

INTERNATIONAL CONFERENCE ON BUSINESS & INFORMATION 2015

"Transcendence in Business - Knowledge Immersed in Practice"

Outsourcing: The strategic impact to the Logistics Operations Management in Sri Lanka

Jayathmi Dhalanja¹, Lalith Edirisinghe²

¹ Batch 7(ITML) Faculty of Humanities and Social Sciences, CINEC Campus, Malabe1, Sri Lanka

² HoD, Faculty of Humanities and Social Sciences CINEC Campus, Malabe12, Sri Lanka

#For correspondence; <edirisinghe@cinec.edu>

Abstract – With globalised economy, the demand for more products was evident in to the market. Business entities were more concerned about the effectiveness and efficiency in logistics operation management than ever before given the heavy competition.

The objectives of this study are to understand the extent that the logistics operations management have been outsourced globally; its appropriateness in the current global situation; potential threats and opportunities in the future; and finally to give recommendation for improvements.

The methodology of the research consists two approaches namely depth interviews and questionnaires. The respondents were consisted of 100 respondents from logistics related service organizations. The information thus gathered were categorised, grouped and presented in tabular and graphical forms so that the salient features could be observed. Selected respondent companies were used to evaluate the aptness of the outsourcing concept for the logistics operations management through a case study approach. This analysis was based on the perception of respondents of their past and present performances and cross examinations were made with respect to future expectation through present status.

Services organizations were severely pressurized to deliver the best quality in the shortest delivery time, but at the lowest price. New concepts such as Just in Time demanded highly improved logistics operations in which manufacturing or production firms found it is very expensive and risky to invest on very sophisticated logistics programs of their own. Many firms realized that they can focus only on their core activities if this highly technical subject is strategically delegated to an outside party who is specialised on the subject. Majority of service organization invariably depends on a Logistics company. It was found that they tend to risk a critical component of their business on a third party. Many examples were evidenced during the interviews and each key factor that has contributed to this situation were tabulated and recommendations were given to eliminate threats.

Keywords: Logistics, Outsourcing, Production, Delivery, Procurement