

Impact of Outsourcing Decisions on Logistics Performance: with special references to FMCG industry in Sri Lanka

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In a highly competitive environment, businesses are now focused on their core activities and distributing activities to be experts in those areas (Esther & Katuse, 2013). Third Party Logistics providers have a significant impact on the organizations in which the outsourcing of the logistical functions take place (Maqsood A. S., Ahm S., Petri H., 2018). Although the firms have the capability to do the required logistical activities in house, majority of the firms tend to outsource their logistics operations (Rohit B., Amrik S.S., Robert M., 1999). The purpose of this research is to examine the impacts of outsourcing decisions on logistics performance of the organizations who give their logistical activities to another TPL Provider. However, if the logistic objectives are achieved as expected by the TPL providers, it is not measured. Therefore, this research is focused on identifying the extent to which the outsourcing decisions are affecting the logistical performance of FMCG Industry in Sri Lanka as researches done on this topic are hardly found.

This study used the quantitative method. “Krejcie and Morgan” is the technique used to determine the sample size for a finite population and the population is restricted to western province only, as most of the FMCG companies are located in western province. The convenience sampling technique is used where a sample of 80 large and medium scale companies is being taken. As primary source of information, the authors collected the data through questionnaires in Google forms. In order to analyse the data SPSS Software is being used. Descriptive statistics, multiple linear regression analysis are used for data analysis to achieve the objectives of this study.

As an outcome, to achieve the objectives, authors identified there are mainly five reasons that affect the outsourcing decisions. Once the authors identified the factors a questionnaire was made and it is being sent to organizations through an email.

Furthermore, the impact is measured through the SPSS analysis tool, and as a result of it there is a positive impact between identified factors and the logistics performance through the analysis and finally to recommend the best outsourcing practice to the

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industry based on the findings of the research.

In the conclusion, the authors of this study found that there is a positive impact of outsourcing the logistical activities on logistics performance with regards to the FMCG Industries. According to the findings, firms always achieve their logistic objectives by handing over the logistical operations to a Third-Party Logistics provider.

Keywords: *Fast Moving Consumer Goods, Outsourcing decisions, Third Party Logistics services.*

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