AJPLSCM Vol. 1, Issue 10, Page: 38-49, October 2019, ISSN: 2676-2730
Impact Factor (SJIF): 6.782
Journal DOI: 10.15373/22501991
International Peer Reviewed & Refereed Journal with Indexed Journal Platforms

web: www.damaacademia.com
email: editor@damaacademia.com
Download from Journal site
https://damaacademia.com/ajplscm/

Author(s)
Clement Mills
Ghana Technology University College Graduate School
Email: clemomills@gmail.com

Correspondence
Daniel Opoku-Akyea
Ghana Technology University College Graduate School
Email: clemomills@gmail.com

Challenges of Outsourcing Transport Logistics

Daniel Opoku-Akyea

Abstract
Considering the fact that outsourcing logistics improves the operational efficiency of an entity, outsourcing leads to improvement in performance, outsourcing aims at improving a company's focus, outsourcing is undertaken to access world class capability, outsourcing is used to free resources for other purposes, outsourcing is used to share and minimize risk and outsourcing infuses cash into the organization, one would have thought that outsourcing logistics would have been given the needed boost. However, outsourcing logistics is bedeviled with some challenges. Outsourcing leads to loss of control over the operation of the organization. Outsourcing leads to dissatisfaction among clients. According to Sang, outsourcing may lead to leakage of confidential information to competitors which brings about loss of business and lack of trust. By outsourcing certain business functions to external service providers, human resource engaged to undertake that particular business function may be retrenched. Outsourcing may bring about high switching cost. In the developed countries measures are put in place to address the challenges that outsourcing pose. Some of these measures include: entities agreeing on certain particular quality standards with the third party service providers, management refraining from outsourcing to service providers who are engaged in multiple contracts, low switching cost involved in outsourcing logistics and reassigning staff to perform other duties. However, in Ghana little has been done to address the challenges that outsourcing logistics pose. It is to address these challenges that this study to evaluate the impact of outsourcing transport logistics on organizational performance is being undertaken to fill the gap that exists.

Keywords: *Outsourcing Transport, Logistics, Organisational Performance*

1.0 INTRODUCTION

Outsourcing leads to improvement in performance. According to Manono (2012), outsourcing is undertaken with the aim of improving a company's focus. Outsourcing is undertaken where there is world class capability. By outsourcing certain activities to a third party, resources which were used to render the services are freed for other purposes. Outsourcing certain key services to external organizations ensures that risk is shared between the outsourced company and the entity. There are several challenges bedeviling outsourcing certain functions to third parties. For example, outsourcing leads to loss of control over the operation of the organization. Outsourcing also leads to dissatisfaction among clients. According to Sang (2010), outsourcing may lead to leakage of confidential information to competitors. By outsourcing certain business functions to an external service provider, human resource engaged to undertake that particular business function may be retrenched. Lastly, outsourcing may bring about high switching cost.

According to Moeen et al. (2013), outsourcing transport logistics is an arrangement whereby an entity engages a service provider to perform transport services for a firm. Elements of logistics include transportation, warehousing, inventory management, packaging and information processing. Transport management deals with the modes of transport, transport infrastructure, geographical location, type of delivery, load planning, routing and scheduling. The primary function of transportation is to move goods from one location to another (Rushton and Walker, 2007). Issues to be considered in undertaking warehousing decisions include location, number, size, type of storage and material handling equipment. According to Hosie (2008), inventory management is a method used for organizing, holding and replenishing stock. Hotler et al. (2008) noted that packaging offers protection and value to the products and information management refers to the collection, management of information system from sources of the information to the distribution of the information. The logistics process is comprised of four levels namely 1st level; 2nd level; 3rd level and 4th level. According to Vorst et al. (2007), first level process involves the execution or of basic activities. Basic activities include transportation and warehousing. Second level process involves value-added

activities. Value added activities include packaging. Third level process involves planning and control. The main activities which are outsourced at the third level include inventory and transportation management. According to Rushton and Walker (2007), the fourth level which is also the top level of logistics activities involve the distribution network design. Factors to consider before outsourcing include: core competencies, critical knowledge, internal human resource, quality, cost and strategic analysis. There are several reasons for outsourcing. By outsourcing certain functions of an organization, there is elimination of certain fixed costs which leads to an enhancement of the organization's efficiency (Hirschheim and George, 2007).

2.0 LITERATURE REVIEW

2.1 Definition of Outsourcing

Oshri et al., (2011) defined outsourcing as transferring a portion of an organization's activities to a service provider for a period of time. Outsourcing transport logistics is an arrangement whereby a firm contracts a transport logistics service provider to perform transport service for the firm (Moeen et al., 2013). Mulliacet et al. (2011) defined outsourcing as a management decision to hand over non-core business functions to an external supplier. According to Willcocks (2011) non-core business activities which are outsourced include: packaging, transportation, shipping, warehousing and distribution. Outsourcing turns non-core functions over to external suppliers to enable companies to leverage their resource and concentrate on the core mandate of the organization.

2.2 Characteristics of Outsourcing

There are various characteristics associated with outsourcing. They include:

2.2.1 Cost Efficiency

According to Thomas (2010), cost efficiency is the minimization of cost. An organization is able to achieve cost efficiency provided it is able to reduce its cost (Mclvor, 2010). Companies incur cost on non-core business functions such as packaging, transportation of its raw materials, distribution of its products as well as warehousing. Thomas (2010) revealed that cost incurred on non-core business functions includes investment in capital items such as equipment, infrastructural facilities and staff. Some of the costs incurred include fixed cost and variable cost. Expenses incurred on full-time human resources such as salaries and wages are examples of fixed cost. By outsourcing, companies convert fixed costs into variable costs (Tseng et al., 2009).

2.2.2 Productivity

Bruce and Useem (2008) identified productivity as the economic measure of output per unit of input. Productivity can be increased by introducing certain technological innovations into the firm. In addition, by empowering employees, productivity can be improved (Klein, 2009). Ren et al. (2010) established that by outsourcing to third-party service providers who have the technological knowhow and well-empowered employees, productivity can be enhanced (Bruce and Useem, 2008). Moreover, by outsourcing, companies can concentrate on their core business functions which may lead to increased productivity.

2.3 Logistics

Logistics is concerned with the efficient transfer of goods from the source of supply through the place of manufacture to the point of consumption in a cost efficient manner (CILT, 2012). According to Mangan et al (2008), logistics should be delivered at the right time, right place and at the right price.

2.4 Logistics Outsourcing

According to Laugen et al (2005), logistics outsourcing is concerned with the movement of materials or parts from the supplier to the assembly plant or retail store. Logistics outsourcing involves transmission of information, transportation, warehousing, material handling and inventory management (Bruce and Useem, 2008). Outsourcing logistics activities involves the use of a third party to provide part or all the logistics operations of the organization. Activities constituting logistics include physical distribution and material handling.

2.4.1 Physical Logistics

According to Bruce and Useem (2008), physical logistics involves the movement of goods from the point of production to the point of sale and consumption. Physical logistics include food, materials and equipment (Chen, 2009). Logistics of physical items includes material handling, production, packaging, inventory, transportation, warehousing and security. Rushton and Walker (2007) revealed that physical distribution includes all the functions of movement and handling of goods which includes transportation services.

2.4.2. Material Management

According to Ballou (2007), material management deals with the tangible components of the supply chain. Material management involves all the processes involved in the acquisition of spare parts and it is a function of management responsible for planning, buying, moving, storing and controlling materials in order to produce goods and services at a lower cost.

2.5 Elements of Logistics

Elements of logistics include transport management, warehousing, inventory, packaging and information processing. Details of the elements of logistics have been discussed below.

2.5.1 Transport Management

Transport management deals with modes of transport, transport infrastructure, geographical location, type of delivery, load planning, routing and scheduling. The primary function of transportation is to move goods from one location to another (Rushton and Walker, 2007). Transportation is crucial throughout the management of the supply chain. Short lead time is essential for effective operations. Domestic and international transportation are the most outsourced in the supply chain. Organizations with limited need for transport should outsource their transportation to an outside organization, since transport service providers are simple to find and where the cost involved in transportation is quite low. This notwithstanding, (Klein, 2009), Rushton and Walker (2007) established that organizations which require transportation services for most of their activities are not required to outsource their transportation to outside organizations.

2.5.2 Warehousing

Warehousing involves taking custody of the stock in a particular location or building. According to Shaharudin (2014), factors which need consideration when taking warehousing management decisions include location, number, size, type of storage, material handling and the requisite equipment. Warehousing management is frequently outsourced in view of the fact that huge capital investment is needed to build a warehouse and acquire equipment for the warehouse to function efficiently (Rushton and Walker, 2007).

According to Lysons and Farrington (2013), a company may choose to produce a product in-house or it may decide to outsource. The decision to either outsource or produce in-house may depend greatly on the cost of production as well as the production capability of the firm. If it is cheaper for the entity to purchase the product or service than to produce it, the entity may be required to purchase the product or service. On the other hand, if it is cheaper to produce than to buy, the company may produce. According to Li (2014) the cost of setting up a warehouse makes the cost of production very high.

2.5.3 Inventory

Odepidan (2015) defined inventory as the value of stock of raw materials, semi-finished goods and finished goods held by entities to support production or for resale. Inventory includes raw materials for further processing, work in progress and finished goods (Panayidis and Meko, 2007). Inventory control refers to the management of inventory already in the warehouse. According to Hosie (2008), inventory management is a method used for organizing, holding and replenishing stock. Inventory management includes the type of inventory, ordering procedures and the source of supply. Inventory management revolves around decisions on what to stock, the quantity or level of stock to maintain at any given time, and the location of stock.

Inventory management includes monitoring the quantities as well as the quality of stock (Panayidis and Meko, 2007). Monitoring the quantity of stock ensures that records on stock are updated constantly. Hosie (2008) revealed that stock can also be maintained between maximum and re-order levels in order to ensure that clients' needs are promptly met. There is also monitoring of stock by periodic stocktaking. Monitoring the quality of stock ensures that stock is inspected regularly to eliminate any defects. Odepidan (2015) revealed that when inventory management is outsourced to a third-party service provider, stocks are kept up-to-date and they are maintained between maximum and re-order levels. Stock management is usually outsourced to a third party with a view to ensure the efficient management of stock.

2.5.4 Packaging

All products need packaging. The type of packaging to be used depends greatly on the value of the product. Hotler et al. (2008) noted that packaging offers protection to the products which are produced. Good packaging enables the product to get to the customer safely. When packaging of the products is outsourced to a third party, efficiency is enhanced (Odepidan, 2015).

2.5.5 Information Management Practices

According to Parashkevova (2007), information management refers to the collection and organization of information from the source of the information to the distribution of the information to its targeted consumer. Information management is a technique used to collect information, process the information and communicate the information to management for effective decision making (Vorst et al., 2007).

Effective management of information systems involves the recording, storage and distribution of information within the organization. Managing an organization's information system involves timely delivery of information (Hotler et al., 2008). According to Odepidan (2015), since information is important for the management of the entity, it should be well-managed to protect the interest of the business. To ensure efficiency, management can outsource its information management practice to a third party service provider.

2.6 Classification of Logistics

Rushton and Walker (2007) classified logistics into three categories. They include physical logistics and delivery (Inbound/Outbound); non-physical logistics (Information) and reverse-logistics.

2.6.1 Physical Logistics and Delivery (Inbound)

Hou (2009) established that inbound logistics is concerned with the purchasing and arranging the inbound movement of materials, parts and finished inventory from the supplier of stocks to the point of warehousing and manufacture. According to Priem et al. (2012), inbound logistics involves sourcing for raw materials or finished goods to the production line or the warehouse for manufacturing to take place.

2.6.2 Physical Logistics and Delivery (Outbound)

According to CSCMP (2010), outbound logistics and delivery includes transportation, packaging and the physical flow of goods. Ju (2008) established that outbound logistics is concerned with the movement of stock from the point of manufacture or storage, to the retail stores or end-user. In outbound logistics, goods are transported to the final consumers to meet their needs (Li, 2014).

2.6.3 Non-Physical Logistics (Information)

Rushton and Walker (2007) found out that non-physical logistics involves information technology service and operations management. Hou (2009) revealed that information technology services involve the application of computers to store, retrieve and transmit information for the benefit of the entire organization. Information technology provides innovation and seeks to establish trust through professionalism, honesty and contributes to providing quality and excellent customer service (Ballou, 2007).

2.6.4 Reverse Logistics

Rushton and Walker (2007) revealed that reverse logistics involves returns, disposal of goods and flow of physical goods from downstream to upstream. According to Lysons and Farrington (2012), logistics of companies are designed to transfer stock from production to the end-user. This is known as upstream to downstream (Ballou, 2007). However, reverse logistics comes about as a result of transporting the stock or the product from the end–user to the producer. This can be in the form of product-recall, return or disposal of goods.

2.7 Third-Party Logistics

Bauknight and Miller (2009) established that outsourcing to third-party logistics service providers involves the use of external companies to perform certain tasks which were traditionally performed by the organization. In third-party logistics outsourcing, all or part of logistics activities are assigned to external companies. In the manufacturing industry, activities such as distribution and disposal of waste material are outsourced to third-party logistics service providers. Tompkins (2009). Bajec (2009) also revealed that third-party logistics providers offer asset-based services such as warehousing, transportation, and freight forwarding services to its clients.

2.8 Levels of Logistics Outsourcing

The levels of logistics outsourcing employed by an organization include, tactical outsourcing, strategic outsourcing and transformation outsourcing.

2.8.1 Tactical Outsourcing

Brown and Wilson (2005) revealed that outsourcing is termed as tactical provided it is instituted by an organization to resolve a specific problem in the entity. Hubner and Elmhorst (2007) emphasized that tactical outsourcing is a traditional form of outsourcing which may involve cost comparison in order to decide whether to make-or-buy a product. Tactical outsourcing brings about cost-saving, prevents future investment and resolves staffing costs (Bajec, 2009). When organizations engage in tactical outsourcing, the cost involved in hiring personnel is avoided. Brown and Wilson (2005) further noted that tactical outsourcing involves partnering a particular vendor with the aim of acquiring industry-specific capability that a firm may be lacking. Tactical outsourcing is used for handling large-scale repetitive activities.

2.8.2 Strategic Outsourcing

According to Hubner and Elmhorst (2007), strategic outsourcing is used by management to free key staff to focus their efforts and resources on the core business function of the organization. Bolumole et al. (2007) established that strategic outsourcing enables organizations to work with integrated service-providers. Strategic outsourcing enables companies to reinforce their competitive advantage (Caniels and Roeleveld, 2009).

2.8.3 Transformation Outsourcing

Hubner and Elmhorst (2007) argued that transformation outsourcing is a type of outsourcing strategy by which ongoing services that are critical to the overall performance of an organization, are outsourced to a third party. Bolumole et al. (2007) revealed that in transformation outsourcing, outsourcing is used to accomplish rapid and sustainable improvement in the organization's performance. In other words, transformation outsourcing is an effective way of improving the organization's performance.

3.0 METHODOLOGY

This chapter discusses the method adopted for the study. It describes the research method, target population, sample and sampling procedure, data collection instrument and data analysis plan.

3.1 Research Design

The study used the mixed research approach. Quantitative research was mainly used to evaluate the impact of transport logistics on performance of selected alcoholic beverage producing companies in Ghana. Financial data was collected through the administration of a structured survey instrument from selected alcoholic beverage producing companies in Ghana. The study also used the case study approach. Case study involves qualitative research. The researcher used questionnaires to gather primary data for the study.

3.2 Population and Sampling Frame for the Study

The population of the study comprised managers, staff and investors in the alcoholic beverage producing industries in Ghana. According to estock analysis blog (2013), the population of personnel in the alcoholic beverage producing companies in Ghana is estimated to be about 2000 workers. Additionally, the study relied on published financial statements of six alcoholic beverage producing companies in Accra, over a five-year period spanning from 2012 to 2016 through the administration of questionnaires.

3.3 Sample and Sampling Procedure

The population of the study was limited to investors, staff and managers of Kasapreko Company Limited, Accra Brewery Limited, Agya Appiah Bitters Limited, GBL Brewery Limited, Heaven Bridge Industries and Macbells Company Limited. In view of the fact that the entire population could not be reached for the study, a sampling technique was used to determine a sample size for the study. The study employed the Devaus (2002) technique to arrive at the sample size. The formula is stated as n= $\frac{N}{1+N(a)^2}$: where '**n**' is the sample size determined for the study, '**N**' is the population, and '**a**' is the significant level or the confidence interval.

Based on the formula a sample size of one hundred respondents was used for the study. The respondents comprised one hundred management and staff of the selected alcoholic beverage producing companies in Ghana. Purposive sampling was employed to select all one hundred staff and management of Kasapreko Company Limited,

Accra Brewery Limited, Agya Appiah Bitters Limited, GBL Brewery Limited, Heaven Bridge Industries and Macbells Company Limited. Additionally, financial data of 6 selected alcoholic beverages in Ghana spanning from 2012-2016 were used for the study.

3.4 Data Collection

Primary and secondary data was relied on for the study. Primary data was collected through the administration of questionnaires. The secondary data was collected from the financial statements of six selected alcoholic beverage producing companies namely: Kasapreko Company Limited, Accra Brewery Limited, Agya Appiah Bitters Limited, GBL Brewery Limited, Heaven Bridge Industries and Macbells Company Limited.

3.5 Pre-Test of the Study Instrument

A pilot test was conducted with a small group representative of the population to access the validity of the data. The data was pretested with ten questionnaires. The reason for the choice of ten questionnaires for pretesting was based on the fact they were the first batch to be collected.

3.5.1 Validity and Reliability

According to Polit & Hungler (1993), validity of an instrument refers to the degree to which an instrument measures what it is designed to measure. Reliability refers to the degree of consistency with which an instrument measures what it is designed to measure. Data collection biases were minimized by the researcher. Reliability paved way for privacy, confidentiality and general physical comfort.

3.5.2 Ethical Considerations

Since divulging information is unethical, respondents in the selected alcoholic beverage producing companies were assured of confidentiality of the information. They were informed that the exercise was for academic purposes and were given the chance to opt out if they were not interested in the survey.

3.6 Method of Data Processing and Analysis

The qualitative data was analyzed with the help of statistical package for social science. The data was presented in tabular, graphical and narrative forms. The quantitative data was analyzed using a quantitative approach. Panel regression method was used for the study. Panel data increased efficiency by combining time series and cross-section data. Panel data involved the observation of effects that cannot be detected using purely cross-section analysis or time series data. The Stata Mp was used for the statistical analysis.

3.7 Model Specification and Estimation Procedure

To establish the relationship between outsourcing represented by cost and performance of selected alcoholic beverage producing companies in Ghana, the estimation procedure as propounded by Kuznetsov and Muravyev (2001) was adopted and modified as follows:

$$Y_{it} = \alpha_i + \beta_1 X_{it} + e_{it}$$

Where:

Y_{it} is performance measure (ROE)
α_i = refers to time-invariant firm-specific effects
X_{it} are the independent variables
$\beta 1$ coefficients
e_{it} is error term.

3.8 The General Model

Based on the above general model, the effect of outsourcing on financial performance was evaluated using the model outlined below

$$ROE_{it} = ß_o + ß_1 TCit + ß_2 Age_{it} + ß_3 Git + ß_4 AT_{it} + e_{it}$$

Where:

ROE_{it}	=	Return on Equity
TC_{it}	=	Transport Cost
Age_{it}	=	Age of the firm
G_{it}	=	Growth
AT_{it}	=	Asset tangibility
e_{it}	=	Stochastic error term

VARIABLES	DEFINITION	SYMBOL
DEPENDENT **ROE**	Measures the ability of the company to earn profit from investments in the company, in a period t, it is calculated as **ROE = PAT / EQUITY**	ROE_{it}
INDEPENDENT **TC**	Measures company's transportation cost. It is calculated as **Transport cost as a percentage of the company's revenue**	TC_{it}
Control variable **Age**	Measures the period the company has been in operation, i at the end of the time t, it calculated as the **sum of years the company has been in operation**	AGE_{it}
Growth	Measures the change in a company's revenue i at the end of the t, calculated as **the log of sales.**	G_{it}
Asset tangibility	Measures fixed asset in relation to total assets of a company i at the end of time t, calculated as fixed assets/ total assets	AT_{it}
Stochastic error term	Measure the stochastic error	E_{it}

3.8.1 Dependent Variables

Dependent Variables are variables that can be measured in an experiment (Kenny, 2011). According to Frank and Goyal (2003), dependent variables are affected by independent variables. From the model above the dependent variable is identified as Return on Equity (ROE).

3.8.2 Independent Variable

Independent Variables are variables that affect the dependent variable in a model (Almazari 2012). Independent variables are variables that the researcher wishes to change or manipulate in an experiment. The main independent variable in the model is cost.

3.8.3 Controlled Variable

Controlled Variables are variables that are held constant in an experiment (Abor, 2009) and therefore remain constant throughout an experiment (Almazari, 2012). From the model above controlled variables are identified as age, growth and asset tangibility.

4.0 DATA ANALYSIS

This paper describes the analysis of the data and discusses the various research findings. The finding relates to the research questions that guided the study. Data was obtained from hundred respondents. The questionnaires comprised three sections, namely: the demographic characteristics of the respondents, reasons for outsourcing and the challenges involved in outsourcing. Panel data was used to analyze the impact of outsourcing transport logistics on profitability. The objectives for outsourcing transport logistics were identified as follows: to improve company's focus; to access world class capabilities; to free resource for other purposes; to share and minimize risk; to infuse cash into the organization; and finally to reduce and control the operating cost of the company.

The challenges associated with outsourcing transport logistics were identified as loss of control, customer dissatisfaction, leakage of confidential information, staff retrenchment as a result of outsourcing and high switching cost.

Table 4.6: Rating the challenges of outsourcing transport logistics

	Scale 5 Strongly Agree Frequency %	Scale 4 Agree Frequency %	Scale 3 Undecided Frequency %	Scale 2 Disagree Frequency %	Scale 1 Strongly Disagree Frequency %
Loss of control	40 (40%)	30 (30%)	15 (15%)	10 (10%)	5 (5%)
Dissatisfied customers	30 (30%)	35 (35%)	5 (5%)	20 (20%)	10 (10%)
Leakage of information	56 (56%)	19 (19%)	15 (15%)	7 (7%)	3 (3%)
Retrenchment	30 (30%)	35 (35%)	13 (13%)	17 (17%)	5 (5%)
switching cost	43 (43%)	20 (20%)	7 (7%)	20 (20%)	10 (10%)

Source: Field Survey, 2017.

From the table 4.6 above, a Likert Scale marked 1-5, 5 being "strongly agree" 4 for "Agree", 3 for "Undecided", 2 for "Disagree" and 1 for "Strongly Disagree"

The respondents were to indicate which of the following was among the challenges of outsourcing transport logistics:

- Outsourcing resulting in loss of control
- Customers dissatisfied with outsourcing.
- Outsourcing leading to leakage of confidential information to people outside the organization.
- Most staff are retrenched as a result of outsourcing.
- Outsourcing brings about high switching cost.

On the issue of loss of control being a challenge of outsourcing, 40 of the respondents representing 40% indicated that they strongly agreed that outsourcing led to loss of control over certain sectors of the organization, 30 respondents representing 30% also indicated that they agreed that outsourcing led to loss of control over certain sectors of the organization. This means that the respondents generally agreed that outsourcing led to loss of control over certain sectors of the organization. 15 of the respondents representing 15% neither agreed nor disagreed that outsourcing led to loss of control over certain sectors of the organization. 10 of the respondents representing 10% disagree that outsourcing led to loss of control over certain sectors of the organization. 5 respondents representing 5% also strongly disagreed that outsourcing led to loss of control over certain sectors of the organization. This finding is in line with Brulot (2007) research finding which revealed that when an entity outsources certain business functions such as warehousing, transportation etc. to third party service providers, the entity losses control over those particular business functions.

On the issue of customer dissatisfaction being a challenge to outsourcing, 30 of the respondents representing 30% indicated that they strongly agreed that customer dissatisfaction posed a challenge to outsourcing. 35 respondents representing 35% also indicated that they agreed that customer dissatisfaction posed a challenge to outsourcing. This implies that the respondents generally agreed that customer dissatisfaction posed a challenge to outsourcing. 5 of the respondents representing 5% were undecided whether customer dissatisfaction posed a challenge to outsourcing. 7 of the respondents representing 7% disagree that customer dissatisfaction posed a challenge to outsourcing. 10 respondents representing 10% also strongly disagreed that customer dissatisfaction posed a challenge to outsourcing. This finding is in line with Brulot (2007). 51% of client had wanted to terminate outsourcing contract due to dissatisfaction among clients.

On the issue of leakage of confidential information being a challenge of outsourcing, 56 of the respondents representing 56% indicated that they strongly agreed that outsourcing lead to leakage of confidential information. 19 respondents representing 19% also indicated that they agreed that leakage of confidential information was among the challenges of outsourcing. This implies that the respondents generally agreed that outsourcing led to leakage of confidential information. 15 of the respondents representing 15% were undecided whether outsourcing led to leakage of certain confidential information or not. 7 of the respondents representing 7% disagree that outsourcing led to leakage of confidential information. 3% also strongly disagreed that outsourcing led to leakage of confidential

information. This finding is in tandem with Sang (2010) which found out that outsourcing may lead to leakage of confidential information to competitors.

On the issue of staff retrenchment being a challenge to outsourcing, 30 of the respondents representing 30% indicated that they strongly agreed that outsourcing leading to staff retrenchment was a challenge. 35 respondents representing 35% also indicated that they agreed that outsourcing leading to staff retrenchment was among the challenges of outsourcing. This implies that the respondents generally agreed that outsourcing leading staff retrench was a challenge. 13 of the respondents representing 13% were undecided whether staff retrenchments posed a challenge to outsourcing or not. 17 of the respondents representing 17% disagreed that staff retrenchment posed a challenge to outsourcing. 5 respondents representing 5% also strongly disagreed that staff retrenchment posed a challenge to outsourcing. This finding is in line with Kamanga and Ismail (2016). By outsourcing certain business function to an external service provider, the organization's human resource engaged to undertake that particular business function may be retrenched (Kamanga and Ismail, 2016).

On the issue of outsourcing leading to high switching cost, 43 of the respondents representing 43% indicated that they strongly agreed that outsourcing led to high switching cost. 20 respondents representing 20% also indicated that they agreed that high switching cost was among the challenges of outsourcing. 7 of the respondents representing 7% were undecided whether high switching cost was among the challenges of outsourcing. 20 of the respondents representing 20% disagreed that high switching cost was a challenge to outsourcing. 10 respondents representing 10% also strongly disagreed that high switching cost was a challenge to outsourcing. This finding is in line with Brulot (2007) research finding. Brulot noted that entities enter into contractual agreement with third parties before outsourcing certain business functions.

5.0 CONCLUSIONS

This chapter presents the summary of the research findings, conclusions and recommendations. The findings have been presented in line with the objectives of the study and recommendations have been made based on the findings.

Outsourcing results in loss of control: The study identified loss of control as a challenge of outsourcing transport logistics. When an entity outsourced certain business functions to third party service providers, the entity loses control over certain particular business functions.

Customers become dissatisfied with outsourcing: The study identified customer dissatisfaction as a challenge of outsourcing transport logistics. This was supported by 65% of the respondents. 3. Leakage of confidential information: The study identified leakage of confidential information as a challenge of outsourcing transport logistics. Outsourcing may lead to leakage of confidential information to competitors, which may lead to loss of business and trust.

Staff retrenchment: The study identified staff retrenchment as a challenge of outsourcing transport logistics. By outsourcing certain business functions to external service provider, the organization's human resource engaged in those particular business functions, may be retrenched.

High switching cost: The study identified high switching cost as a challenge of outsourcing transport logistics. This was supported by over 60% of the respondents.

Challenges of outsourcing transport logistics were identified as: loss of control, dissatisfied customers, leakage of confidential information, staff retrenchment and high switching cost. The study revealed that transport cost has a negative coefficient and is statistically significant at 0.05, implying that the lower the transport cost, the more profitable selected alcoholic beverage producing companies in Ghana are. Larger firms can outsource their transportation needs since by outsourcing, transport cost reduces significantly.

5.4. Recommendations

Agreeing on certain particular quality standards with third party service providers: Before organizations outsource to third-party service providers, they should agree on certain particular quality standards with third-party service providers. By agreeing on certain particular quality standards, third-party service provider will be committed to the terms of the agreement or contracts and thereby ensure that quality goods and services are provided.

Management should not outsource to service providers engaged in multiple contracts: When organizations outsource to service providers engaged in multiple contracts, it may lead to leakage of confidential information. Since leakage of information leads to loss of business and lack of trust, there is the need for organizations to outsource to service providers who are not engaged in multiple contracts.

Low switching cost: Due to high switching associated with outsourcing, organizations are unwilling to outsource to third parties. However, if the cost of switching is low, most organizations would outsource to third parties and reap the full benefit of outsourcing.

Staff should be reassigned: By outsourcing certain business functions to external service providers, human resource engaged to undertake those business functions may be retrenched. However instead of cutting back staff, they should be reassigned to other areas in order to help grow the business.

5.5. Further Research

Due to financial constraints the sample size used for the study was relatively small and therefore future research could be undertaken using a bigger sample size. Further research could also be undertaken across the ten regions of Ghana to find out whether there are regional differences in assessing the impact of outsourcing transport logistics.

References

Almazari, A. and Almumani, M., (2012). Measuring profitability efficiency of the Saudi's supply chain management. *International journal of business and social science* 3(14)

Aramyan, L., Oude L., Van Der Vorst, J. and Van K. (2007). Performance measurement in agric-food supply chain: a case study. Supply Chain Management. An international Journal, 12 (4)

Bajec, I. and Heppner, F. (2009). Organized flight in logistics. 78 (4)

Ballou, R. (2007). *Business logistics/ supply chain management; planning, organizing and controlling the supply chain*. Pearson Education India

Bauknigh, D. and Miller, R. (1999) "*CALM Supply Chain & Logistics Journal*.

Bird, S., Klein, E. and Loper, E (2009). Outsourcing as a component of supply chain management. A case study of transport logistics.

Bolumole, Y., Frankel, R. and Naslund., D. (2007). Developing a theoretical framework for logistics outsourcing. *Transportation Journal*.

Brulot, P. (2007). Strategic sourcing of product development in a high and low supplier involvement context (Doctoral dissertation, Erasmus University).

Brune, D. and Useem, K., (2008). A resource-based analysis of global competition; a case of the bearing industry. *Strategic Management Journal*, 12

Caniel, M. and Roeleveld, A. (2009). Power and dependence perspectives on outsourcing decision. *European Management Journal*, 27 (6)

Chen, X. and Simchi-Levi, D. (2004). Coordinating inventory control and pricing strategies with random demand and fixed ordering cost. The finite horizon case. Operations Research, 52 (6)

Cummins, E., Seeballuck, F., Keely, S., Mangan., N. Callanan, J. Fallo., P. and Taylor, C. (2008). *Understanding the impact of logistic transportation* 132 (1)

Denisa, L. Eva J. and Leona (2010). The analysis of the use of outsourcing service in logistics by Czech Manufacturing companies. *Transportation Research Part E: Logistics and Transportation Review*, *48*(1).

Fran, M. and Goyal, V. (2003). Testing the pecking order theory of capital structure. *Journal of financial economics* 67 (2)

Gathungy, J. and Mwangi, K.,(2012). Dynamic Capabilities, Talent Development and firm performance. *DBA Africa Management Review*, 2(3).

Han, H., Lee, J. and Seo, Y. (2009). Analyzing the impact of a firm's capability on outsourcing success: A process perspective. Information and Management, 45 (1)

Hirschheim, R. and Dibbern, J. (2009). Outsourcing in a global economy: Traditional information technology outsourcing, offshore outsourcing and business process outsourcing. Information system outsourcing

Hirschhen, R. and George, B. (2007). Three ways of information technology outsourcing. Information management: setting the scene

Hoise, P., Sundarakan, B., Tan, A. and Kozlak. A. (2012). Determinants of fifth party logistics (5PL): service providers for supply chain management. *International Journal of Logistics systems and management,* 13(3),

Hotler, R. To, T. and Goh, C. (2008). How do Mainland Chinese travelers choose restaurants in Hong Kong? An exploratory study of individual visit scheme travelers and packaged travelers. *International Journal of Hospitality Management*, 27(3)
Hunber, A. and Elmhorst, M. (2007) *E-business in Healthcare: From E-procurement to Supply Chain Management.* Published by Springer.

Kamanga, M. *Effects of outsourcing an organization on performance in manufacturing sector in Kenya: A case of Del monte Kenya Limited*.

Kenemeyer, A. and Murphy, P. (2008). Evaluating the performance of third party logistics arrangements: a relationship marketing perspective. *Journal of Supply Chain Management* 40(4)

Lysons, K. and Farrington B. (2006), *Purchasing and Supply Chain Management*, Pearson Education

Kern, T. and Willcocks, L. (2000), Contract, control and presentation in It outsourcing: research in UK organization, *Journal of Global Information Management* Vol. 8

Kuzentsov, P. and Muravyev, A. (2009). Ownership concentration and firm performance in Russia: the case of blue chips of the stock market, Acta Oeconomica 51 (4)

Lacity, M., Solomon, S. and Willcocks, L. (2011). Business process outsourcing studies: a critical review and research directions. *Journal of information technology*, 26(4).
Lee, C., Lau, H., Hou, G. and Ho, W. (2009). Design and development of agent-based procurement system to enhance business intelligence. Expert systems with Application, 36(1)
Li, J., Huang,, X., Li. J., Chen, X. and Xiang, Y.(2014). Securely outsourcing attribute-based encryption with check ability. IEE Transaction on Parallel and Distributed Systems. 25 (8)
Madhok, A. (1995). Opportunism and trust in joint venture relationship: An exploratory study and model. *Scandinavian Journal of Management*, 11(1)

Manono, M., Corin, K. and Wiese, J. (2012). An investigation into the effect of variation in strength of logistic management performance.

Maskell, P., Pederson, T., Ruben, B and Dick-Nielsen, J. (2007). Learning path to offshore outsourcing: from cost reduction to knowledge seeking. *Industry and Innovation*, 14 (3)

Mclvor, R. (2010). *Global services outsourcing*. Cambridge University Press.

Narayanan, S., Jayaraman, V., Luo., and Swaminathan, J. (2011). The antecedent of process integration in business process outsourcing and its effect on firms' performance. *Journal of operational management,* 29 (1)

Ojala, L. and Jamsa, P. (2006). *Third party logistics; Finnish and Swedish experience*. Turun kauppakorkeakoulun julkaisuja, Keskustelua ja raportteja, 3: 2006.
Okatan, M., Wilson, M. and Brown, E. (2005). Analyzing functional connectivity using network likelihood model of ensemble neural spiking activity 17(9)
Panay, A., Bhat., H. and Singh, R. A study of Important Factor for the performance measurement of third party logistics (3PL) Organizations in the Indian Logistics Industry.
Parashkevoa, L. (2009). Logistics outsourcing-A means of assuring the competitive advantage for an organization.

Polit, D. and Hungler, B. (1993). Study Guide for Essentials of Nursing Research: Methods, Appraisal, and Utilization. Lippincott Williams and Wilkins.
Priem, R. and Swink, M. (2012). A demand-side perspective on supply chain management *Journal of supply chain management*, 24 (2)

Rushton ,W. Chartered Institute of Logistic and Transport in the UK,(2007). Internal logistics and supply chain outsourcing from local to global UK and US

Sang, J. (2010). Outsourcing in Kenyan Universities: an examination of challenges and opportunities. *International Journal of Business and Social Science*, (12).
Shaharudin, M., Zailami., S. and Ismai, M. (2014). Third party logistics orchestrator role in reverse logistic and closed-loop supply chain. *International Journal of Logistics Systems and Management*, 18 (22).
Somuyuwa, A., Odepidan O. and Dosunmu, V. (2010). Analysis of outsourcing logistics service and customer satisfaction in manufacturing companies in south western Nigeria.

Song, Y., Maher, T., Nicholson J. and Thomas, N (2010). Strategic alliances in logistics outsourcing. *Asia Pacific Journal of Marketing and Logistics* 12(4)

Stevenson, W. and Hojati, M. (2007). *Operations management* (Vol.8). Boston: McGraw-Hill/Irwin
Tsai, M., Lai., K. Lloyd, A. and Lin, H.(2008). The dark side of logistics outsourcing–Unraveling the potential risks leading to failed relationships.

Tseng, F., Chiu, Y. and Chen, J., (2009). Measuring business performance in the high-tech manufacturing industry; a case study of Taiwan's large-sized TFT-LCD panel companies Omega, 37 (3).

Weele, A. and Raaji, E., (2014). The future of purchasing and supply management research: About relevance and rigor. *Journal of supply chain management*, 50 (1)
Willcock, L., Oshri, I., Kotlarsky, J. and Rottman, J. (2011). Outsourcing and offshoring engineering projects: understanding the value, sourcing models and coordination practices. *IEEE Transactions on Engineering Management*, 58 (4)
Zafar, A. (2013). Chemotherapy Outsourcing done by hospital across Canada. CBC News Health
Zelftel, A., Quaing, T. and Heller, L, (2008). The Impact of TQM and outsourcing on Quality and Cost for OEMs in the Automotive Industry.