

ASSESSMENT OF LOGISTICS OUTSOURCING PRACTICES ON  
PERFORMANCE OF LARGE MANUFACTURING FIRMS IN  
NAIROBI, KENYA

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## ABSTRACT

In globalized and highly competitive markets, organizations strive to be innovative and agile to meet customer demands. Competitiveness, based on organizational capabilities and production strategies, may lead to quality, efficiency and flexibility. The highly competitive environments along with customers' demands for tailored products and services has forced companies to continuously evaluate, improve and reengineer their logistics operations. These operations have a noticeable contribution in companies' efforts to meet customers' expectations. Their outcomes, such as place convenience, waiting time convenience, delivery time convenience, and after sales convenience, are easily visible and assessable by the final customer and consequently delineating its purchasing behavior.

The objective of the study was to determine logistics outsourcing practices and performance of large manufacturing firms in Nairobi Kenya. The research was a cross sectional survey of the large manufacturing companies operating in Nairobi, Kenya. The study used primary data which was collected through a self-administered questionnaire that consisted of both open and closed ended questions. The data was analyzed using descriptive statistics.

The finding of the study was that the outsourcing services adopted by the firms were transportation management, warehouse management, material handling management, information management and inventory management. The outsourcing practices being adopted by the firms resulted in increased productivity, organizational effectiveness, increased profits, continuous improvement, improved quality and improved quality of work life and thus outsourcing of these processes was an ideal solution that helps the firm expand internationally and operate on a much larger scale. At the same time, outsourcing resulted in decreased operating costs, improved customer satisfaction, increased productivity, timely delivery of services to clients, reduced lead time, improved profits and faster response to customer demands. This was an indication that the performance of the firms was influenced by the outsourcing practices adopted by the firms.