having a quality research that will have ability to provide answers to critical strategic questions brought about by the rapidly changing competitive landscape.

Poole (2000) mainly looked at the logistics outsourcing strategies of entrepreneurial activities undertaken by an institution in Nigerian universities. He found out that, such institutions are faced with a rising level of competition both internal to the sector and from overseas just like any other entrepreneurial activities. He addressed a few logistical strategies that have been put in place in the institution in order to be competitive. This included; information systems outsourcing and transport management practices.

Just like the fore- mentioned researchers, Luke (2005) clearly noted that research on interception of entrepreneurship and strategy is in the early stage. She said ‘while the benefits of combining entrepreneurship and logistics outsourcing strategy are well established, specific details and underlying elements of strategic entrepreneurship as a concept remain undeveloped and unsubstantiated’. These indicate there is a gap that has not yet been filled in the field.

Kimani (2013) conducted a study on supply chain management challenges in Kenya’s petroleum industry and noted that the industry faces logistics outsourcing challenges such as lack of strategic stocks, relatively high petroleum prices compared to other East African countries, frequent fuel shortages, sub-standard products and diversion of products destined for export back into the country. He explored challenges facing implementation of effective logistics outsourcing strategies in petroleum industry in Kenya, a case of National Oil Corporation. Specifically the study sought to explore the influence information technology, supply chain design, people issues and partnership/collaboration issues to the implementation of effective logistics outsourcing strategies. He concluded that logistics outsourcing strategies have high effect on performance of the petroleum sector.

Awino (2009) conducted a study on empirical investigation of logistics outsourcing best practices in large private manufacturing firms in Kenya. He noted that today, large companies are mainly focusing on becoming efficient and flexible in their manufacturing methods in order to handle uncertainty in the business environment. To do this, they need different strategies to manage the flow of goods from the point of production to the consumer. However, most firms have not been able to formulate the right strategies required to achieve this objective in Supply Chain Management (SCM), this calls for a strategic fit of an organization’s core competencies, strategy and core

capability. Critical factors were established as logistics outsourcing strategies: operating policies, linkages within supply chain firms, improved performance, information technology systems, strategic alliance, performance measures, goal orientation, customer relationships, guidelines and procedures, supplier selection and supplier evaluation. When benchmarked, these practices were found to be universal and compare with best practices globally.

2.6 Summary

Within the last decade, most academic studies have focused on understanding outsourcing decision determinants and outsourcing process control (Njanja & Pellisier, 2011). While outsourcing is now broadly understood to be an attractive option, its specific impact on firms' performance and value, that is logistics outsourcing results, have not yet been well confirmed by research. Current outsourcing research may be categorized into three areas: outsourcing decision-oriented research, outsourcing process-oriented research and outsourcing result-oriented research, resulting into an asymmetric pattern.

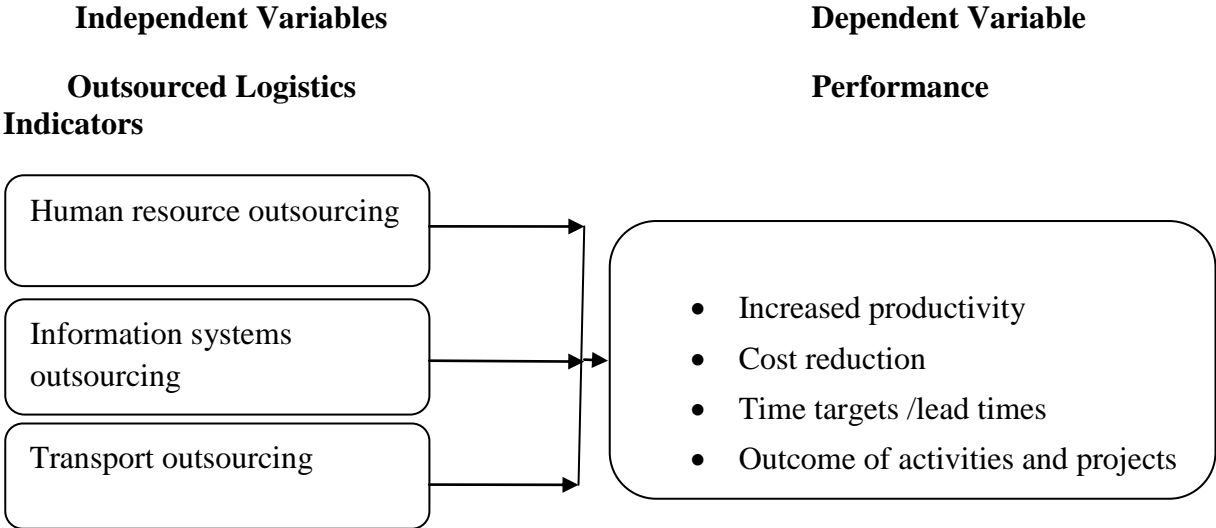
When researchers look to measure the financial impact of outsourcing results, they have usually been forced to rely on managers' estimates in place of tangible metrics. Much of the evidence that has been analyzed is anecdotal and case study oriented, and often based on financial metrics. Furthermore, the focus in any case has been on cost savings, and only rarely have managers or researchers directed their attention to an outsourcing decision's ultimate benefits (firms' value) for company investors. The literature has not given much emphasis on humanitarian organizations whose performance measurements do not always focus on profits and cost savings as most are non-profit making.

Most of the literature is from the developed countries whose company's strategy approach is different from that of Kenya. Thus there is a dire need of literature focusing on logistics outsourcing strategy and the performance of local humanitarian organizations.

2.7 Conceptual Framework

This framework attempts to examine and explain factors that affect and hence influence performance of humanitarian organisations in Kenya through the logistical outsourcing strategy. These factors include the human resource outsourcing, information systems outsourcing and transport outsourcing in the humanitarian organisations in Kenya. This will influence the humanitarian organisations on either to offer or not to offer humanitarian services. The study therefore aimed to determine the effects of independent variables on the dependent variable in an attempt to evaluate the impact of logistics outsourcing strategy on the performance of humanitarian organisations in Kenya.

Figure 2.1: Conceptual framework



Source: Researcher (2015)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was utilized for this research. It outlines how the collection, measurement and analysis of data were conducted. This section is an overall scheme, plan or structure conceived to aid in answering the research questions. The procedures and techniques that were used in the collection, processing and analysis of data are set out. Specifically the following subsections have been included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This research involved a cross sectional survey of the humanitarian organisations in Kenya. According to Kothari (2005), a survey is feasible when the population is small and variable hence the researcher was able to cover all the elements of the population. Therefore the survey was considered to be more efficient and economical.

3.3 Target Population

This research targeted humanitarian organizations carrying out their operations in Kenya. According to the NGO Coordination Board of Kenya (2015), there are seventy (70) registered organizations that were actively involved in humanitarian work in Kenya (Appendix II). This constituted the population.

3.4 Sample Design

The population of this study comprised of all the 70 humanitarian organizations. Since the population was small there was no need for sampling rather the whole population of 70 acted as the sample population by use of census method.

3.5 Data Collection

The researcher collected data from key supply chain personnel who include supply chain managers, officers or their equivalent the selected organizations since they were

more informed on logistics outsourcing in these organisations. Primary data was collected using semi structured questionnaire. The closed ended questions were used for easy response while the open ended questions were used to elicit more information from respondents to complete any missing links. These types of questions were accompanied by a list of possible alternatives ranging from very low extent to very great extent, from which respondents are required to select the answer that best describes their situation. The questionnaires were emailed to the respondents who were contacted to notify them of the study. They were requested to revert back after a reasonable agreed time (one week).

The questionnaire was divided into five (5) sections. The first section (section A) contained information on general data that include; name of the organization, type of organization and position held by the respondent. The second section (section B) contained information on human resource outsourcing. The third and fourth part (section C and D) solicited information on information systems outsourcing and transport management practices outsourcing respectively while the last section (section E) sought information on performance of the humanitarian organizations.

3.6 Data Analysis

The research was both qualitative and quantitative in nature. This implies that descriptive and content analysis techniques were employed (Table 3.1). Descriptive statistics is used to describe basic features of data collected in a study and provide simple summaries about the sample and the measures. Together with simple graphic analysis, they form the basis of virtually every quantitative analysis of data(Kothari, 2005). The researcher employed multiple regression models to study the factors influencing performance of humanitarian organisations in Kenya. The researcher deemed regression method useful due to its ability to test the nature of influence of independent variables on a dependent variable. Regression is able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable (Mugenda and Mugenda, 2003). Therefore, the researcher used linear regression analysis to analyze the data. The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

$Y =$ performance of humanitarian organisations;

$\beta_0 =$ Constant Term;

$\beta_1, =$ Beta coefficients (human resource outsourcing);

$\beta_2, =$ Information systems outsourcing

$\beta_3, =$ Transport outsourcing

$\varepsilon =$ Error term

Table 3.1: Operationalization of Variables

Objectives	Scale	Tools of analysis	Type of analysis
To determine the influence of human resource outsourcing on the performance of humanitarian organisations in Kenya	<ul style="list-style-type: none"> - Ordinal - Nominal 	<ul style="list-style-type: none"> - Frequency distribution tables & percentages - Regression 	<ul style="list-style-type: none"> - Descriptive - Inferential
To evaluate the extent to which information systems outsourcing impact on the performance of humanitarian organisations in Kenya	<ul style="list-style-type: none"> - Ordinal 	<ul style="list-style-type: none"> - Frequency distribution tables & percentages - Content - Regression 	<ul style="list-style-type: none"> - Descriptive - Inferential
To establish the influence of transport outsourcing on the performance of humanitarian organisations in Kenya	<ul style="list-style-type: none"> - Ordinal - Nominal 	<ul style="list-style-type: none"> - Frequency distribution tables & percentages - Regression 	<ul style="list-style-type: none"> - Descriptive - Inferential

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETITION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on Logistics Outsourcing and Performance of Humanitarian Organisations in Kenya. The data was gathered exclusively from questionnaires as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likerts scale.

The study targeted to sample 70 respondents in collecting data. From the study, 48 sampled respondents filled in and returned the questionnaire contributing to 69%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondent to fill-in and return the questionnaires.

Table 4.1: Response rate

Response	Frequency	Percentage
Responded	48	69
Not responded	22	31
Total	70	100

Source: Researcher (2015)

4.2 Data Presentation

4.2.1 Data Validity

The researcher issued questionnaires to five supply chain managers the targeted organizations so as to conduct a pilot study. Piloting of the research instrument was necessary for various reasons: It helped to clarify the wording and grammar of the instrument so as to avoid misinterpretations; to avoid research bias; detect ambiguous

questions; and to pick out in advance any problems in the methods of research. This helped to validate the data used in this analysis .

4.2.2 Data Reliability

To test the reliability of the Likert scale used in this study, reliability analysis was done using Cronbach’s Alpha as the measure. Reliability co-efficient of $\alpha \geq 0.7$ was considered adequate. In this case, a reliability co-efficient of 0.822 was registered indicating a high level of internal consistency for the Likert scale used.

Table 4.2: Cronbach’s Alpha

Reliability Statistics	
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
0.822	0.880

Source: Researcher (2015)

4.3 General Demographics

4.3.1 Position Held by the Respondent

The study aimed at evaluating the respondent’s position in the organizations. The findings are as shown below;

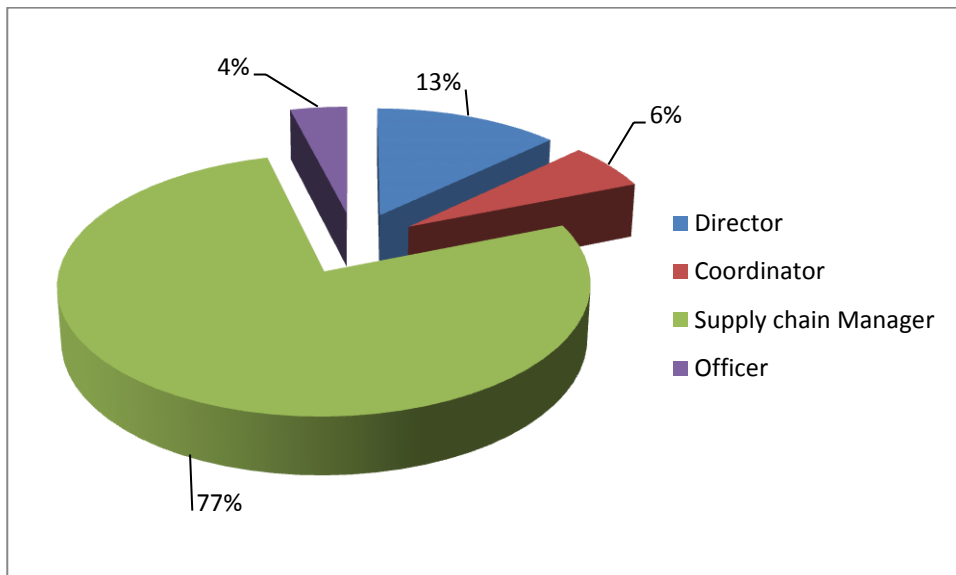


Figure 4.1: Position held by the respondent

Source: Researcher (2015)

According to figure 4.1, 77% of the respondents were supply chain managers, 13% were directors, 6% were coordinators while 4% were officers. This shows that the targeted departments were represented in the study.

4.3.2 Type of Organization

Findings of type of organizations the study targeted are as shown by Table 4.3

Table 4.3: Type of organization

	Frequency	Percentage
International	21	44
Local	27	56
Total	48	100

Source: Researcher (2015)

According to the findings 56% who were the majority were local Humanitarian Organisation while 44% were international counterparts. The reason behind the high number of local NGOs response over the international organisations was due to the bureaucratic process of getting research approval considering their headquarters are located outside the county and getting response took long.

4.3.3 Respondents Mandate in Humanitarian Aid

The mandate of the humanitarian aid was evaluated and tabulated below;

Table 4.4: Respondents mandate in Humanitarian aid

	Frequency	Percentage
Disaster response	13	27
Relief	35	73
Total	48	100

Source: Researcher (2015)

Table 4.4 shows that 73% of the respondents were from the relief organizations while 27% were from disaster response organizations. This infers that of the registered humanitarian organizations in Kenya, those engaged in relief activities are more than those in the disaster management category.

4.3.4 Duration of Operation in Kenya

The study aimed at evaluating the length of the humanitarian firms in Kenya. The findings are as shown;

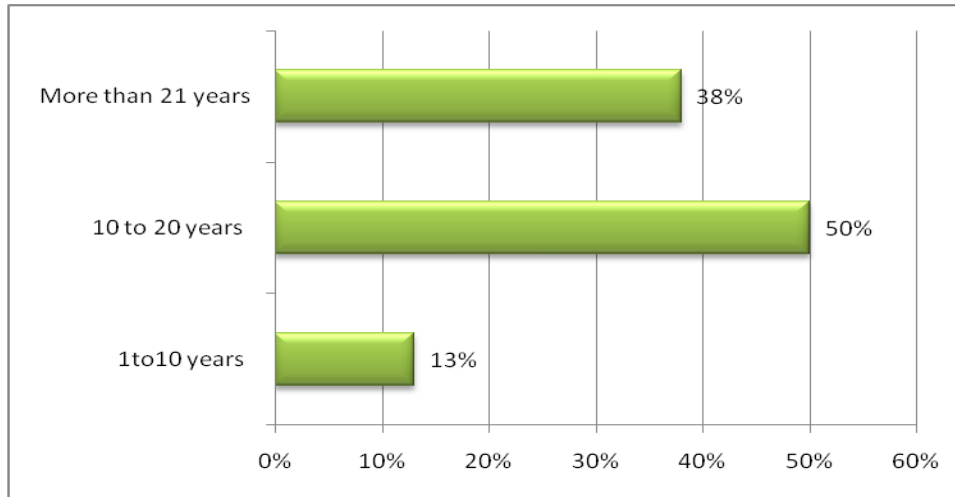


Figure 4.2: Duration of operation in Kenya

Source: Researcher (2015)

According to figure 4.3, 50% of the firms had operated for about 10 to 20 years, 38% had operated for more than 21 years while 13% had operated for 1to10 years. This shows that the firms had been in operation for a considerable period of time and had therefore established the areas of humanitarian operations that required outsourcing unlike the newly registered ones.

4.3.5 Length of Continuous Service with the Organization

Respondent's length of continuous service with the firms was assessed and reported as shown below;

Table 4.5: Length of continuous service with the organization

	Frequency	Percentage
1to10 years	6	13
10 to 20 years	24	50
More than 21 years	18	38
Total	48	100

Source: Researcher (2015)

According to Table 4.5, 50% who were the majority had worked for a period between 10 to 20 years, 38% had worked for a more than 21 years while 13% had worked for a period between 1 to 10 years. This shows that the respondents were conversant with the firms outsourcing strategies applied due to their experience under service.

4.3.6 Funds Used in Logistics Outsourcing Activities

Funds allocated to logistics outsourcing activities in terms of percentage were evaluated and results presented in Table 4.6 below;

Table 4.6: Funds used in logistics outsourcing activities

	Frequency	Percentage
Less than 50%	21	44
More than 50%	27	56
Total	48	100

Source: Researcher (2015)

According to the findings 56% who were the majority spent more than 50% of their funds on logistics outsourcing activities while 44% of the firms used less than half of their funds on the same. This infers that outsourcing was highly implemented by the humanitarian firms in Kenya. This may be as a result of the high costs of purchasing, maintaining and operations, hence they opt to outsource at lower costs.

4.3 Human Resource Outsourcing

In this section, the study sought to know the extent to which human resource outsourcing influenced the performance of humanitarian organisations in Kenya. The extent was measured on a Likert scale of 1-5 where: 5= Very Large Extent, 4= Great Extent, 3= Moderate Extent, 2= Small Extent and 1= Very Small Extent. The higher the mean, the greater the extent of agreement while the greater the standard deviation, the greater the level of variation in the responses.

4.3.1 Services/ Activities Outsourced

The study aimed at evaluating whether some of the services/ activities were outsourced by the targeted firms. The findings are as shown;

Table 4.7: Services/ activities outsourced

Outsourced services	Yes		No		Total	
	F	%	F	%	F	%
Inventory management services	7	15	41	85	48	100
Transport and transportation management services	38	79	10	21	48	100
Material handling services	27	56	21	44	48	100
Information flow management services	16	33	32	67	48	100
Warehousing management services	33	69	15	31	48	100

Source: Researcher (2015)

According to Table 4.7, 79% and who were the majority, outsource Transport and Transportation management services, 56% outsourced material handling services and 69% outsourced Warehousing management services. The study also shows that 85% who were the majority did not outsource Inventory management services as well. 67% did not outsource Information flow management services. This shows that the services/activities outsourced were those whose disclosure would not impact the organizations negatively. Inventory management as well as information flow management services were considered highly confidential to the firm and therefore not mostly outsourced.

4.3.2 Logistics Outsourcing Decisions

The departments in humanitarian organisations which include finance, IT involved in logistics outsourcing decisions (functional or managerial) activities were evaluated.

Table 4.8: Logistics outsourcing decisions

Statement	Mean	Standard deviation
Assessments are done to bridge the gap between the organizations' demand and supply level	3.77	1.142
Needs assessment are carried out for each activity individually as opposed to multi-sectoral needs assessment	3.50	1.030
Services are outsourced based on the organizations' needs assessment	3.68	.238
Total	10.95	2.41
Average	3.65	0.803

Source: Researcher (2015)

According to Table 4.8, assessments were done to bridge the gap between the organizations' demand and supply levels to a great extent (mean score 3.77), services were outsourced based on the organizations' needs assessment to a great extent (mean score 3.68) and needs assessment were carried out for each activity individually as opposed to multi-sectoral needs assessment to a great extent (mean score 3.50).

4.3.3 Agencies Participating in Logistics Activities

The study aimed at extent to which some agencies participated in logistics activities in the organization. The results are as shown below;

Table 4.9: Agencies participating in logistics activities

Categories	Mean	Standard deviation
Aid agencies	3.11	.289
Governments	3.50	.030
Companies from the private sector	3.77	.142
Donors	4.06	1.003
Non-governmental organizations	4.03	.415
The military	3.65	.287
Social institutions (e.g church)	3.75	.347
Total	25.87	2.513
Average	3.70	0.359

Source: Researcher (2015)

Table 4.9 shows that; donors participated in logistics activities in the organization to a great extent (mean score 4.06) non-governmental organizations participated in logistic activities in the organization to a great extent (mean score 4.03) companies from the

private sector participated in logistics activities in the organization to a great extent (mean score 3.77) social institutions (e.g church) participated in logistics activities in the organization to a great extent (mean score 3.75) the military participated in logistics activities in the organization to a great extent (mean score 3.65) however the study found that governments as well as aid agencies participated in logistics activities in the organization to a moderate extent (mean score 3.50 and 3.11) respectively.

4.4 Information Systems Outsourcing

In this section, the study sought to know the extent to which information systems outsourcing influenced the performance of humanitarian organisations in Kenya. Three constructs were used to measure this as presented below;

4.4.1 Importance of Information Systems Outsourcing

According to the respondents information sharing was essential to increase efficiency and lower prices and enhance convenience. The ability to generate, transfer, and store information within organizations determines the organization's abilities of market development and strategic resources allocation. The organizational efficiency directly relates to the information generated and possessed by the organizations' members.

However, the respondents noted that those organizations that could generate and effectively manage their own unique information tended to have more enduring and less imitable competitive advantages, timely and accurate information which was central to supporting effective preparedness and response to natural disasters and complex emergencies. As decision-making relies upon the availability of information within a certain time frame, managers have to appreciate that on a number of occasions there will be a shortfall in that information.

4.4.2 Criterion Used when Selecting Information Logistics Provider

The organizations criterion used when selecting information logistics provider was evaluated and tabulated below;

Table 4.10: Criterion used when selecting information logistics provider

Categories	Mean	Standard deviation
Dependability/reliability	3.88	.118
Convenience	3.61	.087
Price	3.95	1.231
Flexibility in operations	3.76	.303
Management expertise	4.11	.415
Security and safety	3.77	1.287
Financial strength	3.75	.347
Geographical presence	3.19	.289
Range of services	3.44	.334
Total	33.46	4.411
Average	3.72	0.490

Source: Researcher (2015)

Table 4.10 shows that; management expertise was considered to a great extent as shown by a mean score of 4.11, price was considered to a great extent as shown by a mean score of 3.95, dependability/reliability was considered to a great extent as shown by a mean score of 3.88, security and safety was considered to a great extent as shown by a mean score of 3.77, flexibility in operations was considered to a great extent as shown by a mean score of 3.7, financial strength was considered to a great extent as shown by a mean score of 3.75, convenience was considered to a great extent as shown by a mean score of 3.61 however range of services and geographical presence was considered to a moderate extent as shown by a mean score of 3.44 and 3.19 respectively.

4.4.3 Flow of information practices

The organizations exercised adequate flow of information practices within its functions which was to a great extent (mean score 3.71).

Table 4.11: Flow of information practices

Statement	Mean	Standard deviation
The organization is keen on adequate flow of information in all its operations	3.65	.661
The flow of information is both upstream and downstream its operations	3.82	.351
The organization recognizes the significance of the media in its information flow across different frontiers	3.62	.591
The organization uses flow of information as an important tool for communication between all its stakeholders	3.73	1.003
The organization has invested in assistive technologies that support the flow of information in its operations and during emergencies	3.71	.781
Total	18.53	3.387
Average	3.71	0.677

Source: Researcher (2015)

Table 4.11, shows that; the flow of information was both upstream and downstream in its operations to a great extent (mean score 3.82) the organization uses flow of information as an important tool for communication between all its stakeholders to a great extent (mean score 3.73) the organization invested in assistive technologies that support the flow of information in its operations and during emergencies (mean score 3.71) the organization was keen on adequate flow of information in all its operations to a great extent (mean score 3.65) while the organization recognizes the significance of the media in its information flow across different frontiers to a great extent (mean score 3.62).

4.5 Transport Outsourcing

In this section, the study aimed to know the extent to which Transport outsourcing influences the performance of Humanitarian Organisations in Kenya where four constructs were used to measure this as presented below;

4.5.1 Humanitarian Organizations Outsourced Transport

The study aimed at evaluating whether the humanitarian organizations outsourced transport.

Table 4.12: Humanitarian Organization outsourced transport

Response	Frequency	Percentage
Yes	38	79
No	10	21
Total	48	100

Source: Researcher (2015)

According to Table 4.12, 79% who were the majority were in agreement that they outsourced transport services while 21% were of the contrary opinion. The findings confirm the findings of Table 4.7 in that the firms mainly outsourced services that were not information oriented and that could not disclose confidential information of the firms.

4.5.2 Types of Agreements Entered with Transport Logistics Providers

Figure 4.3 shows the level of respondent's agreement on the types of agreements entered in with the transport logistics providers.

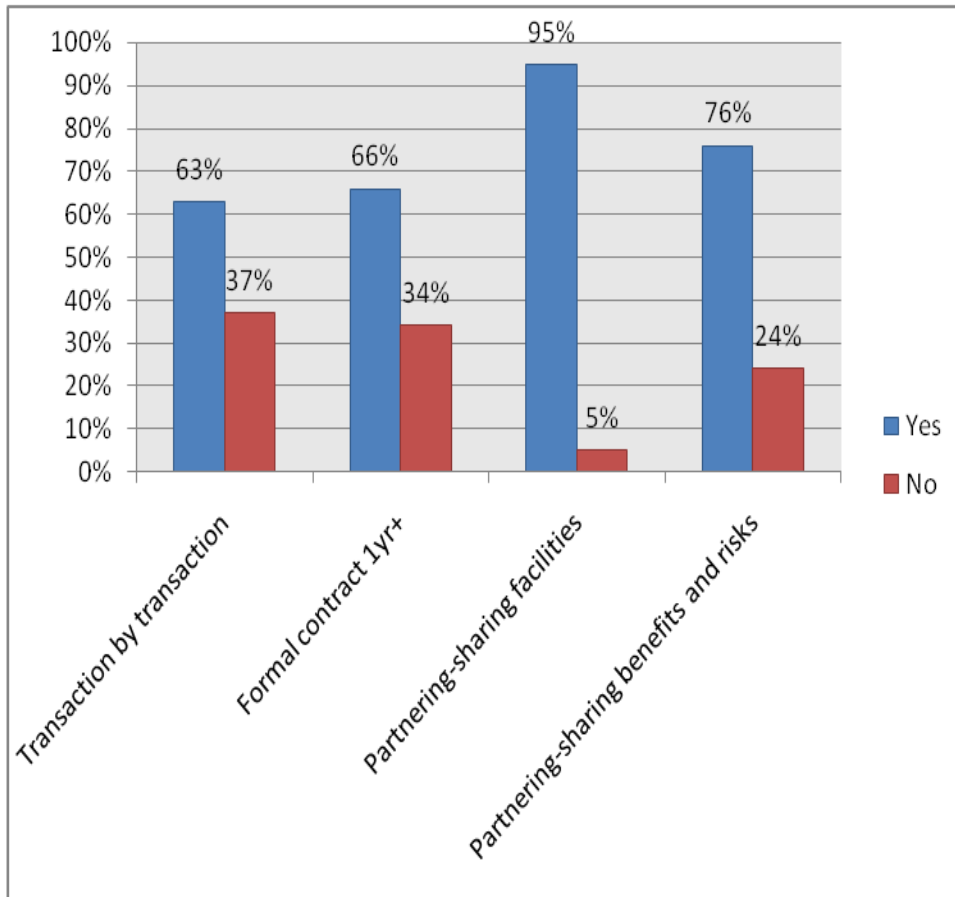


Figure 4.3: Types of agreements entered into with transport logistics providers

Source: Researcher (2015)

According to the findings 95% who were the majority were in a agreement that they ensured partnering-sharing facilities, 76% who were the majority were in agreement that they ensured partnering/sharing of benefits and risks, 66% who were the majority were in a agreement that they ensured formal contracts 1yr+ and 63% who were the majority were in agreement that they ensured transaction by transaction approach.

4.5.3 Reasons for Outsourcing Transport

Main reasons for outsourcing transport were evaluated and tabulated below;

Table 4.13: Reasons for outsourcing transport

Outsourcing reasons	Mean	Standard deviation
Improve customer service	3.88	.446
Pressure to cut costs	3.73	1.041
Lack of internal expertise	2.17	1.116
Increase flexibility	3.84	.038
Reduce risks	3.31	2.783
Total	16.93	5.424
Average	3.39	1.085

Source: Researcher (2015)

According to Table 4.13, outsourcing transport was to improve customer service to a great extent (mean score 3.88), outsourcing transport was to increase flexibility to a great extent (mean score 3.84), outsourcing transport was due to pressure to cut costs to a great extent (mean score 3.73), outsourcing transport was to reduce risks to a great extent (mean score 3.31) however outsourcing transport was due to lack of internal expertise to a low extent (mean score 2.17).

4.5.4 Transport Services Outsourced

Transport services outsourced were evaluated on how they improved the organizations performance. Table 4.14 shows the results;

Table 4.14: Transport services outsourced

Statements	Mean	Standard deviation
Transport scheduling has improved	3.70	.175
Route optimization has been achieved	3.65	1.018
Fleet tracking tools have increased vehicle visibility	3.69	1.192
The organisations deliver products and other commodities to where they are required during emergencies in time	4.08	.720
Total	15.12	2.385
Average	3.78	0.795

Source: Researcher (2015)

According to the findings transport ensured the organisations delivered products and other commodities to where they were required during emergencies in time to a great extent (mean score 4.08) transport scheduling was improved to a great extent (mean score 3.70) fleet tracking tools increased vehicle visibility to a great extent (mean score 3.69) and route optimization had been achieved to a great extent (mean score 3.65).

4.6 Organizations Performance

Respondents were asked to state the extent to which they agreed on statements concerning the organizations performance in relation to the outsourced practices they adapted. The results are shown on Table 4.15

Table 4.15: Organizations performance

Statement	Mean	Standard deviation
The outsourcing practice has led to a decrease in operating costs	3.95	.129
It has led to increased productivity	3.75	1.026
It has led to reduction in lead time	3.64	.175
It has made the organization achieve timely delivery of services to clients	3.76	1.274
As a result of logistics outsourcing the organization profits have improved	3.92	.153
The practice has enabled the organization concentrate on its core business	3.89	1.105
It has enabled faster response to customer demands	3.91	1.280
Overall success on the mandate assigned	4.01	.856
Total	30.83	5.998
Average	3.85	0.750

Source: Researcher (2015)

According to the findings above, the study on overall success on the mandate assigned was achieved to a great extent (mean score 4.01), the outsourcing practice led to a decrease in operating costs to a great extent (mean score 3.95), as a result of outsourcing the organizations' profits had improved to a great extent (mean score 3.92),

outsourcing enabled faster response to customer demands to a great extent (mean score 3.91), the outsourcing practice enabled the organization concentrate on its core business to a great extent (mean score 3.89), outsourcing made the organization achieve timely delivery of services to clients to a great extent (mean score 3.76), outsourcing led to an increased productivity to a great extent (mean score 3.75) while outsourcing led to a reduction in lead time to a great extent (mean score 3.64).

4.7 Regression Analysis of the Findings

The researcher conducted a multiple linear regression analysis so as to determine the relationship between the factors affecting performance management in Humanitarian Organisations in Kenya and the four independent factors namely: human resource outsourcing, information systems outsourcing and transport outsourcing.

The regression equation was

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Whereby Y = Performance of humanitarian organisations

X₁ = Human resource outsourcing

X₂ = Information systems outsourcing

X₃ = Transport outsourcing

Table 4.16 Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.843	0.742	0.724	0.4216

a) Predictors: (Constant), human resource outsourcing, information systems outsourcing, and transport outsourcing.

b) Dependent variable: Performance of humanitarian organisations

The study used the R square. The R Square is called the coefficient of determination and tells us how the performance of humanitarian organisations varied with human resource outsourcing, information systems outsourcing, and transport outsourcing. The

four independent variables that were studied explain 74.2% of the factors affecting performance of humanitarian organisations as represented by R Squared (Coefficient of determinant). This therefore means that other factors not studied in this research contribute 25.8% of the factors affecting performance of humanitarian organisations.

Table 4.17: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.72	9	1.302	44.231	.000(a)
	Residual	3.432	39	0.066		
	Total	15.152	48			

a) Predictors: (Constant), human resource outsourcing, information systems outsourcing, and transport outsourcing

b) Dependent Variable: Performance of humanitarian organisations

The study used ANOVA to establish the significance of the regression model from which an f-significance value of p less than 0.05 was established. The model is statistically significant in predicting how human resource outsourcing, information systems outsourcing and transport outsourcing affect performance of humanitarian organisations. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the regression model has a confidence level of above 95% hence high reliability of the results.

Table 4.18 Coefficients Results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.116	.186		0.623	.535
Human resource outsourcing	0.157	.043	.257	3.676	.036
Information systems outsourcing	0.082	.042	.301	2.252	.020
Transport outsourcing	0.021	.002	.245	6.906	.001

a) Predictors: (Constant), human resource outsourcing, information systems outsourcing, and transport outsourcing

b) Dependent Variable: Performance of humanitarian organisations

The established regression equation was

$$Y = 0.116 + 0.157X_1 + 0.082X_2 + 0.021X_3 + \varepsilon$$

The regression equation above has established that holding all factors (human resource outsourcing, information systems outsourcing and transport outsourcing) constant, factors affecting performance of humanitarian organisations will be 0.116. The findings presented also shows that taking all other independent variables at zero, a unit increase in human resource outsourcing will lead to a 0.157 increase in performance of humanitarian organisations. On the other hand, a unit increase in information systems outsourcing will lead to a 0.082 increase in the scores of the performance of humanitarian organisations; and a unit increase in transport outsourcing will lead to a 0.021 increase in the scores of the performance of humanitarian organisations. This infers that information systems outsourcing influences the performance of humanitarian organisations most, followed by human resource outsourcing and transport services outsourcing. The study also established a significant relationship between performance of humanitarian organisations and the independent variables; human resource outsourcing ($p=0.036<0.05$), information systems outsourcing ($p= 0.20<0.05$) and transport outsourcing ($p=0.001<0.05$) as shown by the p values. The researcher dropped the regression model because $p>0.5$ and $t<1.96$. Therefore the restated model is as follows:

$$Y = 0.157X_2 + 0.082X_3 + 0.021X_4 + \varepsilon$$

4.7.1 Non-parametric Correlation

A Spearman correlation is used when one or both of the variables are not assumed to be normally distributed. The values of the variables were converted in ranks and then correlated. The study correlated human resource outsourcing, information systems outsourcing and the transport outsourcing under the assumption that both of these variables are normal and interval.

Table 4.19 Correlations

			Human resource outsourcing	Information systems outsourcing	Transport outsourcing
Spearman's rho	Human resource outsourcing	Correlation	1.000	.437	.235
		Coefficient	.	.000	.001
		Sig. (2- tailed)	.61	.61	.61
		N			
	Information systems outsourcing	Correlation	.437	1.000	.441
		Coefficient	.000	.	.002
		Sig. (2- tailed)	.61	.61	.61
		N			
	Transport outsourcing	Correlation	.235	.441	1.000
Coefficient		.000	.000	.	
Sig. (2- tailed)		.61	.61	.61	
	N				

The results suggest that the relationship between human resource outsourcing and information systems outsourcing ($\rho = 0.437$, $p = 0.000$) is statistically significant. Similarly, the information systems outsourcing and transport outsourcing posted a ρ of 0.441 with a p value of 0.002 therefore providing a statistical significance. Human resource outsourcing and information systems outsourcing had a ρ of 0.437, $p=0.000$ further pointing to a statistical significance. On the same note, the human resource outsourcing and the transport outsourcing correlated at $\rho=0.235$ and $p=0.001$. This therefore is statistically significant. Finally, the information systems outsourcing and transport outsourcing stood at a correlation of $\rho=0.441$ and $p= 0.002$ revealing statistical significance.

4.8 Discussion

According to the study findings assessments were done to bridge the gap between the organizations' demand and supply level and HR services were outsourced based on the organizations' needs assessment. These findings were in line with Iyer(2011) and Barthelemy (2003) in that as a company gets bigger, there is a need to protect the staff and handle everything linked with human resources properly. Though often staffed by capable leaders and a well-educated workforce, most organizations lack the HR expertise to address a broad range of emerging issues, for instance, how to find and

deploy skilled staff for international assignments in emerging markets or quickly absorb thousands of employees from a merger or acquisition and rapidly integrate them into a single enterprise resource planning (ERP) platform.

The study findings also show that the flow of information was both upstream and downstream its operations to a great extent and the organizations were keen on adequate flow of information in all its operations. This was similar to Hoskisson, et al., (2009) in that outsourcing information allows companies to use a large number of computing resources on demand, no matter where they are located. The same sentiments are shared by (Njanja & Pellisier, 2011) as well as (Poole, 2000) in that due to economies of scale, vendors are capable of modernizing their information systems regularly at lower unit costs thus giving host organization the most current and efficient information solutions. Outsourcing enables host organizations to build flexible long-term platforms capable of adaptation or evolution. To keep pace with the emerging market dynamics, outsourcing allows host organizations to buy technology from a vendor that would have been financially intensive and difficult to build internally .

According to the study the firms ensured partnering-sharing facilities. Outsourcing transport was to improve customer service and increase flexibility. The findings coincided with Bettis (2011) and Hoyt (2000) humanitarian organizations considered transport outsourcing to rapidly improve performance and reduce operating costs. Humanitarian organizations are using strategic and transport outsourcing to seek improved business focus, mitigate risks, build sustainable competitive advantage, extend technical capabilities and free resources for core business purposes. Competitive advantage can be gained when the most appropriate business processes are performed more effectively and efficiently by external suppliers (Hoskisson et al., 2009).

According to the study, overall success on the mandate assigned was achieved to a great extent and the outsourcing practice led to a decrease in operating costs to a great extent. The study was in line with Pettit and Beresford (2005) and Iyer (2011) in that outsourcing as a strategy improves results by allowing the firm to be more effective, more innovative and more skilled in those activities. Also, business process outsourcing can be used to increase the quality of work life. When the organization focuses on its core competences, especially for the remaining employees, some positive improvements may emerge.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also gives the conclusions based on the objectives of the study. The researchers then present the recommendations for both the research and for policy and practice.

5.2 Summary of Findings

According to the findings assessments were done to bridge the gap between the organizations' demand and supply levels to a great extent (mean score 3.77). Services were outsourced based on the organizations' needs assessment to a great extent (mean score 3.68) and needs assessment were carried out for each activity individually as opposed to multi-sectoral needs assessment to a great extent (mean score 3.50). Donors participated in logistics activities in the organization to a great extent (mean score 4.06) as well non-governmental organizations participated in logistics activities in the organization to a great extent (mean score 4.03).

The study findings show that the organization uses flow of information as an important tool for communication between all its stakeholders to a great extent (mean score 3.73), the organizations invested in assistive technologies that support the flow of information in its operations and during emergencies (mean score 3.71). The organization was keen on adequate flow of information in all its operations to a great extent (mean score 3.65) and that the organization recognizes the significance of the media in its information flow across different frontiers to a great extent (mean score 3.62).

Further through the majority (79%) the study found that they were in agreement that they outsourced transport services. Majority (95%) were in agreement that they ensured partnering-sharing facilities. Outsourcing transport was to improve customer service to a great extent (mean score 3.88) while outsourcing transport was to increase flexibility

to a great extent (mean score 3.84). Transport ensured the organisations delivered products and other commodities to where they were required during emergencies in time to a great extent (mean score 4.08) and route optimization had been achieved to a great extent (mean score 3.65).

The study on overall success on assigned mandate was achieved to a great extent (mean score 4.01). The outsourcing practice led to a decrease in operating costs to a great extent (mean score 3.95). Outsourcing enabled faster response to customer demands to a great extent (mean score 3.91). The outsourcing practice enabled the organization concentrate on its core business to a great extent (mean score 3.89) and outsourcing made the organization achieve timely delivery of services to clients to a great extent (mean score 3.76).

5.3 Conclusion

HR outsourcing gives the organizations a competitive edge and brings profitability for the business overall. A business that takes advantage of human resources outsourcing assigns the critical management of all functions related to HR requirements. Managing outsourcing requires an understanding of outsourcing strategy, the benefits and risks of outsourcing, the evaluation process, and the methods to managing outsourcing providers. With appropriate management, strategic outsourcing should provide a viable strategy for controlling costs and maintaining quality service. In order to boost growth, productivity and competitiveness, HR outsourcing is the key. It concentrates in major areas such as partner with specialists to augment innovation, increasing the aptitude to concentrate on core competencies and speed time in service delivery.

The study found out that, the use of information systems outsourcing has benefits which the humanitarian organizations have adopted to a large extent and has improved their performance. The study found that majority of the respondents of the sampled humanitarian organizations, appreciate the outsourcing of information systems but they were very keen on whom they outsourced since this process is very sensitive and requires to be very confidential. The findings affirmed that, the benefit of outsourcing affects the overall performance of an organization.

The results established that the firms were outsourcing transportation services. The firms opted to outsource this service due to their advantages and possible influence on

organizational performance, thus enabling the firms to focus on their core competencies.

The findings presented also shows that taking all other independent variables at zero, a unit increase in human resource outsourcing will lead to an increase in performance of humanitarian organisations. On the other hand, a unit increase in information systems outsourcing will lead to an increase in the scores of the performance of humanitarian organisations; and a unit increase in transport outsourcing will lead to an increase in the scores of the performance of humanitarian organisations. This infers that information systems outsourcing influences the performance of humanitarian organisations most followed by human resource outsourcing and then transport services outsourcing. The study also established a significant relationship between performance of humanitarian organisations and the independent variables.

5.4 Recommendations

The study recommends the creation of office of outsourcing management within the organisation. This office will integrate and co-ordinate activities that align the functions of the outsourcing firms and departmental units. The office will synchronize the various planning and control process which operate differently. In addition, the office will ensure that all the planning, execution and feedback components are in place and linked together. This office too, will guide the diverse range of existing processes, including financial management, strategy, communication, HR planning, performance management.

From the findings the study recommends that; that organizations need to identify the key areas within the information systems outsourcing that have the highest benefits and least challenges or negative impact on the performance. From the findings the study also recommends that humanitarian organizations should outsource these services by ensuring the information is handled with at most care by ensuring there are high security measures not to disclose the organisations information. This will maximise the benefits that have been identified by the organizations that are already using the service.

The study found out that majority of the humanitarian organisations were outsourcing transportation services. The study showed that transport services outsourcing resulted in improve customer service and increase flexibility.

The outsourcing practices being adopted by the humanitarian organizations resulted in increased productivity, organizational effectiveness, continuous improvement, improved quality and improved quality of work life and thus outsourcing of these processes was an ideal solution that helped to increase the organizations performance. At the same time, outsourcing resulted in decreased operating costs, improved customer satisfaction, increased productivity, timely delivery of services to clients, reduced lead time and improved profits and faster response to demands in service delivery. This would spur the performance of the firms as it would enable the firm to concentrate on the basic activities (core competence) and use best methods and experiences.

5.5 Suggestions for Further Research

The data collection instrument that was used for this study was a standard questionnaire which usually limits the ability to collect information beyond the questions contained within the survey instrument. Future research may use a qualitative case-based approach that uses in-depth interviews to solicit unstructured views on logistics outsourcing on performance.

Lastly, future research could employ a larger sample involving different sectors. These future studies may also want to involve key respondents from suppliers that may have provided outsourced goods and or services. It would be interesting to compare and contrast viewpoints of both service recipients and suppliers and in so doing, may provide insights into the basis for the phenomenon examined by this research that is otherwise unavailable at this time.

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APPENDICES

Appendix I: Questionnaire

Introduction

The questionnaire is divided into five sections

Section A: General Information

1. Name of the organization?
2. Department.....
.
3. Position held by the Respondent:

Director Coordinator Supply chain Manager
Officer Other (Specify).....
4. Type of organization (Please tick as appropriate)

International Local
5. Mandate in humanitarian aid (Tick as appropriate)

Disaster response Relief

Other (please specify)
6. How long has your organization been in operation in Kenya?

1-10 years 10 – 20 years More than 21 years
7. Length of continuous service with the organization?

Less than 5years 5-10 years Over 10 years
8. What percentage of your funding goes to logistics outsourcing activities?

Less than 50% More than 50%

Section B: Human Resource Outsourcing

9. Please indicate whether your organization has outsourced the following logistics services/activities. Tick where appropriate between YES and NO.

Outsourced services	Yes	No
Inventory management services		
Transport and transportation management services		
Material handling services		
Information flow management services		
Warehousing management services		

10. To what extent are other departments i.e. Finance, IT involved in logistics outsourcing decisions (functional or managerial)?(Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extent)

Statement	1	2	3	4	5
Assessments are done to bridge the gap between the organizations' demand and supply level					
Needs assessment are carried out for each activity individually as opposed to multi-sectoral needs assessment					
Services are outsourced based on the organizations' needs assessment					

11. To what extent have the following agencies participated in logistic activities for your organization (Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

	1	2	3	4	5
Aid agencies					
Governments					

Companies from the private sector					
Donors					
No-governmental organizations					
The military					
Social institutions (e.g church)					

Section C: Information Systems Outsourcing

12. Kindly explain the information systems outsourcing process by your organization?

.....

.....

.....

.....

.....

13. What do you consider as the most important criterion used when selecting information logistics provider?(Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

	1	2	3	4	5
Dependability/reliability					
Convenience					
Price					
Flexibility in operations					
Management expertise					
Security and safety					
Financial strength					
Geographical presence					
Range of services					

14. To what extent has your organization exercised the following adequate flow of information practices within its functions (Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

Statement	1	2	3	4	5
The organization is keen on adequate flow of information in all its					

operations					
The flow of information is both upstream and downstream its operations					
The organization recognizes the significance of the media in its information flow across different frontiers					
The organization uses flow of information as an important tool for communication between all its stakeholders					
The organization has invested in assistive technologies that support the flow of information in its operations and during emergencies					

Section D: Transport Outsourcing

15. Does your organization outsource transport

Yes [] No []

16. If yes above (14), what are the types of agreements entered in with your transport logistics providers?

	Yes	No
Transaction by transaction		
Formal contract 1yr+		
Partnering-sharing facilities		
Partnering-sharing benefits and risks		

17. What were your main reasons for outsourcing transport?(Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

	1	2	3	4	5
Improve customer service					
Pressure to cut costs					
Lack of internal expertise					
Increase flexibility					
Reduce risks					

18. To what extent do you agree with the following statements? (Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

	1	2	3	4	5
Transport scheduling has improved					
Route optimization has been achieved					
Fleet tracking tools have increased vehicle visibility					
The organisations delivers products and other commodities to where they are required during emergencies in time					

Section E: Performance

19. State the extent to which you agree with the following statements concerning your organizations performance in relation to the outsourced practices you have adapted. (Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

Statement	1	2	3	4	5
The outsourcing practice has led to a decrease in operating costs					
It has led to an increased productivity					
It has led to a reduction in lead time					
It has made the organization achieve timely delivery of services to clients					
As a result of logistics outsourcing the organization profits has improved					
The practice has enabled the organization concentrate on its core business					
It has enabled faster response to customer demands					
Overall success on the mandate assigned					

THANK YOU FOR YOUR TIME AND PARTICIPATION

Appendix II: List of Humanitarian Organisations

1. Action Against Hunger
2. Action Aid
3. Adeso
4. Adventist Development and Relief Agency
5. African rescue Committee
6. Americares
7. Association for Aid and Relief (AAR) Japan
8. Care International
9. Caritas Switzerland
10. Catholic Relief Services
11. Centre for Health Solutions
12. Christian Aid
13. Concern Worldwide
14. CooperazioneInternazionale
15. Cordaid
16. Danchurchaid
17. Diakonie Emergency Aid
18. DiakonieKatastrophenhilfe
19. Finchurchaid
20. Food and Agriculture Organization
21. Food for The Hungry
22. German Agro Action
23. Goal Kenya
24. Hand in Hand Kenya
25. Help Age International
26. Hornaid
27. Intersos
28. International Rescue Committee
29. International Strategy for Disaster and Reduction in Africa
30. Islamic Relief worldwide
31. KalonzoMusyoka Foundation

32. Kenya Red Cross Society
33. Lay Volunteers International Association
34. Lutheran World Relief
35. Medical Emergency Relief International
36. Mediciens Sans Frontiers-Belgium
37. Mediciens Sans Frontiers- France
38. Mediciens Sans Frontiers-Holland
39. Mediciens Sans Frontiers- Spain
40. Mediciens Sans Frontiers-Swiss
41. Mercy Corps
42. Mercy USA for Aid and Development
43. Methodist Relief and Development
44. Mubarak for Relief and Development
45. Muslim Aid
46. Northern Kenya Caucus
47. Norwegian Church Aid
48. Norwegian Refugee Council
49. Office for the Coordination of Humanitarian Affairs
50. OkoaMtoto Initiative Kenya
51. Oxfam GB
52. Pastoralists Against Hunger
53. Plan International
54. RedR UK
55. Refugee Consortium of Kenya
56. Samaritans Purse
57. Save the Children
58. Solidarites International
59. Southern Aid
60. Tear Fund
61. Terre Des Hommes
62. Trocaire
63. United Nations Development Programme
64. United Nations High Commissioner for Refugees
65. World Cares Association

66. World Concern International
67. World food Programme
68. World health organization
69. World Relief International
70. World Vision

Source: NGO Coordination Board (2015)