East African Journal of Arts and Social Sciences
eajass.easno.org
Volume 5, Issue 2, 2022
Print ISSN: 2707-4277 | Online ISSN: 2707-4285
Title DOI: https://doi.org/10.37284/2707-4285

EAST AFRICAN NATURE & SCIENCE ORGANIZATION

Original Article

The Extent of Logistics Outsourcing Practices among Manufacturing Companies in Southwestern Nigeria

Saka Adesina Nurain[1] *& Dr. Sherifat Omolola Adesunkanmi, PhD*[2*]

[1] Nigeria Flour Mills, P.M.B: 21016, Ikeja, Lagos, Nigeria.
[2] Obafemi Awolowo University, P.M.B. 13, Ile – Ife, Nigeria.
[*] Correspondence ORCID ID: https://orcid.org/0000-0002-7147-9093; email soadesunkanmi@oauife.edu.ng

Article DOI : https://doi.org/10.37284/eajass.5.2.994

Date Published:

07 December 2022

Keywords:

Outsourcing, Logistics, Performance, Product, Manufacturing

ABSTRACT

The study evaluated the extent of logistics outsourcing practices among manufacturing companies in Southwestern Nigeria. This was with a view to providing information on the logistics outsourcing operations of the selected manufacturing companies in Southwestern Nigeria. The study adopted a descriptive survey design. Primary data on variables such as haulage, storage, facility/asset management and operational performance were obtained through the administration of questionnaires to respondents. The population of the study comprised six hundred and twenty (620) senior managers, middle-level officers, and supervisors who were employees of the selected food manufacturing companies in Lagos, Oyo and Ogun states of southwestern Nigeria. A sample size of two hundred and sixty (260) employees of manufacturing companies in Southwestern Nigeria was selected for the study using Taro Yamane's formula. Data obtained for the study were analysed using tables, percentages, and regression analysis. Results from the study showed that logistics outsourcing practices such as transportation management ($\bar{x}$ = 4.00), storage management ($\bar{x}$ = 4.11), and facility/asset management ($\bar{x}$ = 4.39) were averagely high among manufacturing firms in Southwestern Nigeria. The study concluded that logistics outsourcing is highly in use among manufacturing companies in Southwestern.

APA CITATION

Nurain, S. A., & Adesunkanmi, S. O. (2022). The Extent of Logistics Outsourcing Practices among Manufacturing Companies in Southwestern Nigeria *East African Journal of Arts and Social Sciences*, *5*(2), 192-206. https://doi.org/10.37284/eajass.5.2.994

CHICAGO CITATION

Nurain, Saka Adesina and Sherifat Omolola Adesunkanmi. 2022. "The Extent of Logistics Outsourcing Practices among Manufacturing Companies in Southwestern Nigeria.". *East African Journal of Arts and Social Sciences* 5 (2), 192-206. https://doi.org/10.37284/eajass.5.2.994.

Article DOI : https://doi.org/10.37284/eajass.5.2.994

HARVARD CITATION

Nurain, S. A., & Adesunkanmi, S. O. (2022) "The Extent of Logistics Outsourcing Practices among Manufacturing Companies in Southwestern Nigeria.", *East African Journal of Arts and Social Sciences*, 5(2), pp. 192-206. doi: 10.37284/eajass.5.2.994.

IEEE CITATION

S. A., Nurain, & S. O., Adesunkanmi "The Extent of Logistics Outsourcing Practices among Manufacturing Companies in Southwestern Nigeria.", *EAJASS*, vol. 5, no. 2, pp. 192-206, Dec. 2022.

MLA CITATION

Nurain, Saka Adesina & Sherifat Omolola Adesunkanmi. "The Extent of Logistics Outsourcing Practices among Manufacturing Companies in Southwestern Nigeria", *East African Journal of Arts and Social Sciences*, Vol. 5, no. 2, Dec. 2022, pp. 192-206, doi:10.37284/eajass.5.2.994.

INTRODUCTION

Recently in Nigeria, the inability of some corporate organisations to integrate logistics outsourcing as a global phenomenon or lack of its deep-rooted practice heightened the frustrations in our emerging economy, not only for businesses but also for our young and dynamic graduates who struggled to secure any available employment to earn a living in one way or the other. One can easily recall a report in the Vanguard Newspaper (2012) about Dangote Group's Graduate Executive Truck Driver scheme, which hired university graduates as trailer drivers. There were six PhD, 704 Master's degree holders, and over 8,460 Bachelor's degree candidates among the 13,000 applications submitted. In the same vein, that case was not different from the Nigerian Bottling Company's attempt about fifteen years ago to employ graduates as truck Salesmen, which led to several fatalities and road crashes. All these challenges can easily be resolved by outsourcing logistics services to professionals who would do the job effectively.

Ugwu and Okoroji (2014) also concluded that outsourcing had become one of the major coping strategies firms use to remain active in business and this decision is made to outsource part or whole of logistics operations to third-party providers to take full advantage of operational efficiencies within the supply chain to be able to focus only on those activities these firms do best (i.e., core competence). Furthermore, cost, which is the ultimate charge against the profitability objective of any organisation, could be managed better through outsourcing. Business experts often argue that whenever a make or buy decision is taken on outsourcing, there is every likelihood that most decision rules would favour outsourcing, not only because of quantitative factors but also other intrinsic benefits that are logical for sustainable growth. To derive optimal benefits in outsourcing, there is a growing need for collaboration for a strategic alliance, a win-win situation that not only enhances operational efficiency but also creates an enduring value proposition.

Lee and Song (2015) also agreed with the concept of outsourcing as an effective and efficient way of doing things by most organisations which helps to decrease business expenses and turn-around time, improve administration, adaptability, and responsiveness. Generally, experts and professionals' opinions do not differ on the idea of outsourcing as a solution to instilling specialisation in manufacturing and service companies. The consensus is obviously responsible for a breakthrough in production and process management being witnessed in the contemporary business world. To consolidate these gains, logistics must complement a functional system that is critical for increasing productivity in both the inflow of materials and the distribution of finished products on the

Article DOI : https://doi.org/10.37284/eajass.5.2.994

outbound spectrum. Outsourcing logistics to Logistics Services Providers (LSPs) or Third-Party Logistics (3PL) firms has become commonplace.

Chete et al. (2021) posited that Nigerian manufacturing firms suffer acute shortages of infrastructure such as good roads, portable water, and, in particular, power supply. Consequently, this escalates their costs of production and erodes their competitiveness relative to foreign firms. The same facts hold for manufacturing organisations in Nigeria, particularly, in Southwestern Nigeria, which was faced with challenges of increasing the cost of production. While several studies (McCarthy & Anagnostou, 2004; Meixell et al., 2013; Zailan et al., 2015) made in the past have shown that efficiency and effective outsourcing logistics operations can reduce operating costs and enhance future performance in developed economies, the extent to which outsourcing is practised among manufacturing firms in Southwestern Nigeria could still be further explained, hence this study.

CONCEPTUAL REVIEW

Logistics

Thomopoulos (2016) posited that Logistics involves all aspects of a firm that concerns the flow of items from the point of origin to the final destination to satisfy the needs of the customer. It involves many activities such as make-or-buy decisions, supplier selection, purchase order contracts, transportation, material handling, production, packaging, warehousing, inventory storage, picking and packing, security throughout, and delivery to customers. Logistics is also responsible for properly disposing of any waste in the total process and abiding by all ecological requirements. The common goal is to have a high level of service to the customer and provide all of this with minimal cost and time duration. Throughout production, the goal is to add value and to eliminate waste at each process step; thus, provide the right product with the right quantity, with good quality, and at the right time.

It was also defined by the Council of Logistics Management Professionals (2004) as the planning, execution, management, and storage process from the place of origin of products, services, and related information in response to client requirements. Vallespir and Kleinhans (2001) also posited that, for any organisation to make that strategic decision to outsource, it is often caused by short- and long-term interest in reducing operating costs and conserving scarce resources towards delivering values on core functions through Logistics. Possible Concepts and areas of Logistics Outsourcing:

Logistics Outsourcing

Logistics is obviously a key success factor in the value chain of service delivery or conversion of materials into finished goods. Effective and efficient logistics solution requires a bold step by the business owners and operations Manager to conceptualise the best approach and execute based on a plan. Qureshi et al. (2007) added to this statement by stating that in order to have an effective flow of freight, an organisation must make good decisions in many related areas, including selecting trustworthy vendors, negotiating delivery terms, and using proper transportation.

Ugwu and Ukoroji (2014) define outsourcing as when a company, X, hands over a portion of their business operations to another firm, Y, to perform services that could otherwise be performed internally. The incentive is to save the expense of providing staff and all the

Article DOI : https://doi.org/10.37284/eajass.5.2.994

associated wages, benefits, training, equipment, and space required. Often, the outsource company, Y, is in a foreign country and specialises in services with lower labour rates. The specialised company, Y, also maintains up-to-date know-how and the equipment to perform the tasks at a top level. Company X is not burdened with the cost of performing these tasks and can concentrate on its main activities.

Outsourcing in Organisations

Maurice (2017) espoused the benefits of outsourcing which an organisation tend to derive when it allows another organisation to take over routines and non-core services with a modicum of controls to drive execution on human and materials. In exchange, the company would achieve specialisation on its main and core tasks, as well as cost savings on both capital and operational expenditures (capex and opex), allowing it to compete more effectively in the market.

THEORETICAL REVIEW

Major decision-making theories in the field of outsourcing are espoused, along with their direct connection to outsourcing ideas in a competitive market. The hypotheses suggest a unique way for businesses to make or manage strategic outsourcing decisions. Depending on what is driving the decision-making process, rudiments of these theories may be necessary for decision-making at the tactical, operational, and strategic levels.

Transaction Cost Economics (TCE)

Williamson (1993) gave a useful direction on the best approach to either be responsible directly for certain jobs within an organisation or seek external inputs from the experts to get the job done. This viewpoint shows that a business will tend towards the most practicable and cost-effective options when faced with a decision on how to drive business imperatives in the midst of contending realities and that, in such exchanges, the ‘make’ or ‘buy’ decision are made out of these key components: Degree of vulnerability, Frequency of exchange, Job precision/capital outlay, Location-specific job, its proficiency and required technology, and human capital requirement.

Table 1: Williamson’s Transaction Cost Analysis

Investment Characteristics		
Transaction frequency	Not-specific	specific
Occasional	outsource	Outsource?
Frequent	outsource	insource
Uncertainty		

Source: Reilly and Tamkin (1996)

Article DOI : https://doi.org/10.37284/eajass.5.2.994

The proponents of this theory suggest that leveraging TCE can help an organisation in evaluating the relative distinction and potential benefits between external charge-out costs and 'internal production costs. In this way, the choices of outsourcing using TCE as a basis would be based on the professional competence of the providers. Interestingly, the positive impact of the benefits accruable from routine activities through a "buy decision" is probably going to reduce as the activity level increases and is frequently produced. This, however, is consistent with the theory of the learning curve as a subject of the decision-making process. It becomes a repetitive task; hence the average time used in producing a unit decreases as the activity level increases. A case of finger dexterity in traditional typists comes to mind. The ultimate solution is for the business operatives to closely monitor market trends and pricing dynamics for occasional renegotiation, otherwise the supplier might seek to take advantage of the client because of what Williamson (1993) termed 'opportunism' which according to him, is a negative attribute which manifests in a monopolistic dedicated contract or locked-in relationships.

Social Exchange Theory

This is described by Rusbult (1983) as the exchange of activity between at least two people, whether tangible or intangible, rewarding or expensive. It is a method of facilitating parties' negotiated swaps. Social exchange theory suggests that human interactions are formed by subjective cost-benefit analysis and alternative comparison. It typically refers to a two-sided, reciprocal and grateful transaction or just an exchange process in the commercial environment. Exchange occurs in various aspects of human endeavours. Humans (1961) focused his studies on one-on-one or dyadic exchange. He analysed and came to a conclusion using three propositions: Success, Stimulus, and Deprivation.

REVIEW OF EMPIRICAL STUDIES

Somuyiwa et al. (2016) investigated the numerous operations that manufacturing firms outsource in order to satisfy customer demand and satisfaction in Nigeria. According to their research, transportation operations are critical in maintaining high customer satisfaction and repeat purchases. This is due to the relative benefits of lower freight charges, less inventory in transit, and improved production planning due to greater transportation visibility.

They also discovered that companies engaged in the production of goods or services outsource peripheral or ancillary services at various levels of their operations, with haulage or redistribution of their goods being the most outsourced, indicating that transportation is a critical component of manufacturing firms' operations since it is required throughout the entire process. In the same vein, because demand and supply have become international procedures, firms that operate in an international or global environment must have a short lead time. It is critical in the distribution process to ensure proper geographical coverage while still meeting customer demand.

Marshall et al. (2007) examined the experiences of some telecommunication businesses that are in charge of non-core activities along the value chains of their portfolios (transportation, maintenance, subcontracting, etc.). They documented significant procedures leading to customer satisfaction through an alliance with third parties on outsourcing. Gadde and Hulthén (2009) took an investigation of 3PL activities and they found that outsourcing logistics is not just about point-to-point movement alone. It also influences different

Article DOI : https://doi.org/10.37284/eajass.5.2.994

performance indicators that help in managing human and material resources that foster enduring relationships among the value chain members.

Bali (2015) highlighted the job of third-party logistics providers and their quantifiable advantages in his research work. According to him, the accomplishments of 3PL providers influence operations managers to dispassionately evaluate different suppliers' quotations through data analysis and proper reference checks with a view to prequalifying the ideal providers. Bajec (2013) carried out a study amongst Slovenian logistics suppliers, and he discovered that they were not developed enough for progressively keen methods of complex logistics solutions yet, he proposed more scientific and transparent logistics outsourcing solutions that relieve manufacturers from the pains of insourcing. He likewise admitted that what truly affects logistics outsourcing most time is the quality of logistics partners engaged and the use of technological innovations that would ease the process of achieving deliverables in logistics outsourcing.

In Lee et al. (2015), description analyses have been carried out to examine the consequences of logistics outsourcing on the company's performance in Finland. In order to check the data validity, field visits and secondary documentation have been used. It has been found that three degrees of interface interaction are the design interface between goods and logistics, the interface between manufacturing and service providing and the information connection of manufacturing information systems and logistic systems. The conclusions also imply that these interfaces may be created and maintained utilising eleven fundamental S-D logic premises, in particular service-oriented, customer-oriented, and streamlined perspectives.

Rahman's (2011) research was also carried out from an Australian viewpoint on outsourcing 3PL services. This study is based on an Australian questionnaire survey. The sample was selected from the 500 biggest Australian companies, and a total of 210 firms were found for this study after banks and other financial institutions, insurance companies, and real estate enterprises were removed from the list. Statistics suggest that warehouse management, order fulfilment, and fleet management are the most often used logistics services. The top three reasons why companies outsource are cost reductions, lower investment in capital, and more operational flexibility. 3PL service providers are highly satisfied with 86 percent of these services saying that they will continue to utilise them in the future. On the other side, employee morality in 50% of 3PL customers was negatively affected.

Rajee and Akinlabi (2013) examined popular logistics outsourcing strategies and results. The research looked at outsourcing services as a strategic tool to improve the organisational performance of the Nigerian food, beverage, and tobacco industry in an exploratory study utilising the analysis of regression. The data show that the more outsourced an organisation grows, the greater the efficiency of the organisation and the improved work productivity and the average costs of production. Outsourcing helps the organisational performance and enhances a company's financial efficiencies and market competitiveness.

The typical logistics outsourcing processes and outcomes were studied by Solaviki et al. (2011), utilising data from 223 firms in Finland. The research aims to analyse and quantify the

Article DOI : https://doi.org/10.37284/eajass.5.2.994

relationships between logistics outsourcing, spending and performance, financial performance and business outsourcing in small businesses, as well as the existing state and future objectives of outsourcing logistics. According to the report, transport activities are unnecessarily externalised. Most of the firms say they have not outsourced or billed orders and half of them say they do not have IT logistics outsourced systems. Materials management, value-added services and IT are the areas where outsourcing is most likely to flourish. Companies that export to a medium-sized company may face greater logistics costs than other companies. To validate this conclusion, more investigation would be necessary.

Outsourcing does not influence logistical performance negatively or positively. The more outsourcers, the more in-house and outside, and vice versa, they watch and run carefully. Solaviki et al. (2011) The findings demonstrate in a nutshell that management should not assume inevitable benefits from logistical externalisation but rather look at the company-specific features that support or, under certain situations, prevent the decision of externalisation.

Hilletofth and Hilmola's (2010) study focused on standard logistics processes, supply chain strategy, and management. They examined the influence on supply chain management and the strategy of logistics outsourcing. The research has used and analysed primary data utilising the method of regression analysis. As far as the results are concerned, outsourcing storage, IT and customs offices will have an influence on a number of supply chains' management and strategy (SC). Consequently, no statistically significant differences identified were detected. Integrated IT production and logistics systems, reverse logistics approaches and reengineering logistics operations might affect supply chain strategy and management. In-house IT services and perhaps outsourced storage, according to research, play an important role in purchases outside the country.

Gotzamani et al. (2010) utilised the method of regression to analyse the main data collected and looked at the logistical and financial outsourcing practices of manufacturing businesses in Greece. According to the results, in terms of quality implementation and improvement, 3PL providers are ahead of manufacturing companies with in-house logistics departments. The study also revealed a relationship between the quality and financial success of 3PL providers.

In order to analyse conventional logistics outsourcing and logistics supply selection in Brazil, Wanke et al. (2007) employed the main data and regression model. The research revealed that advanced logistics functions are related to integrated 3PLs and the relationship between the production A-type structure and an interest in integrated 3PLs and that V and T types are supported by functional 3PLs. Shippers with process architectures of type T and sophisticated logistics, on the other hand, have integrated 3PLs selected.

METHODOLOGY

Area of Study

The study focused on the foods and beverages industry, specifically, it covered manufacturing food and beverages companies in Southwestern Nigeria. The four selected companies are Nigerian Bottling Company (NBC) Ltd, a bottling partner of Coca-Cola Company through the purchase of concentrates from Coca-Cola Ltd, bottling and sale of Finished Goods. The Southwestern operation of NBC consists of 2 plants, Asejire and Ikeja.

Article DOI : https://doi.org/10.37284/eajass.5.2.994

Secondly, Friesland Campina WAMCO Nigeria Plc, thirdly, CHI Ltd; and lastly, Rite foods Ltd, an indigenous business transformation from photography (photoetch Ltd) to gala sausage and potentially complimented that with the manufacturing of non-alcoholic beverage. The Southwestern part of Nigeria comprises Six (6) States. These are Lagos State, which is along the coastline, loaded with lots of commercial activities, in fact, Lagos is the commercial hub of Nigeria, then Ekiti State, Osun State, Ondo State, Ogun State and Oyo. The people in Southwestern Nigeria are Yorubas, who occupy major urban centres of this Geo-political Zone.

The study adopted a cross-sectional survey design to examine the extent of logistics outsourcing practices among four selected beverage companies in Southwestern Nigeria. In conducting this study, the quantitative research approach and the case study research design were adopted. The study was conducted using employees at the production plants and distribution centres of four manufacturing companies selected. The population of the study consisted of six hundred and twenty (620) senior managers, middle-level officers, and supervisors who have direct knowledge of the company's operations.

Study Population

Table 2: Participating Companies and the Sample Size of the Respondents

Organisation	Senior Manager	Middle-Level Manager	Supervisor	Total
Coca-Cola Hellenic Bottling co Ltd	80	120	60	260
Friesland and Campina WAMCO Nigeria Plc,	40	69	35	144
CHI Ltd	25	61	33	119
Rite foods Ltd	20	40	37	97
Total	165	290	165	620

The study adopted a proportional stratified sampling technique to select both the participating companies and the respondents. The sample size of the participants was determined using Yamane's (1967) formula since the study has a definite population (Cochran, 1963) which is more appropriate when little or no information is known about population behaviour. Yamane formula is presented below:

$$n = \frac{N}{1 + Ne^2}$$

Where: n= Sample size required N = Population size e = level of precision (0.05)

$$n = \frac{620}{1 + 620(0.05)^2} = 243$$

Yamane formula gave 243 respondents; however, the sample size was increased to 260 respondents to compensate for the non-response rate, which is common with survey studies.

Article DOI : https://doi.org/10.37284/eajass.5.2.994

Table 3: Sample Size and Sampling Techniques

State	Population distribution per company	Population Proportion	Sample size (n)
Organisation			$n = \frac{620}{1 + 620(0.05)^2} = 243$
Coca-cola Hellenic Bollting co Ltd	260	$x = \frac{260}{620}$x 100 =41.9%	$n = \frac{41.9}{100}$x 243=101
Friesland and Campina WAMCO Nigeria Plc,	144	$x = \frac{144}{620}$x 100 =23.2%	$n = \frac{23.2}{100}$x 243=56
CHI Ltd	119	$x = \frac{119}{620}$x 100 = 19.2%	$n = \frac{19.2}{100}$x 243=48
Rite foods Ltd	97	$= \frac{97}{620}$x 100 = 15.6%	$n = \frac{15.6}{100}$x 243=38
Total	620		243

Questionnaires were used to elicit responses from the participants in order to obtain primary data. The survey was administered using a drop-and-pick process and a Google Form. The respondents were employees working in the logistics and supply chain departments of the four businesses, including managers and supervisors. Other internal data that bother on sales volume, operating cost, key business indicators, contract notes, and service level agreements are sourced from companies' records through the contact offices of the selected organisations.

There were two components to the questionnaire: Sections A and B. Section A comprises socio-demographic characteristics of respondents such as age, gender, etc. Section B focused on the extent of logistics outsourcing practices among manufacturing companies in Southwestern Nigeria. A five-point rating scale was used for Section B.

Validity and Reliability of Instrument

In order to evaluate the questionnaire, 10% of the sample was used for a pilot study. To evaluate its credibility, the study employed the test reliability test to analyse the consistency of the questionnaire across time. Among the participants in day-to-day logistics activities was the questionnaire piloted. The pilot experiment resulted in certain items being changed to clarify them before the data gathering. The researcher tested internal consistency with Cronbach's alpha (SPSS version 22).

Article DOI : https://doi.org/10.37284/eajass.5.2.994

Table 4: Reliability Analysis (Cronbach's Alpha)

Construct	No. of Items	Cronbach's Alpha
Transportation Management	5	$\alpha = 0.821$
Storage Management	5	$\alpha = 0.874$
Facility/Asset Management	5	$\alpha = 0.936$
Operational Performance	6	$\alpha = 0.841$
Productivity/Productivity	4	$\alpha = 0.873$

Source: Author's Computation, 2021

RESULTS AND DISCUSSIONS

Socio-Demographic Characteristics of Respondents

Table 5 presents the responses of the respondents based on their demographic characteristics. The demographic variables considered were gender, age, educational qualification, years of experience and position.

The analysis showed that the majority of the respondents were male (81.9%) and female (18.1%). This concluded that more males responded to the questionnaire than females, also considering the fact that the questionnaire was administered to those in managerial positions; this established that males were much more than females in the managerial cadre in manufacturing companies. With regards to the age group, the majority of the respondents were within a very active and productive age; those between the age of 41 and 50 years were 48.8%, 31 – 40 years were 27.7%, 51 – 60 were 19.2% while 20 – 30 years was 4.2%. This concluded that all the respondents were mature and able to give sound ethical judgement and standards with reference to answering the research questions.

The highest educational qualification of the majority of the participants was a master's degree (76.9%), followed by HND/B.Sc. (21.2%), and (1.9%) had a PhD. Thus, all the respondents were well educated and therefore understood the contents, construct, and importance of supplying honest answers to the research question, which further justified the validity and reliability of the gathered data. Regarding the respondent's years of service experience, the majority had over 16 years of experience (44.6%), followed by 11 – 15 years (26.2%), 6 – 10 years (25%), and 1 – 5 years with (4.2%) years of experience. Also, 56.5%, 33.5%, and 10%, upper management cadre, middle management cadre, and lower management cadre, respectively. This further strengthened the reliability and validity of the data gathered because all the respondents appeared to be responsible individuals with reasonable years of service experience; who were expected to have a clear knowledge of the research questions.

Article DOI : https://doi.org/10.37284/eajass.5.2.994

Table 5: Socio-Demographic Characteristics of Respondents

Characteristics	Variable	Frequency	Percentages
Gender	Male	213	81.9
	Female	47	18.1
	Total	260	100.0
Age	20 – 30	11	4.2
	31 – 40	72	27.7
	41 – 50	127	48.8
	51 – 60	50	19.2
	Total	260	100.0
Educational Qualification	HND/B.Sc.	55	21.2
	Masters	200	76.9
	PhD.	5	1.9
	Total	260	100.0
Years of Experience	1 – 5years	11	4.2
	6 – 10 years	65	25.0
	11 – 15 years	68	26.2
	16 years and above	116	44.6
	Total	260	100.0
Position	Lower management cadre	26	10.0
	Middle management cadre	87	33.5
	Upper management cadre	147	56.5
	Total	260	100.0

Source: Field survey, 2021

Extent of Logistics Outsourcing Practices among Manufacturing Companies

Table 6 shows the extent of logistics outsourcing practices among the manufacturing companies in the studied area. With regards to sourcing/port clearing of international inbound shipments, (21.2%) attested that this has been frequent but not always, while (27.3%) agreed that this has been the usual practice in their companies. In essence, the overall sourcing/port clearing of international inbound shipments among manufacturing companies was slightly above average ($\bar{X} = 3.14$).

With regard to transportation of stock/materials from one location to another, (68.8%) majority agreed that this had been the usual practice in their companies also 23.5% agreed that it has been frequent but not always. In summary, transportation of stock/materials from one location to another was far above average ($\bar{X} = 4.57$). In the same direction, the extent of receipt of stock/material was far above average ($\bar{X} = 4.56$) with the majority (75%) who attested to this logistics practice.

The extent of storage and supply of stock/materials was always practised by the majority (67.3%) of the companies. Summarily, the extent of storage and supply of stock/materials was great ($\bar{X} = 4.19$) among the manufacturing companies in Nigeria. With regard to the distribution of stock to customers/Last mile delivery, (70.4%) agreed

Article DOI : https://doi.org/10.37284/eajass.5.2.994

that this is always practised in their companies, while (21.9%) attested that it is frequent but not always. Summarily, the distribution of stock to customers/Last Mile Delivery among the manufacturing companies was high ($\overline{X}$ = 4.53).

The reverse logistics for packaging materials or back-loading of bad and damaged products was slightly above average ($\overline{X}$ = 3.23). Likewise, routine stock count and inventory reconciliation were slightly above average ($\overline{X}$ = 3.87). With regard to inventory management/end-to-end visibility through systems integration, (71.2%) majority attested that it is a usual practice in their company; hence it is practised to a very great ($\overline{X}$ = 4.25) extent.

Table 6: Distribution of Respondents (%) on Extent of Logistics Outsourcing

Areas of Outsourcing	Not at all	When there is a need	Not often	Frequent but not always	Always	Mean
Sourcing/port clearing of international inbound shipments	15.8	30.0	5.8	21.2	27.3	3.14
Transportation of stock/materials from one location to another	0.0	3.8	3.8	23.5	68.8	4.57
Receipt of stock/materials.	0.0	7.7	3.8	13.5	75.0	4.56
Storage and supply of stock/materials	5.8	13.5	3.8	9.6	67.3	4.19
Distribution of stock to customers/Last Mile Delivery	3.8	1.9	1.9	21.9	70.4	4.53
Reverse Logistics for packaging materials or back-loading of bad and damaged products	13.5	25.0	13.8	20.0	27.7	3.23
Routine stock count and inventory reconciliation	7.3	8.1	1.9	15.4	57.3	3.87
Inventory management/end-to-end visibility through systems integration.	3.5	0.0	5.8	9.6	71.2	4.25

Source: Field survey, 2021

This study examined the reasons for Logistics outsourcing by manufacturing companies which stemmed from the high cost of operations which obviously impacts companies' profitability and operational efficiency and is oftentimes responsible for poor service delivery to customers, who are regarded in business parlance as king and which are the reasons why companies are in business.

The results showed that all the stated parameters (operating profit, overhead cost, operational efficiency, customer service index, asset utilisation and maintenance, and product availability index) were reasons for logistics outsourcing. The results also showed that the extents of logistics outsourcing practices among manufacturing firms in Southwestern Nigeria were averagely great (M = 3.14 to M = 4.57). These results confirmed that the overall logistics outsourcing practices among manufacturing companies in the southwest have been very effective.

CONCLUSION AND RECOMMENDATION

Article DOI : https://doi.org/10.37284/eajass.5.2.994

The study recommends that government should provide a structured and enabling environment for outsourcing businesses to thrive. Also, there is a need for government to come up with a policy to regulate the process of engaging Logistics service providers and business relationships a sustainable one. The study contributed to knowledge by helping to improve the understanding of logistics outsourcing among the manufacturers. It focused on the extent of logistics outsourcing practices among manufacturing companies in food and beverages in Lagos, Oyo and Ogun states of Southwestern states of Nigeria, this limits the scope of the researcher, hence, further studies could be explored in other sectors of manufacturing companies.

REFERENCES

Bajec, P. (2013). The possibility of developing intelligent logistics outsourcing in Slovenia. *Transport Journal*, 28 (3), 244-255.

Bali, O. (2015). A Multi-Period Decision Making Procedure Based on Intuitionistic Fuzzy Sets for Selection Among Third-Party Logistics Providers. *Journal of Multiple-Valued Logic and Soft Computing*, 24 (5-6), 547-569.

Chete, L. N., Adeoti, J. O., Adeyinka, F. M., & Ogundele, O. (2021). Industrial development and growth in Nigeria: lessons and challenges. https://www.brookings.edu/wp-content/uploads/2016/07/L2C_WP8_Chete-et-al-1.p

Cochran, W. G. (1963), *Sampling Techniques*, 2nd ed.. John Wiley & Sons

Council of Logistics Management Professionals. (2004). *Council Of Logistics Management To Become Council Of Supply Chain Management Professionals In 2005*. Supply Chain Market. https://www.supplychainmarket.com/doc/council-of-logistics-management-to-become-cou-0001

Gadde, L. E., & Hulthén, K. (2009). Improving logistics outsourcing through increasing buyer– provider interaction. *Industrial Marketing Management*, 38, 633-640.

Gotzamani, K., Longinidis, P., & Vouzas, F. (2010). The logistics services outsourcing dilemma: quality management and financial performance perspectives. *Supply Chain Management: An International Journal*.

Hilletofth, P., & Hilmola, O. P. (2010). Role of logistics outsourcing on supply chain strategy and management: survey findings from Northern Europe. *Strategic Outsourcing: An International Journal*. https://doi.org/10.1108/17538291011023070.

Homans, G. (1961). *Social Behavior: Its Elementary Forms*. New York: Harcourt Brace Jovanovich.

Lee, E. S., & Song, D. W. (2015). The effect of shipping knowledge and absorptive capacity on organisational innovation and logistics value. *The International Journal of Logistics Management*.

Marshall, D., McIvor, R., & Lamming, R. (2007). Influences and outcomes of outsourcing: Insights from the telecommunications industry. *Journal of purchasing and supply management*, 13(4), 245-260. https://doi.org/10.1016/j.pursup.2007.07.001

Article DOI : https://doi.org/10.37284/eajass.5.2.994

Maurice, M. O. (2017); Effects of Outsourcing on Organisational Performance in Kenya. *International Journal of Advanced Res*earch, 5, 1626-1633

McCarthy, I., & Anagnostou, A. (2004). The impact of outsourcing on the transaction costs and boundaries of manufacturing. *International journal of production economics*, *88*(1), 61-71.

Qureshi, M. N., Kumar, D., & Kumar, P. (2008). An integrated model to identify and classify the key criteria and their role in the assessment of 3PL services providers. *Asia Pacific Journal of Marketing and Logistics, 20*(2), 227-249. https://doi.org/10.1108/13555850810864579.

Rahman, S. (2011). An exploratory study of outsourcing 3PL services: an Australian perspective. *Benchmarking: An international journal*.

Rajee, F. S., & Akinlabi, B. H. (2013). Outsourcing services as a strategic tool for organisational performance: An exploratory study of Nigerian food, beverage, and tobacco industry. *Journal of Management Policies and Practices*, *1*(1), 1-20.

Reilly, P., & Tamkin, P. (1996). *Outsourcing: A Flexible Option for the Future? IES Report 320*. BEBC Distribution, United Kingdom.

Rusbult, C. E. (1983). A longitudinal test of the investment model: The development (and deterioration) of satisfaction and commitment in heterosexual involvements. *Journal of Personality and Social Psychology*, 45(1), 101-117. https://doi.org/10.1037/00223514.45.1.101

Solakivi, T., Töyli, J., Engblom, J., & Ojala, L. (2011). Logistics outsourcing and company performance of SMEs: Evidence from 223 firms operating in Finland. *Strategic Outsourcing: An International Journal*.

Somuyiwa, A., Odepidan, O., & Dosunmu, A. (2016). Purchasing and Supply Chain Management. *European Journal of Logistics*, *4*, 1-10.

Somuyuwa, A., Odepidan., O., & Dosunmu, A. (2016). Purchasing and Supply Chain Management, *European Journal of Logistics*, 4(1), 1-10.

Thomopoulos, N. T. (2016). Elements of manufacturing, distribution and logistics. *Elements of Manufacturing, Distribution and Logistics*.

Töyli, J., Engblom, J. Ojala, L. Solakivi, T., (2011) Logistics Outsourcing and Company Performance of SMEs: Evidence from 223 Firms Operating in Finland. Strategic Outsourcing: An International Journal, 4, 131-151.

Ugwu, K. E., & Okoroji, L. I. (2014). Coping Strategy for Outsourcing Services to Third Party Logistics (3PL) Providers. *International Journal of Research in Management, Science & Technology*.

Vallespir, B., & Kleinhans, S. (2001). Positioning a company in enterprise collaborations: vertical integration and make-or-buy decisions. *International Journal of Production Planning & Control*, 12(5), 478-487.

Vanguard News. (2012, November 5). *6 Ph.D, 704 Masters holders among applicants for*

Article DOI : https://doi.org/10.37284/eajass.5.2.994

drivers job in Dangote. https://www.vanguardngr.com/2012/11/6-ph-d-704-masters-holders-amongapplicants-for-drivers-job-in-dangote/

Wanke, P., Arkader, R., & Hijjar, M. F. (2008). The relationship between logistics sophistication and drivers of the outsourcing of logistics activities. *BAR-Brazilian Administration Review*, *5*, 260-274.

Williamson, O. E. (1993). Transaction Cost Economics and Organization Theory. *Institutional and Corporate Change*, 2 (2), 107-156.

Yamane, T. (1967). *Statistics: An Introductory Analysis*. 2nd Edition, Harper and Row, New York.

