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**FACULTY OF COMMERCE DEPARTMENT OF RETAIL AND  
LOGISTICS MANAGEMENT (HRLM)**

**DISSERTATION TOPIC**

**“AN EVALUATION OF A SHIFT FROM INSOURCING TO  
OUTSOURCING THE TRANSPORT AND DISTRIBUTION FUNCTION  
FOR EMERGENCY HUMANITARIAN RESPONSE.  
THE CASE STUDY OF UNICEF ZIMBABWE”  
BY**

**REGISTRATION NUMBER: R161328E**

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BACHELOR OF COMMERCE IN RETAIL AND LOGISTICS MANAGEMENT  
HONOURS DEGREE.**

**GWERU, ZIMBABWE  
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### **DEDICATION**

This dissertation is dedicated to my wife Ngonidzashe, for supporting, giving me courage and being patient as well as being my pillar of strength, as well as my children Sandra, Freddie (jnr), Shiloh, and Ntsako. My love for you guides my heart and I will continue working hard to protect you. The UNICEF family and all those who stretched their hands to make this project a success. I will not forget the unwavering support and guidance from my supervisor during the entire work of the research. Thank you.



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### **DECLARATION**

I, **FREDDIE FUNGAYI MUKWEKWE**, Registration Number **R161328E** do hereby declare that this Dissertation is my original work, except where acknowledged, and that it has never been submitted at any other University or institution of higher learning for an academic award.

.....

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## ABSTRACT

*The main objective of the study was to evaluate the shifting from insourcing to outsourcing of transport and distribution services in response to humanitarian emergencies at UNICEF, Zimbabwe. The specific objectives of the study were to: identify the drivers of outsourcing, determine the influence of outsourcing on the performance of UNICEF Zimbabwe, evaluate the extent to which transport outsourcing impact on the performance of UNICEF Zimbabwe and establish the influence of transport outsourcing on the performance of UNICEF Zimbabwe. The researcher collected data from key supply chain personnel who include supply chain managers, officers or their equivalent. Primary data was collected using semi structured questionnaire and face to face interviews. The research was both qualitative and quantitative in nature. According to the findings assessments were done to bridge the gap between the organizations' demand and supply level to a great extent. The study found out that they were in agreement that they outsourced transport. The study found that overall success on the mandate assigned was achieved to a great extent. The study concedes that outsourcing gives the organizations a competitive edge and ensures the efficiency of UNICEF, Zimbabwe. UNICEF opted to outsource distribution and transport service due to the associated advantages and possible influence on organizational performance, thus enabling the organization to focus on their core competencies. The study recommends the creation of office of outsourcing management within UNICEF. From the findings the study recommends that UNICEF need to identify the key areas within the information systems outsourcing that have the highest benefits and least challenges or negative impact on the performance. From the findings the study also recommends that UNICEF should outsource these services by ensuring that information is handled with utmost care by ensuring there are high security measures not to disclose the organizations information. The outsourcing practices being adopted by UNICEF resulted in increased productivity, organizational effectiveness, continuous improvement, improved quality and improved quality of work life and thus outsourcing of these processes was an ideal solution that helped to increase the organization performance.*

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## List of Acronyms

**UNICEF:** United Nations Children’s Fund

**LRA:** Labour Relations Act

**OSP:** Outsourced Service Provider

**3PL:** Third Party Logistics Provider

**PPE:** Personal Protection Equipment

**SCM:** Supply Chain Management

## CHAPTER ONE

### GENERAL INTRODUCTION.

This chapter presented the topic introduction, background of the study, problem of the statement, aims of the study, significance of the study, assumptions under which the study proceeded, delimitations to the study, limitations that were encountered during the study and the chapter summary.

#### 1.0 Introduction

In recent years, humanitarian organizations have come under immense pressure from the donors, pledging millions in aid and goods, to prove that they are meeting their objectives in the most efficient and effective way (Hancox and Hackney, 2012). Since donors are becoming more involved when it comes to expenses, humanitarian organizations are under greater scrutiny to monitor the impact of aid, not just the input and output but the whole operation (Kremic, Tukul and Rom, 2006). As a result, humanitarian organizations are forced to be more result oriented, accountable and transparent in their operations. In disaster relief, 80 percent of the operations are spent on logistics. Thus, efficiency and effectiveness in logistics is of dire significance in the operation of humanitarian organizations and majority shift from in-sourcing to outsourcing services in order to maintain or enhance their performance.

The shift from in-sourcing to outsourcing of transport and distribution functions has become the obvious choice with organizations eyeing for cost reduction and value enhancement (Barthelemy, 2003). Logistics involves the management of the flow of resources, between the point of origin and the point of destination in order to meet some requirements. The resources managed include materials, equipment, liquids, staff, information and energy. Management of resources usually involves the integration of information flow, material handling, production, inventory, transportation and warehousing. The commonly outsourced services and products include, information management services, transportation services, material handling services, inventory management services and warehousing services. Kakabadse and Kakabadse (2010)

assert that an improvement in the delivery process, resulting from the outsourcing process, can also contribute towards competitive advantages, as contributed by the product. Further, he observes that transport outsourcing has also been instrumental in turn around cases in many humanitarian organizations. Managers in these organizations view outsourcing transport and distribution services as the only way to keep them competitive into the twenty-first century.

Humanitarian organizations normally keep control over any process that is necessary and core and outsource processes that are necessary but not core (McIvor, 2013). Outsourcing has become one of the major strategies that humanitarian organizations such as UNICEF in Zimbabwe are adopting to remain competitive in the current dynamic environment and to enhance service delivery in humanitarian emergencies. In Zimbabwe, UNICEF has adopted outsourcing of services and goods from third parties due to the benefits resulting from this such as lower cost to the organization, satisfied customers and most imperative relieving the management to deal with more strategic issues by ceding the noncore functions to specialized firms (KIPPRA, 2013).

### **1.1. Background of Study**

According to UNICEF, (2017) UNICEF collaborated to establish joint long-term agreements for security, fuel, travel agents, vehicles maintenance, hotel services and photocopier services that are available for use by all UN agencies. The long-term agreements contributed to rapid turnaround procurement of goods and services, resulting in reduction of transaction costs and time for UNICEF Zimbabwe and the UN system. It is estimated that US\$145,391 in material and labour costs were saved through inter-agency procurement in various categories during 2017. Furthermore, effective negotiations with service providers to obtain special rates and prices resulted in savings of approximately US\$930,810 (UNICEF, 2017).

According to Njanja and Pellisier, (2011) efforts were made to streamline internal processes and transactions to increase efficiency through updating and developing standard operating procedures. New procedures for overtime contributed to a cost reduction of more than US\$100,000, along with staff time savings and increased productivity. Strict budget reviews for the 53 Programme Cooperation Agreements signed in 2017 were undertaken, and resulted in efficiency gains and improved utilization of programme budgets. UNICEF Zimbabwe maintained improvements on bank account replenishments through just-intima replenishments

and maintaining a minimum balance at the end of each month. Up to 45 bank replenishments were processed, and the end-of-month balance was at its minimum in 10 out of 11 months.

According to UNICEF, (2017) an estimated savings of US\$35,000 was generated following the Country Management Team decision on economy travel for all air travel. In line with security risk assessment by United Nations Department of Safety and Security (UNDSS) and the new Residential Security Measures, the number of guards proposed in Minimum Operating Residential Security Measure entitlements were reduced from three to two, resulting in savings of over US\$100,000. The recommendations of the water audit aimed at improving efficiency in water usage continued to be implemented.

In 2017 UNICEF Zimbabwe's outsourcing for services increased significantly and constituted 50 per cent of the procurement spend (UNICEF, 2017). The major service contracts were with audit firms for HACT, for rehabilitation of WASH services, and third-party agreements to support programmer delivery, as part of the procurement strategy to reduce transactional costs, increase efficiency and improve service delivery, 59 long-term arrangements were established for 17 strategic commodities and service groups. Total programmatic supplies including those that were procurement-services funded, operational supplies and services was US\$85,782,149.60. WASH rehabilitation projects undertaken via partnerships amounted to US\$811,644.22. Supplies via GAVI increased by 26 per cent from US\$10.8 million in 2016 to US\$13.6 million, due mainly to measles rubella (MR) vaccine procurement. There were, nevertheless, delays in release of co-financing funds by Government, but this did not impact the vaccines availability in country.

According to Klassen, (2017) UNICEF Zimbabwe supported a wide range of high-value, complex procurement and outsourcing activities for essential supplies and services for program delivery across the sectors. These included contracts for WASH rehabilitation works, cash-in-transit for the harmonized social cash transfer program and payments for results-based financing and human resources programs in the health sector. In addition, US\$469,476 worth of ready-to use therapeutic food supplies was received from USAID as an in-kind contribution. Economic volatility continued to affect suppliers' ability to meet commitments. This, coupled with import restrictions introduced in 2016 by the Government, impacted negatively on suppliers' liquidity leading to price increases and delivery delays. Notwithstanding the challenges, US\$665,526 in cost-savings was achieved through negotiated procurement of goods and services.



According to Klassen, (2017) UNICEF Zimbabwe continued to collaborate with implementing partners to increase direct delivery of supplies to provincial storage locations. This resulted in 57 per cent of total supplies being delivered directly to implementing partners. Supply chain strengthening support was provided to Government through: Bi-monthly Procurement and Supply Management Meetings coordinated by the Ministry of Health and Child Care, Participation in the Procurement and Supply Management PSM Advisory Committee co-chaired by DFID and the Ministry of Health and Child Care, and; Support to inventory management for government health facilities. Financial support was also provided to the quality assurance task force for product testing and institutional evaluation.

<b>UNICEF Zimbabwe 2017 value of supplies and services (in US\$)</b>	
Programme supplies channeled via regular procurement services	\$11,508,700.18
Programme supplies channeled via GAVI	\$13,598,474.05
Programme supplies channeled via programme	\$15,905,882.18
Operational supplies	\$395,001.54
Services	\$43,289,823.51
International Freight	\$1,184,268.14
<b>TOTAL</b>	<b>\$85,782,149.60</b>
<b>2017 supplies managed by UNICEF Zimbabwe (in US\$)</b>	
Supplies Received	\$5,625,546.79
Inventory	\$1,546,735.60
Supplies Issued	\$4,912,323.68

<b>Construction via Partnership – WASH (in US\$)</b>	
<b>Partner</b>	<b>Value</b>
Welthungerhilfe	\$105,319.81
Oxfam	\$219,404.94
Christian Care	\$240,410.23
World Vision	\$187,142.43
Mercy Corps	\$59,366.81
<b>Total</b>	<b>\$811,644.22</b>

Source: UNICEF 2017

UNICEF engage in two broad types of activities: relief activities which include provision of relief for victims of large scale emergencies and involve short term measures that focus on provision of goods and services to minimize immediate risk to children health and survival (Charles, Lauras and Van Wassenhove, 2010). UNICEF is involved in the provision of humanitarian assistance in the forms of food, water, medicine, shelter, and supplies to affected populations whenever disasters strike. UNICEF is involved in a range of activities that include preparedness, planning, procurement, transport, warehousing, tracking and tracing, and customs clearance (Klassen, 2007). Development activities involve long term measures that focus on community self-sufficiency and sustainability (Njanja and Pellisier, 2011). These activities include establishing permanent and reliable transportation, healthcare, housing and food.

The operating environment in Zimbabwe is extremely unstable, prone to political and military influence, and inefficient due to lack of joint planning and inter-organizational collaboration (Ruso and Frankel, 2007). UNICEF deal with inadequate logistics infrastructure, along with shifting origins of and/or destinations for relief supplies without warning. This is further complicated when disaster strikes in remote areas as they often do. The activities of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and

materials as well as related information, from point of origin to point of consumption for the purpose of alleviating the suffering of vulnerable people are known as humanitarian logistics (Tatoglu and Zaim, 2013). In cases of emergencies, coordination and communication are vital. UNICEF need to not only ensure that there is adequate and timely communication, its activities must also be well coordinated to ensure that it respond to the emergency in good time and with the appropriate supplies and personnel to remedy the situation and ensuring maximum impact of their activities.

There is a heavy presence of UNICEF affiliated organizations as well as international NGO'S that engage in disaster, relief, health, reconstruction and development activities in various parts of the country (Chima, 2017). These organizations provide humanitarian assistance according to their mandates and level of funding, in ways that alleviate suffering and are supportive to recovery and long-term development (Njanja and Pellisier, 2015).

According to the Finance Minister Patrick Chinamasa during his 2016 national budget presentation, he pointed out that today's business environment was operating under globalisation where there is free flow of goods and services from various countries. In this view Zimbabwe is not spared from the effects of globalisation since some of its basic commodities are imported from other countries such as South Africa. The agriculture and manufacturing industry in Zimbabwe is operating at below 40% production capacity which affects the countries capability to provide for all its citizens and thus promoting the need for imports which most organisations does through outsourcing logistics. While humanitarian organisations have opted for outsourcing logistics for the easy and bulk imports of goods, timeous, flexible and responsive delivery of goods and services have remained a myth than a reality. A case in example is the Tokwe-Mukosi disaster. It was anguish, grief and sorrow as flooding rendered Tokwe-Mukosi villagers homeless and hunger stricken. The year 2014 went down in Masvingo's history as arguably the most trying in post-independent era following the relocation of over 3 000 families from Chivi district after flooding in the Tokwe-Mukosi Dam basin in March 2014. Heavy rains that pounded southern parts of Masvingo precipitated flooding in the Tokwe – Mukosi Dam that saw rising water threatening to sweep away the dam wall. Government's disaster preparedness failed the litmus test as thousands suffered the entire rainy season as political bickering also affected food relief

programmes. According to Kadzatsa (2014) report, the floods submerged homes and destroyed property, leaving thousands of families homeless and destitute.

The generous contribution of all partners to the relief effort and to this review, epitomizes the best of humanitarian response to assist the people of Zimbabwe in times of great need. The combined experiences are a valuable resource to enhance preparation, response and management of future disasters. It is on against this background that this conceptual study sought to evaluate the shift from insourcing to outsourcing the transport and distribution function for emergency humanitarian response. The case study of UNICEF Zimbabwe.

## **1.2 Statement of the problem**

The current predominant practice of insourcing logistics almost failed UNICEF when the unexpected disaster of Tokwe-Mukosi disaster happened. Given the delays in the insourced logistics most of the people to be saved in times of need were not immediately responded to which puts UNICEF into disrepute in the Zimbabwean community and in the global village. It is in the opinion of the research and aim of this study to evaluate the effectiveness of shifting from insourcing to outsourcing of the transport and distribution function and how that can aid the efficiency of UNICEF to deliver its humanitarian response mandate.

## **1.3 Aim of Study.**

To evaluate the shift from insourcing to outsourcing the transport and distribution function for emergency humanitarian response.

## **1.4. Research Objectives**

The main objective of the study is to assess the shift from in-sourcing to outsourcing transport and distribution services at UNICEF Zimbabwe.

The specific objectives of the study are:

- i. Identify the key drivers for outsourcing the logistics functions at UNICEF Zimbabwe.
- ii. To determine the influence of outsourcing distribution and transport functions on the performance of UNICEF in Zimbabwe

- iii. To assess the influence of quality of service delivery on outsourcing decisions at UNICEF in Zimbabwe.
- iv. To identify the benefits associated with outsourcing logistics

## **1.5. Research Questions**

- i. What are the key drivers for outsourcing the logistics functions?
- ii. What is the influence of outsourcing distribution and transport functions on the performance of UNICEF in Zimbabwe?
- iii. What is the influence of quality of service delivery on outsourcing decisions at UNICEF in Zimbabwe?
- iv. What are the challenges associated with outsourcing logistics?

## **1.6. Significance of the study**

### **1.6.1. To the Management**

The information from the study will be crucial on lead time management and service to project managers. The study will go a long way in empowering decision makers such as managers in determining which factors to consider most when outsourcing decisions in their entities more so humanitarian organizations such as UNICEF. On the other hand, the study will also fill the information and knowledge gap already being experienced by Government agencies and semi-autonomous government agencies in adoption of outsourcing strategy. To achieve this goal this study will provide more factors which are bound to influence, promote or even inhibit adoption of outsourcing strategy.

### **1.6.2. To the Employees**

Humanitarian staff can benefit from this study as the findings can be used to cut costs and optimize on resource use in order to serve their clients better (the staff includes procurement officers, marketing manager, operations managers or their equivalents at UNICEF Zimbabwe.

### **1.6.3. To the University**

Academically, the study is expected to contribute to the existing literature in the field of outsourcing in general and its impact on competitive advantage through outsourcing of non-core logistics activities such as transport and distribution within the supply chain in particular. Besides, the study can also form the basis for further research.

### **1.7. Assumptions of the Study**

The research assumes that the respondents were cooperative in giving the correct information required for the study. It also assumes that shifting from in sourcing to outsourcing transport and distribution functions has immense benefits on how corporates, humanitarian organizations included, are run, how strategies are formulated and implemented and as a way of satisfactorily serving their stakeholders, including donors, employees, target communities and the surrounding communities. It also assumes that the sample population identified provided a good representation.

### **1.8. Delimitation of the Study**

This study is based on evaluating factors influencing the shifting from in sourcing to outsourcing of transport and distribution functions in the humanitarian organizations. The study was confined to UNICEF Zimbabwe situated at number 6 Fair Bridge Avenue, Belgravia Harare. UNICEF, Zimbabwe forms the geographical scope of the study, where the target population were its staff members in Harare. The focus of the study was limited to the period 2012 – 2017.

The respondents were placed into three major groups: current station, senior management and the subordinate staff.

### **1.9. Limitations of the study**

The findings might be generalized to other humanitarian organizations with caution since different humanitarian organizations may have different strategies adopted. There were so many formalities pertaining authorization to carry out the research. Some respondents did not have enough time to respond effectively to the questions asked because of personal and official responsibilities. The researcher had limited time due to work commitments but the researcher had to accord the research project as much time as is possible in order that the research was as factual as possible. The duration of the study was rather restrictive but the researcher managed to

explore all the means available at his disposal to cover as much ground on the subject matter as possible. Nevertheless, the researcher designed a structured questionnaire to enable respondents to save the time used to respond to the questions.

### **1.10. Definition of special terms**

**Core activities:** the key activities that give an organization distinctive competitiveness for which the organization was set. This study understood these activities as those for which UNICEF was established to perform and undertake.

**Non-core activities:** those activities in which the organization lacks full competence to do. This study understood that these activities were not very imperative for the running of UNICEF, Zimbabwe.

**Outsourcing:** the deliberate movement of a series of connected business processes to a third party who manages them on behalf of the company. This study did seek to understand how it affects UNICEF internal operations.

**Insourcing-**the practice of using an organization's own personnel or other resources to accomplish a task.

**Non-core activities-**activities in which the organization lack full competence to do. This study will understand that these activities are not very imperative for the running of an organization.

**Humanitarian organization-** a non-profit organization concerned with the aim of addressing poverty and social injustice, and working primarily in the developing world. This study seeks to evaluate the shift from insourcing to outsourcing of distribution and transport functions at UNICEF, Zimbabwe.

### **1.11. Chapter Summary**

The introductory chapter presents an introduction to outsourcing, background of the study, statement of the problem, research objectives, research questions, and significance of the study, assumptions, limitations and delimitations of the study. It presented the background of the study and how the problem arose which caught the attention of the researcher to contact a research patterning the problem understudy.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter presented the literature review on the impact of shifting from insourcing to outsourcing strategy on the performance of humanitarian organization. The section also summarizes the information from other researchers who have studied the field. The review covers the reviews of the existing literature. The literature review helps in understanding what other related studies have found and suggested. The last section of the chapter contains a theoretical background which contains the theories that underpin the study.

#### 2.1. The Concept of Outsourcing

The concept of outsourcing has gained prominence of late due to its effectiveness in helping an organization to concentrate with what it does best. In today's business world where competition is becoming stiffer by the day, organizations are increasingly having the pressure of producing technologically affordable but quality products and services. This has increased the demand in the range of services offered by outsourcing service providers (Rinsler, 2006).

Outsourcing entails a firm identifying its core and non-core activities and engaging a third party to do the non-core activities so that it concentrates on its core activities. Core activities are those which are those key activities that give an organization distinctive competitiveness while the non-core activities are those which the organization lacks full competence to do (Saunders, 1994). By concentrating on its core activities, a firm increases its probability of developing competitive advantage by using the scarce resources effectively and efficiently. The ability to meet its organizational goals can be influenced significantly by the degree of effectiveness and efficiency achieved in managing operations in the supply chain (Hitt et al, 2007). It has the potential of reducing costs and increasing efficiency among organizations since the commercial risk and assets are usually passed to the outsourcing company (Czinkota and Roinkanen, 2007).

Outsourcing is not an excuse to wash management's hands of a poorly managed, costly, or misunderstood function. Understand the costs of a function and manage it effectively before evaluating its potential for outsourcing. Otherwise, it will be done for the wrong reason. Organizations should consider (or reconsider) the overall merits of selective outsourcing every



three to four years. Revisiting outsourcing may be particularly relevant under changing market conditions or when internal, industry, or technology changes have occurred. There are a number of factors to consider before settling for an outsourcing firm: service quality, cost, experience and specialty, what competitors have done in the industry, among other factors (Johnson et al, 2008).

Most outsourcing relates to services whose range is limitless, ranging from IT requirements (computer hardware and software requirements, network management, system development, help desk support and website development and maintenance), staff recruitment and training, data and physical security services, cleaning services, consultancy services, project review and evaluation, construction of physical infrastructure and buildings, public relations services, asset buying especially project vehicles and maintenance, fleet contracting and management, sale and disposal of project assets, project research, baseline and impact assessment studies, legal services, fundraising, taxi services, travel administration, medical, welfare, pest control, catering, waste disposal, internal audit, payroll service, quality assurance, estate management, records management, translation services, customs brokerage, and expertise (Lysons and Farrington, 2006).

The most efficient way to manage this process is to write a requirements document that details all the needs and restrictions on the project. Provide this document to all potential suppliers and ask for written responses. Be sure that the pricing is detailed, with a list of resources and estimated overall cost. Check references from other clients within the sector. Look for information on the conflict resolution process, problem escalation, and service-level agreement. Think about using different performance management tools, such as benchmarks and other metrics to evaluate contract compliance and performance. These items must be built into the contract, and usually tied to payment (Lysons and Farrington 2006).

Investigate the service provider to learn about the qualifications of their staff, commitment to training, compensation packages, and employee retention. All of these factors can be very imperative, as quality services are dependent upon the skills of the people performing the services. Take time and visit the company to learn more about their operations. Nevertheless, the NGO management must be careful because of risks and threats associated with outsourcing which must thus be managed, to achieve maximum benefits. (Lysons and Farrington, 2006).

Reilly and Tamkin (1996) suggest that the main reason to objection to outsourcing is the fear of the NGO to lose competitive advantage, loss of skills and expertise, insufficient internal investment, and the passing of knowledge and expertise to the supplier. Lacity and Hirschheim (1995) point out that outsourcing cannot work well where there's lack of a specific or unique knowledge the business requires, where all services are customized and where the employee culture is too fragmented or hostile to change. According to Lysons and Farrington (2006), the problems reported in relation to outsourced suppliers include high staff turnover, poor project management skills, lack of commitment, shallow expertise, insufficient documentation, lack of control, poor staff training, complacency over time, divergent interests of the organization, customers and supplier, and cultural mismatches between the organization and suppliers.

Carrington (1994) lists some of the problems as extra staff training, dependence on few suppliers, poor communication with suppliers, non-committal to long-term commitment, reduced staff flexibility, difficulties in coordinating different suppliers, increase in redundancy payments and poor quality service delivery. Other challenges include industrial espionage where very imperative information and data are leaked to competitors, data security such as crucial data theft, illegal data alterations and illegal copying of data and information; threat to data confidentiality, misunderstandings as a result of differences in opinion, differences in corporate strategies, differences in organizational cultures, hidden costs such as legal, and lack of performance measures.

## **2.2. Key Drivers to Outsourcing**

Outsourcing is driven by a number of factors such as cost, the need to focus on core activities, and the desire for improved service levels and increased innovation (Elmuti, 2003). Lynch (2000), in referring to the reasons for outsourcing, stated "While it has been suggested that costs should not be the primary consideration in selecting a logistics service provider, no one will argue that it is not an imperative factor in most decisions". While costs may play a vital role in the decision to outsource, they should always be analyzed objectively and together with other factors in the process. Research conducted by Elmuti and Kathawala (2000:78) is reflected in Table 2.1. The research was conducted with 2 000 organizations throughout the United States, Middle East and Europe. These results are able to highlight some of the main objectives in outsourcing, and are discussed in detail together with other literature.

**Table 2.1: Reasons for outsourcing as perceived by survey respondents**

<b>Rank</b>	<b>Factor</b>
1	Cost reduction
2	Quality improvement
3	Increase exposure to worldwide technology
4	Delivery and reliability improvements
5	Use resources not available internally
6	Gain access to materials only available abroad
7	Establish presence in a foreign market
8	Maintain sufficient flexibility to respond to market conditions
9	Reduce amount of specialized skill needed
10	Make capital funds available for other profitable operations
11	Combat competition to domestic supply

Source: Elmuti and Kathawala, 2017.

### **2.2.1. Cost Reduction**

Organisations gain cost advantage by using external vendors to perform administrative and routine activities. Since external vendors have the economies of scale and the capital investments, they perform the business activities more efficiently and effectively (Elmuti, 2003).

Cost savings are often the most obvious and easiest to demonstrate. The cost savings result from the Outsourced Service Provider (OSP) is able to provide a lower cost for the provision of a service than that previously achieved in-house. The OSP is able to achieve a lower cost due to factors such as specialization, economies of scale and improved efficiencies, among others. To see a comparative cost picture clearly the evaluation of the costs must be carefully performed,

taking into account the effects of time and capacity utilization of the assets of the organization (Burt *et al.*, 2010).

Cost savings are achieved when an organization is able to reduce internal costs through outsourcing. The resources that were previously allocated to the outsourced activity are redeployed to core activities which can be used to generate income. Outsourcing thus allows an organization to reduce its working capital by reducing its investment in warehouse facilities, materials handling equipment and transportation equipment (Kathawala, Zang and Shao, 2005).

### **2.2.2. Quality Improvement**

Outsourcing permits organizations to get better quality services especially from the experts. The assumption is that once quality economic inputs are employed to the production process, it ensures quality end product and subsequently high profit. (Elmuti, 2003; Laabs, 1993) .

Outsourcing's impact on quality is unclear, and opinions on this topic are largely subjective. Usually, the quality of service achieved prior to outsourcing is unknown, and it is thus difficult to make comparisons afterwards. Nevertheless, managers and clients do become sensitive to performance issues when an external contractor is engaged. Patel and Aran (2005) states that most OSPs, like Six Sigma, try to meet quality standards, which results in a dramatic improvement in quality. As the errors are reduced, so too does the cost of running the process, to the benefit of both the organization and the OSP.

The globalisation of businesses has been viewed by Trunick (1989), Foster and Muller (1990), as the most prominent reason for outsourcing. The sourcing of products globally has led to more complicated supply chain routes and consequently requires the expertise of 3PL vendors. In response to the need for improved efficiencies, many companies and organisations have switched to production using just-in-time principles (JIT). This has turned out to be another major factor in the decision to outsource transport and distribution services.

Improved efficiencies may also be achieved within the activity being outsourced. This is due to the organization's interaction with best-in-class service providers who have the ability to take advantage of the supplier's intellectual capacity and innovation. Moreover, the increased exposure to competition or even the threat of competition which arises out of outsourcing can encourage improved efficiencies (Elmuti and Kathawala, 2000).

### **2.2.3. Increased exposure to worldwide technology**

According to Trunick (1989), other drivers of outsourcing are the availability of new technology and the versatility of 3PL. Companies and organizations are able to utilize technology developed by 3PL which would normally be too expensive to develop in-house. Further, 3PL has the ability to make changes to the distribution system to keep abreast of changes in technology and the market.

### **2.2.4. Maintain sufficient flexibility to respond to market conditions**

Outsourcing allows an organization to be fully flexible. A flexible organization has the ability to provide maximum responsiveness on a selective basis for short periods of time (Gattorna, 2010). If it is a flexible supply chain an organization has the ability to adapt to market or environmental changes. The organization becomes leaner and meaner, and the OSP has the task of adapting to the changes imposed on or required by the organization. In essence, the organization has the ability to dictate the changes required by the OSP in order to maximize the advantage accruing from its capabilities.

Another reason for organisations to outsource transport and distribution services, according to Burt *et al.* (2010), is that 3PL service providers are able to offer a company a total landed freight cost versus a single freight rate that a company would usually obtain. A single freight rate allows a company to cost their product much more easily since only the one number is quoted. Further benefit to using 3PL service providers is that they are able to provide companies trade-off analysis and commodity rate investigations. 3PL companies also have the resources and ability to undertake stock counts and audit functions, handle intermodal needs, provide tenders and to track shipments on behalf of the customer.

### **2.2.5. Use resources not available locally**

Another benefit of outsourcing is that it gives organizations access to a larger pool of qualified personnel and talent. A shortage of qualified personnel in an industry or organisation can result in companies paying a premium to retain their services, since the costs of recruiting and retraining are high if the employee leaves (Patel and Aran, 2005). By outsourcing, an organisation will have access to the resources required but at a lower cost. Factors of production such as skilled labour, raw materials, plant and machinery are not easy to come by. To help

curtail this challenge, many world class enterprises outsource to gain access to resources not available internally.

#### **2.2.6. Gain access to materials only available abroad**

More so, many companies do not have the expertise to embark on effective procurement processes and activities internally. Thus, choosing outsourcing as a strategy is seen as a crucial component of such organisations. Outsourcing in a whole enables companies to tap in to and leverage a global knowledge base, having access to world class capabilities (Patel and Aran, 2005).

#### **2.2.7. Flexibility**

Outsourcing provides organisations with greater capacity for flexibility in responding to changing market conditions rather than trying to cope by investing in rapidly changing machines and technologies as well as other complex systems (Quinn, 1999; Kliem, 1999).

#### **2.2.8. Time Pressure**

Organisations which are unable to cope with time-sensitive issues and competing demand, especially during peak periods, may outsource in order to cope with their time pressure (Greer et al., 1999).

#### **2.2.9. Make Capital Funds Available**

Outsourcing is undertaken to provide a buffer capital fund to organizations that could be leveraged in a manner that best profits the company (The Outsourcing Institute, 2005).

Whilst most authors agree with these reasons for outsourcing, Hanson and Olson (2005) prefer to focus on just three key benefits, “lower costs, increased focus on core competencies and improved operating performance” (p.18). Halvey and Melby (2000) go further and include the following additional reasons;

- Enhancing and improving methodologies and processes
- Benefiting from industry knowledge or experience
- Streamlining and standardising processes across an organization
- Sharing resources or technologies

- Committing less upfront investment to new methodologies

## **2.3. The Challenges and Risks Sustained In Outsourcing**

### **2.3.1. Loss of Control**

The main disadvantage cited by many authors, such as Razzaque and Sheng (1998), Cheong (2003), Jones and George (2009) and De Villiers *et al.* (2011) is the loss of control. This is to be expected, as all projects that involve collaboration will result in some loss of control. The ability to manage this situation will depend on the amount of detail in the information received by the company from the supplier. A loss of control could lead to a decrease in quality. An increase in delays can be caused by many factors that are outside the control of the outsourcing organization. Examples include port/customs delays, labor disputes, weather, and political unrest (O’Keeffe and Vanlandingham, 2006).

### **2.3.2. Employee Insecurity**

Outsourcing can create employee insecurity as well as pose legal complications (Ahearn, 2012). In South Africa, outsourcing may invoke the application of section 197 of the Labor Relations Act (LRA). Once it has been established that outsourced activities have been transferred as a going concern, employees will enjoy the protection of section 197 of the LRA. This means that employment will automatically transfer to the contractor by means of outsourcing. This is as per the judgment delivered in the constitutional court in the matter of NEHAWU versus the University of Cape Town (2003) ILJ 95 (CC). Organizations that outsource logistics become completely dependent on that supplier if the contract extends over a long period of time (Razzaque and Sheng, 1998). By entrusting an entire process to an OSP, an organization will increase its risk of over-dependency. Moreover, companies may eventually lose the knowledge and skill that they once possessed internally prior to outsourcing.

Sometimes the goals of the parties may differ due to the partnership being formed from different perspectives. Further, the management styles of the companies may also be different, which can cause a loss of focus. As per Burt *et al.* (2010), the OSP may lose touch with the firm’s business plan and strategy or the OSP may have a conflict of interest if it performs similar activities for other clients and may use resources from one organization to support another. These issues

ultimately affect the timely and successful performance of the outsourced activity. According to Hoecht and Trott (2006), relying on an OSP to provide innovation may prove to be risky. Factors that contribute to this are the loss of key areas of expertise to the outsourcing organization. Further, OSPs do not have the desired leading-edge expertise, or it is spread over a number of clients. This reduces the quality of the service provided from the “best in the world” to the ordinary standard of the industry.

### **2.3.3. Leakage of Information**

A leakage of information will be problematic to any organization (Ghelfi, 2004). In order for companies to collaborate with research and produce successful development outcomes, organizations need to share knowledge and commercially sensitive information (McIvor, 2005). Organizations will be concerned, nevertheless, that this information should not find its way into the hands of their competitors. Hoecht and Trott (2006) suggested that organizations enter into shorter term projects and have detailed legal contracts. Nevertheless, it is almost impossible to define every possible outcome in a legal contract. Another possibility suggested by Ghelfi (2004) is that companies should additionally rely on mechanisms of social control, such as trust and reputation, which could reduce the risk of loss of confidentiality.

Activities in the supply chain are often triggered by the flow of information, such as the inventory status, demand, order fulfilment and delivery. Inaccuracy and a lack of information in the value chain can affect decision making (Ou and Musa, 2011). The flow of information between organizations and OSPs is the bonding agent between the organization and the OSP (Ou and Musa, 2011). Problems with the flow of information will increase the risk of opportunism by competitors, a loss of control, and disagreements (O’Keeffe and Vanlandingham, 2006).

### **2.3.4. Capability Loss**

Capability loss represents the extent to which the organization loses its ability to perform the activity that it was outsourcing (Handley, 2011). In some cases firms eliminate entire departments as well as human and physical assets when an activity is outsourced, since they believe that these resources do not represent their new core activities (Razzaque and Sheng, 1998). Most often, such organizations do not take time to assess the strategic significance of these decisions and run the risk of losing critical resources that should have been retained (Razzaque and Sheng, 1998). Research by Handley (2011) also reveals that the deeper the



capability loss by the outsourcing organization, the more challenging it appears to be for the organization to build a committed and cooperative relationship with the new OSP.

There is, nevertheless, little information available on the actual realization of benefits achieved through outsourcing in general, although the literature has revealed that there are numerous claims to benefits having been derived from outsourcing. A gap in the literature has been identified, as detailed analyses of the outcomes and potential shortcomings of outsourcing are difficult to find. Further, none of the literature surveyed for this review makes any mention of reverse logistics. Reverse logistics includes the return of unsold goods, product returns and waste management. More research is required to bridge the gap between outsourcing logistics and reverse logistics.

Double outsourcing is the practice of subcontracting an outsourced contract and is a common practice in the logistics industry (Burt *et al.*, 2010). While the OSP may have the necessary skills and equipment to execute the function, the subcontractor may not possess the same requirements which ultimately lead to lesser levels of service received by the end user (Cheong, 2003). Burt *et al.* (2010) suggested that should subcontracting be the norm in an industry, the client should be involved during the subcontracting selection process.

#### **2.4. The Impact of Outsourcing on Resource Utilization**

The main identified benefit of outsourcing in a typical organization is to free the management's time to concentrate on core activities. Others include reducing costs, increased staff flexibility, improved consistency of service, increase in service quality, reduction in risks, reduced capital requirements, customer satisfaction, access to world class capabilities, operational control, continuity and risk management, development of internal staff and the importation of technological advancement to the organization (Lysons and Farrington, 2006).

In the context of NGOs, some of the benefits include allowing the non-profit organization to focus on achieving its mission, reducing cost of accounting and administrative services through the supplier's economies of scale, allowing the nonprofit organization to expand or shrink as necessary, providing access to state-of-the-art software and technology, providing access to a wide range of expertise, specialized accounting and administrative services, ensuring more accurate and timely financial reporting, and providing one-stop shopping from simple balance

sheet, management report or computer consulting services, thereby freeing the NGO's resources to only the most imperative functions, activities and programs (LeBlanc, 2006).

Its aim is to reduce operational costs so as to serve a firm's stakeholders satisfactorily, efficiently and effectively. When comparing two quotations, price enables the appraisal of the relative value offered by each supplier. Economic theory shows that demand and supply are balanced by the influence of price (the equilibrium price), indicating the point at which they are equal (Lyson and Farrington, 2006).

## **2.5. The Impact of Outsourcing on Quality of Service Delivery**

Quality service delivery is considered law for an organization to succeed and achieve its objectives (Lieberman and Nissen, 2006). In contemporary business world where competition is becoming stiffer by the day, organizations are increasingly having the pressure of producing technologically affordable but quality products and services.

This has increased the demand in the range of services offered by outsourcing companies (Rinsler, 2006). In many of these developing countries, humanitarian organizations have emerged as alternate providers of public services, particularly within poor and rural communities. These humanitarian organizations serve as proxies for understanding the potential role for Humanitarian organizations to supply much more credible and reliable services in most of these countries. In their quest to achieve these objectives, outsourcing has played an integral role to bridge the gap in service provision while also injecting efficiency in service delivery (LaFollett, 2006). The humanitarian organizations such perform a variety of service and humanitarian functions, bring citizen concerns to governments, advocate and monitor policies and encourage political participation through provision of information.

Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. NGOs generally address critical issues such as human rights, environmental protection, and poverty reduction, among others and often receive funding in whole or in part from governments. They are key partners to governments in service provision and the advantages they bring to service delivery are significant, particularly in developing

countries like Zimbabwe where the government has a serious lack of capacity to supply comparable services (La Follett, 2006).

There needs to be a service implementation where a sub-set of the total service is provided in phases. In this case, it is imperative to pilot test or simulate the quality and responsiveness of the service before formally accepting it and allowing it to go on so as to give the employees enough time to adjust and get acquainted to the new system (Franco, 2006). It is thus vital that these corporate bodies to have free enough time for them to concentrate on their core issues for which they were established as this improves the quality of the service provision to improve the quality of life (Czinkota and Roinkanen, 2007).

## **2.6. Strategy Formulation and Implementation and Outsourcing**

Business strategy is the key driver in the outsourcing decision. The concept of outsourcing has gained prominence of late due to its effectiveness in helping an organization to concentrate with what it does best. Customers must be the main factor in the firm's strategic and operational planning (Barney, 2007). Robert, (2003) defines strategic planning as the process of developing a mission and long-term objectives, and determining in advance how to accomplish them, and operational planning as the process of setting short-term objectives, and determining in advance how to accomplish them. He notes that the differences between the two are in time frames and the management levels involved.

Culture can also be a very strong driver of strategy. Organizations can be so easily entangled in their culture that the management finds it hard to align to their strategies outside that of the culture (Johnson, et al, 2008). Hofstede, (2001) in his book *Culture's Consequences*, 2nd edition suggests that attitudes to work, authority, equality and other imperative attributes have been shaped by powerful cultural forces such as history, religion and even climate over centuries. Organizations need to understand and cope with such differences that manifest themselves in terms of different standards, values and expectations in order to satisfy customer expectations.

Non-Governmental organizations provide a myriad of services in their areas of specialization. But there are factors that impede and affect the effectiveness of these strategies such as geographical remoteness, large coverage areas, civil instability, and over-centralization of government, a lack of infrastructure such as transportation systems, and a lack of government

resources, among others (LaFollett, 2006). Outsourcing can thus potentially reduce an organization's costs and increase quality of service delivery hence contributing to a firm's competitive advantage and its ability to create value for its stakeholders (Jones, 2001). It can also be used as a strategy to equip internal staff with expertise, trickled down by the service providers' employees (Hitt et al, 2007).

## **2.7. Information Systems Outsourcing**

Information systems exert major influences on the internal environment and how it is organized, managed and carried out (Chima, 2007). The introduction of new information systems in the digital area may result in considerable changes to systems and processes he notes. The availability or the lack of technology in a firm may be the cause to outsource some human resource functions. Bettis (2011) noted that outsourcing is useful for firms competing with increasing levels of environmental dynamism. For example, when new technologies emerge and mature technologies become obsolete, outsourcing enables firms to switch suppliers to exploit any cost or quality improvements that may then be available. On the contrary, this technology related flexibility is not so necessary in stable environments because production and service technologies do not change so rapidly.

Outsourcing information allows companies to use a large number of computing resources on demand, no matter where they are located (Njanja and Pellisier, 2011). Due to economies of scale, vendors are capable of modernizing their information systems regularly at lower unit costs thus giving host organization the most current and efficient information solutions (Poole, 2000). Outsourcing enables host organizations to build flexible long-term platforms capable of adaptation or evolution. To keep pace with the emerging market dynamics outsourcing allows host organizations to buy technology from a vendor that would have been financially intensive and difficult to build internally (Hoskisson, et al., 2009). Outsourcing repetitive and information systems intensive activities allows staff to focus on core business functions such as product development, service delivery, partnership building, thus reducing growth risk since external costs are easier to reduce than staff thus increasing flexibility, that is, ability to adapt to changing market conditions quickly (Njanja and Pellisier, 2011).

## **2.8. The impact of Transport and distribution Outsourcing the performance of UNICEF**

The option to transfer all or part of a company's business function including transport to an external entity plays an increasingly imperative role in the strategic arsenal of organizations (Bettis, 2011). UNICEF in Zimbabwe considered transport outsourcing to rapidly improve performance and reduce operating costs. UNICEF is using strategic and transport outsourcing to seek improved business focus, mitigate risks, build sustainable competitive advantage, and extend technical capabilities and free resources for core business purposes. Competitive advantage can be gained when the most appropriate business processes are performed more effectively and efficiently by external suppliers (Hoskisson et al., 2009). Organizations consider outsourcing transport services they need which include; maintenance, security, payments payrolls, recruitment and many others, thus restricting their own employees to the core functions that define the organization's business.

UNICEF has been increasingly outsourcing transport service to a range of service providers (Rong et al., 2009). Although outsourcing is increasing in prominence both locally and offshore many organizations are still encountering considerable difficulties in evaluating the suitability of processes for transport outsourcing since some are owned by the private sector and the government. Transport service outsourcing decision involves consideration of a number of complex issues including the significance level of processes to the organization; organizational capability in processes relative to competitors and/or suppliers and service provider selection (Barro, 2009). Nevertheless, organizations often fail to fully assess the implications of these issues when considering outsourcing. In particular, a major reason found for transport outsourcing failure has been that organizations are outsourcing services that should not be outsourced periodically but rather the humanitarian organizations should be equipped with the same (Hoyt, 2000).

## **2.9. Outsourcing and Organizational Performance**

Outsourcing can improve organizational performance when applied as an organizational strategy (Lijo and Ramesh, 2012). Outsourcing one's business processes can improve one's competitive edge. The reason behind this is that outsourcing reduces business costs. Organizations may choose to outsource with certain business aims in mind. The aim might be the need to improve on financial performance. Most time, such organizations are aware that outsourcing firms may

offer them an opportunity to work cheaply through efficient technology and economies of scale (Blecken, 2010). By minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance.

Consequently, the extra amount that would have been passed to the consumers in the form of higher prices for the goods and services now becomes irrelevant as consumers pay less for their commodities. This allows businesses to compete favourably based on price thus giving them a competitive edge. Outsourcing is attractive to senior management because it improves some of the dimensions of organizational performance. According to Hancox and Hackney (2012) outsourcers who know how to manage the process can enhance their company's performance and achieve a high level of satisfaction with the results. The business process outsourcing of non-core activities allows the organization to increase managerial attention and resource allocation to those tasks that it does best and to rely on management teams in other firms to oversee tasks at which the business process outsourcing firm is at a relative disadvantage.

Outsourcing as a strategy improves results by allowing the organization to be more effective, more innovative and more skilled in those activities. Also, business process outsourcing can be used to increase the quality of work life. When the organization focuses on its core competences, especially for the remaining employees, some positive improvements may emerge (Iyer, 2011). Focusing on core competences ensures that the job becomes more meaningful for the employees. Thanks to the new sources created, the organization may find new sources for wages and out-of-wage incentive programs. It can give more significance to the training of its employees and search for possibilities to develop them (Pettit and Beresford, 2005).

#### **2.10. Influence of outsourcing logistics on response to emergencies.**

Kurbanov (2012) mentions that outsourcing logistics increases the rate of response only if there are good relationships between the manufactures of the products, and the company requiring products to be delivered. Kurbanov (2012) also maintained that after starting a relationship with a provider, it makes sense to evaluate the effectiveness of this outsourcing relationship. This index of effectiveness defines the ability of providers to satisfy clients' needs in particular services. The evaluation of this effectiveness includes many criteria such as timeliness of

providing services, correspondence of amount of provided services, quality of customer service according to customer feedbacks and efficiency of provided services.

## Outsourcing disaster Management model



Figure 1: Disaster Management model . Source: Tufinkgi, (2004)

**Pre-Disaster** –According to Rahamandad (2008) this level consists of delays by the contracted firm who may among other challenges not be ready to respond to a call for service when they are needed the most. There is however a number of actions that may be put in place to remedy such a challenge which include but not limited to developing good relations with the service provider so as to mobilise prioritisation. In well-established organisations, the long-term solution will be to apply backward integration with the firm, so the organisation has a controlling stake in the delivery firm at which point the organisation can be assumed of receiving services as of when they are needed the most.



**Response-** According to Rahmandad (2008) outsourcing logistics affect response on emergencies due to a plethora of delays. Delays can affect the evolution of cognitive factors (Rahmandad, 2008). An important factor in most types of delays is the time span of the delay or the amount of time that an outflow takes to react to an inflow (Roberts et al., 1983). There are two types of delays: (1) material delays, which capture the physical flow, for example, products moving in a supply chain, and (2) information delays, which represent a gradual adjustment of perceptions or beliefs. All beliefs, expectations, forecasts and projections are based on the information available to the decision maker at a given point in time. Time is required to collect information, and people do not change opinions instantly. Time is also necessary for reflection and emotional change before a new situation is accepted. Information, perceptions and beliefs cannot be preserved; therefore, a different structure from material delays was developed to represent them (Sterman, 2000).

**Post Disaster-** Sterman (2000) said there are various actions that can be put in place in the event that the above two challenges were experienced in the disaster management process and these include compensation for the amount of damages that firm might have gone through as a result of the delivery firm falling to do its contractual obligations. Repeated failures may lead to the termination of the contract for the logistics firm.

There are different levels of effectiveness of outsourcing relationships and each of them requires particular actions. According to Rahmandad (2008) outsourcing logistics affect response on emergencies due to a plethora of delays. Delays can affect the evolution of cognitive factors (Rahmandad, 2008). An important factor in most types of delays is the time span of the delay or the amount of time that an outflow takes to react to an inflow (Roberts et al., 1983). There are two types of delays: (1) material delays, which capture the physical flow, for example, products moving in a supply chain, and (2) information delays, which represent a gradual adjustment of perceptions or beliefs. All beliefs, expectations, forecasts and projections are based on the information available to the decision maker at a given point in time. Time is required to collect information, and people do not change opinions instantly. Time is also necessary for reflection and emotional change before a new situation is accepted. Information, perceptions and beliefs cannot be preserved; therefore, a different structure from material delays was developed to represent them (Sterman, 2000). Sterman (2000) stated that the rate at which outsourced logistics

response to emergencies depends on the location of outsourcing firms and location of insourcing countries as shown below.

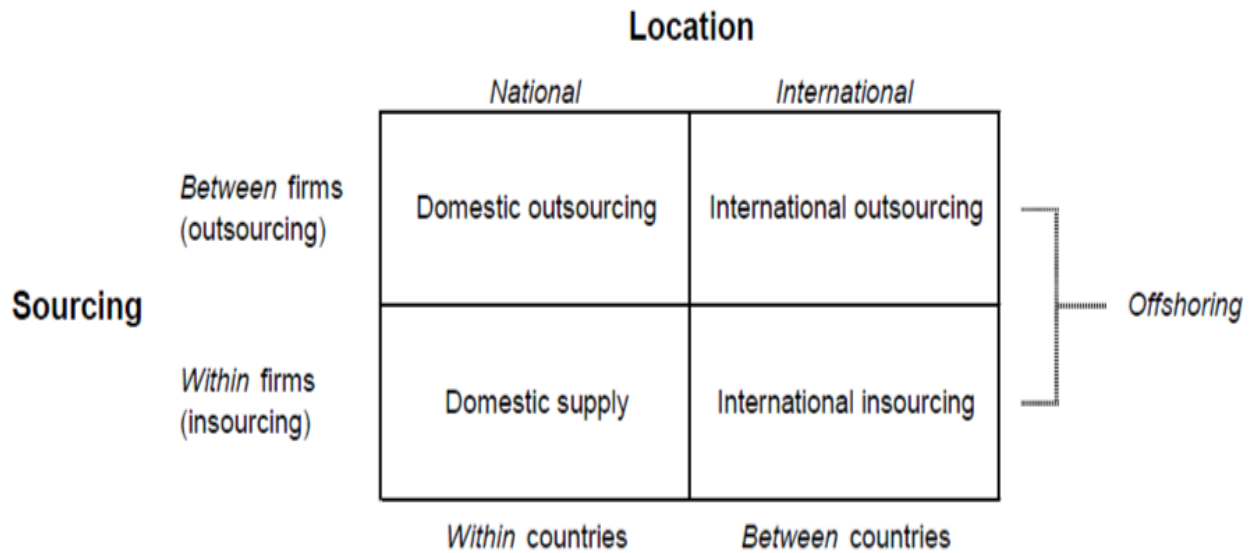


Figure 2: Offshoring: Adopted from Sterman (2000)

- (a) **Domestic outsourcing-** Sterman (2000) pointed out that domestic outsourcing happens at national level where an organization would outsource its logistics from a service provider who is in the same country for transportation of goods that maybe locally produced from the place of their manufacture to where they are needed the most.
- (b) **International outsourcing-** According to Sternman (2000) international is also known as off shoring in which the firm engages a firm that is outside its country of operations. In most cases offshoring is opted when goods are mobilized from international markets where they have to be transported from the country they are produced to where they are needed in any part of the world.
- (c) **Domestic Supply-** Sterman (2000) posit that domestic supply is an insourcing of goods from the same country and from local suppliers who may directly deliver the goods as of when they are ordered. Domestic supply may at some point exclude outbound logistics especially when the manufacture provides a reasonable transport charge than what logistic firms may charge.
- (d) **International Insourcing-** Sterman (2000) said it is the offshoring in which international suppliers may offer logistics when goods are ordered from them and in most cases, they

add the logistics or shipping costs into the goods being ordered. They also bear the risk of breakages in transit unlike in an arrangement where another logistics firm is engaged as they tend to pass the risk to the transporter.

When regarding the risks, it is essential to take into account the type of outsourcing. As was already written, companies can decide to outsource their activities to third party firms based in other countries. This type of outsourcing is riskier than the domestic alternative because in this case companies should also take into account the risks they may face in another country. Risks have been divided into three parts: risks related to the company itself, risks related to the service provider and risks related to another country. (Kumara S. et al, 2014)

### **2.11. Importance of emergence response by outsourced logistics on Humanitarian Organizations**

Thomas and Kopczak (2005) wrote that the need to incorporate logistics service providers into humanitarian relief operations has been acknowledged. Authors advocate that “humanitarian logistics, the function that is charged with ensuring efficient and cost-effective flow and storage of goods and materials for the purpose of alleviating the suffering of vulnerable people” received positive, public acknowledgement in regard to the role of logistics in effective relief, after the 2004 Asian Tsunami. An overabundance of relief goods that had to be sorted, stored and distributed as well as flight capacity, warehousing, bottlenecked transportation pipelines and infrastructure were only a few critical issues to deal with at that time. Nevertheless, Doctors without Borders called for “supply managers without borders” in order to effectively ensure the flow of goods to the victims of the disaster. Therefore, the role of logistics service providers is imperative to the effectiveness and speed of response to victims of disaster (Thomas and Kopczak, 2005).

Humanitarian logisticians are not often recognized as being a critical support function to the success of relief efforts, whose roles are under-utilized and only confined to executing decisions after they are made. Consequently, this places an enormous burden on logisticians who have not been given an opportunity to articulate and coordinate the physical constraints in the planning process. Moreover, tensions arise when the actors within the disaster relief operations cannot understand delays and breakdowns in the supply delivery process (Thomas 2003).

In their concluding remarks, McLachlin and Larson (2011) state that relationship building efforts and complementary services would lead to better relationships, which in turn would lead to better coordination and effectiveness within humanitarian supply chains. For only a handful of aid agencies, prioritizing the creation of high-performing logistics and supply chain operations is lacking during disaster relief (Thomas and Kopczak, 2005). As a result, building a relationship between humanitarian organizations and logistics service providers could accommodate better performance.

### Humanitarian Logistics in Focus model

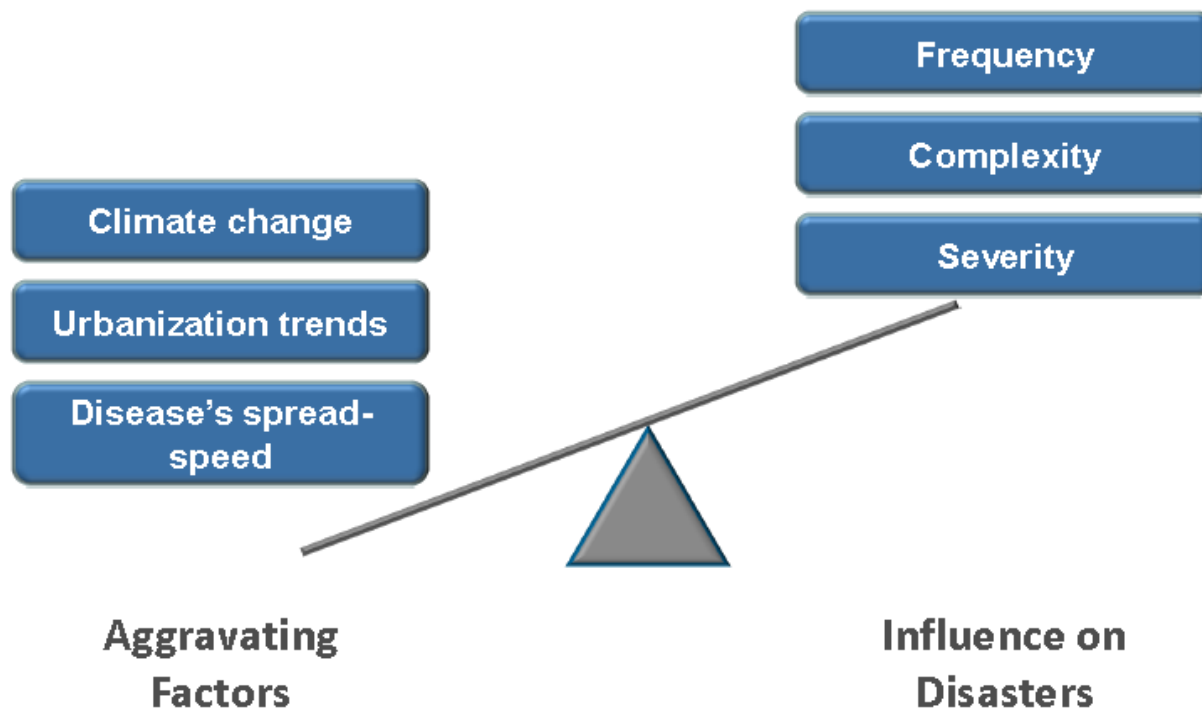


Figure 3: Humanitarian Logistic in Focus. Adopted from: Thomas and Kopczak (2005)

- (a) **Aggravating factors**- the models state that nowadays, humanitarian relief organizations are more and more present in people's lives. Disasters are occurring more often than they used to 100 years ago and the number of people they affect has increased continuously (EM-DAT, 2013). Recent studies point towards the fact that, in the next fifty years,

disasters occurrences were to be multiplied by five, mainly due to climate change developments, environmental degradation and rapid urbanization (Thomas and Kopczak, 2007) Additionally, it is reported that the total number of recorded natural disasters has multiplied more than six fold over the last 30 years (Schulz and Blecken, 2010). This actually confirms the trend that humanitarian relief organizations have to face tremendous work in the near future. Hence, a need for an even more effective international disaster response has emerged (Schulz and Blecken, 2010).

- (b) **Influence on Disaster-** Thomas and Kopczak (2005) commented that, the results of the different actions humanitarian relief organizations conduct are uneasy to precisely assess, both measurably and quantifiably (Tomasini and Van Wassenhove, Humanitarian Logistics, 2009b). It is argued that performance measurement within the humanitarian sector presents some unique characteristics. Services provided in humanitarian relief operations are intangible and hard to quantify, outcomes are unknown, the performance of each mission is hard to quantify, interests and goals between the different actors differ, and accuracy and reliability of available data is not satisfactory (Nikbakhsh and Farahani, 2011).

Nevertheless, the main goal humanitarian relief organizations have is saving lives as well as alleviating peoples' suffering caused by disasters (Balcik and Beamon, 2008). According to Tomasini and Van Wassenhove (2009) humanitarian relief organizations are driven by the supply (donors), whereas for-profit organizations are driven by the demand (customers). This unique specificity affects the way humanitarian logistics is thought, managed and measured. Humanitarian relief supply chains seek a balance between speed and cost, before focusing on profit (Tomasini and Van Wassenhove, 2009a). It has been emphasized that the speed of reaction after a disaster strikes is of the utmost importance, especially since the first 72 hours can save a maximum of lives (Tomasini and Van Wassenhove, 2009b). Since humanitarian relief organizations must cope with a numerous number of actors that have to be coordinated and managed, we do not talk anymore about having a logistic approach only, but rather about a supply chain management approach (Oloruntoba and Gray, 2006). Therefore, the specificities that

humanitarian relief organizations present regarding their supply chains must be highlighted. Firstly, objectives are most of the time ambiguous and unclear. Secondly, resources are scarce and uneasy to gather, both in terms of human capital, financial resources and adequate infrastructures. Thirdly, they evolve in an environment that is particularly uncertain. Fourthly, urgencies are actually part of their daily job. Fifthly, they focus on acting as fast as possible, therefore side-lining any profit-oriented vision. Finally, they evolve in an environment that is particularly sensitive to political concerns (Tomasini and Van Wassenhove, 2009b).

## **2.12. Empirical Review**

This section reviews and summarizes former related studies within the area of logistics outsourcing strategy. More specifically, it looks into what researchers have found out about the implication of strategies on firm's performance and other related areas.

Chima (2007) conducted a study on logistics outsourcing strategies applied in the Oil and Gas Industry in Norway. He asserted that the oil and gas industry is involved in global logistics outsourcing strategies that includes domestic and international transportation, ordering and inventory visibility and control, materials handling, import/export facilitation and information technology. Thus, the industry offers a classic model for implementing logistics outsourcing strategies. In applying logistics outsourcing strategies, a company is linked to its upstream suppliers and downstream distributors as materials, information, and capital flow through the supply-chain.

Hoskisson, Hitt, Wan and Yiu (2009) noted that research in logistics outsourcing strategies has undergone enormous growth. Nevertheless, Bettis (2011) asserts that research should have relevance to understanding actual strategic decisions, actual firms, actual industries, and actual managers and should have an implication both to the industry and the government. He suggested that research should be problem driven rather than theory driven. Problem driven can induce new theory and validate, reject, or extend existing theory in ways that theory driven research cannot.

Hoskisson, et al., (2009) indicates that the fluidity of many logistics outsourcing strategies requires strategy researchers to keep advancing the extent body of knowledge. This is due to the fact that the new competitive landscape represented by the rapid technological changes and increasing globalization poses different research questions for strategic management researchers.

He noted some urgency in having a quality research that will have ability to provide answers to critical strategic questions brought about by the rapidly changing competitive landscape.

Poole (2000) mainly looked at the logistics outsourcing strategies of entrepreneurial activities undertaken by an institution in Zimbabwean universities. He found out that, such institutions are faced with a rising level of competition both internal to the sector and from overseas just like any other entrepreneurial activities. He addressed a few logistical strategies that have been put in place in the institution in order to be competitive. This included; information systems outsourcing and transport management practices. Just like the fore- mentioned researchers, Luke (2005) clearly noted that research on interception of entrepreneurship and strategy is in the early stage. She said ‘while the benefits of combining entrepreneurship and logistics outsourcing strategy are well established, specific details and underlying elements of strategic entrepreneurship as a concept remain undeveloped and unsubstantiated’. These indicate there is a gap that has not yet been filled in the field.

Kimani (2013) conducted a study on supply chain management challenges in Zimbabwe’s petroleum industry and noted that the industry faces logistics outsourcing challenges such as lack of strategic stocks, relatively high petroleum prices compared to other Southern African countries, frequent fuel shortages, sub-standard products and diversion of products destined for export back into the country. He explored challenges facing implementation of effective logistics outsourcing strategies in petroleum industry in Zimbabwe, a case of National Oil Company of Zimbabwe. Specifically, the study sought to explore the influence information technology, supply chain design, people issues and partnership/collaboration issues to the implementation of effective logistics outsourcing strategies. He concluded that transport and distribution outsourcing strategies have high effect on performance of the petroleum sector.

Awino (2009) conducted a study on empirical investigation of logistics outsourcing best practices in large private manufacturing firms in Zimbabwe. He noted that today, large companies are mainly focusing on becoming efficient and flexible in their manufacturing methods in order to handle uncertainty in the business environment. To do this, they need different strategies to manage the flow of goods from the point of production to the consumer. Nevertheless, most firms have not been able to formulate the right strategies required to achieve this objective in Supply Chain Management (SCM), this calls for a strategic fit of an

organization's core competencies, strategy and core capability. Critical factors were established as logistics outsourcing strategies: operating policies, linkages within supply chain firms, improved performance, information technology systems, strategic alliance, performance measures, goal orientation, customer relationships, guidelines and procedures, supplier selection and supplier evaluation. When benchmarked, these practices were found to be universal and compare with best practices globally.

### **2.13. Theoretical Review**

Different theories have been advanced to explain the rationale of outsourcing. Various authors identified significant number of theories that could explain the outsourcing phenomenon (Rong, Zuo-Jun and Snyder, 2009). The study will be underpinned on three theories which are; transaction cost theory, social exchange theory and commitment trust-theory as presented below;

#### **2.13.1. Transaction Cost Theory**

Transaction cost theory is generally accepted as a useful framework for analysing logistics and outsourcing decisions. This theory was developed by Hobbs in 1996. According to the author, transaction costs reduced by outsourcing logistics include, for example, decentralized order processing, assets, working capital, and overhead. The application of transaction cost theory provides a justification for the establishment of alliances between humanitarian organizations and their service providers (Iyer, 2011). It should be noted that the resource profile of organizations has a tendency to influence the extent to which all or part of the logistics process is outsourced, as Supatn (2011) discussed in respect to the outsourcing of information technology from a manufacturer's perspective.

Applying transaction cost theory, higher asset specificity favours the hierarchy decision. The amount of the transaction costs may be used as an indicator for the decision of outsourcing (Pettit and Beresford, 2005). When asset specificity and uncertainty are low, and transactions are relatively frequent, transactions will be governed by markets outsourcing. High asset specificity and uncertainty lead to transactional difficulties with transactions held internally within the firm-vertical integration. Transaction cost theory rests on two basic behavioural assumptions about the transaction partners involved: bounded rationality and opportunism. By hypothesizing that organizations seek to minimize costs, the theory of transaction cost analysis attempts to predict



which activities are internalized and which are transacted via market exchanges (Dewsnap and Hart, 2014).

### **2.13.2 Social Exchange Theory**

Initially, the transaction cost theory by Hobbs (1996) offers an acceptable explanation of governance mechanisms in inter-organizational relationships. Nevertheless, as institutional markets and exchange practices advance, transaction cost theory seems to be losing some of its explanatory power and concepts; trust and cooperation are gaining increasing significance for understanding successful logistics supplier relationships (Barro, 2009). To overcome these deficiencies and to find new ways to explain relational exchange, researchers of inter-organizational relationships have recently drawn increasingly on social exchange theory (Rong et al., 2009).

The concept of social exchange has been suggested by Hobbs (1996) to be an imperative element of successful logistics relationships (Hoyt, 2000). Social exchange theory allows a deeper insight into how these relationships should be designed in order to enhance their outcomes. This governance mechanism is built on the foundation of trust, commitment, and exchange norms that replace or complement more formal governance mechanisms, such as detailed contracts. In social exchange theory, the relationship is the unit of analysis and the key to relational exchange success. Iyer (2011) for example, explains that relationship development is experienced as a series of exchange episodes. Each exchange episode is composed of four events: defining the purpose of a relationship, setting relationship boundaries, creating relationship value, and evaluating exchange outcomes.

### **2.14. Chapter Summary**

This chapter showed various literature reviews of various authors concerning the shift from insourcing to outsourcing in the humanitarian organization. Within the last decade, most academic studies have focused on understanding outsourcing decision determinants and outsourcing process control. While outsourcing is now broadly understood to be an attractive option, its specific impact on humanitarian performance and value, that is logistics outsourcing results, have not yet been well confirmed by research. Furthermore, the focus in any case has been on cost savings, and only rarely have managers or researchers directed their attention to an outsourcing decision's ultimate benefits (firms' value) for company investors. The literature has

not given much emphasis on humanitarian organizations whose performance measurements do not always focus on profits and cost savings as most are non-profit making. Most of the literature is from the developed countries whose strategy approach is different from that of Zimbabwe. Thus, there is a dire need of literature focusing on logistics outsourcing strategy and the performance of humanitarian organizations. The following chapter will present the methodology, the research design, target population, sample size and sampling procedures, data collection instruments, data collection procedures, validity of research instruments, reliability of research instruments, data analysis techniques and ethical considerations.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0. Introduction

This chapter outlines the research methodology that was utilized for this research. It outlines how the collection, measurement and analysis of data were conducted. This section is an overall scheme, plan or structure conceived to aid in answering the research questions. The procedures and techniques that were used in the collection, processing and analysis of data are set out. Specifically, the following subsections have been included; research approach, research design, target population, data collection instruments, data collection procedures and finally data analysis.

#### 3.1. Research Approach

According to Greener, (2008), research philosophy is a belief about the way in which data about a certain phenomenon should be gathered, analyzed and used. It deals with the source, nature and development of knowledge. The philosophy of a study reflects the author's imperative assumptions and the assumptions serve as a basis for research strategy. According to Saunders et al, (2009), what is known to be true and what is believed to be true encompasses the various philosophies of research. The researcher has used the interpretivist approach in this study.

##### 3.1.1. Interpretivist Approach

According to Greener, (2008), an interpretivist researcher seems to see the world through the eyes of the people being studied, allowing them the multiple perspectives of reality. Interpretivists contend that only through the subjective interpretation of and intervention in reality can that reality be fully understood. In interpretivism researchers are interested in insight, discovery and interpretation. Interpretivist approach is based on naturalistic approach of data collection such as interviews and observations. Secondary data is also popular with interpretivism approach. Primary data generated through interpretivism approach might be associated with a high level of validity because data in such studies tends to be trustworthy and honest.

The research under study best suits the interpretivist approach as it is an evaluation of a shift from insourcing to outsourcing of transport and distribution functions thus making it a review type of research. The research is also an action research wherein the researcher is also an active participant since he also works at UNICEF, Zimbabwe hence he also experienced the impact of shift from insourcing to outsourcing of transport and distribution functions. The research needs honest opinions from the respondents in data collection in order to make correct evaluations and thus interpretivism is best suited as it is associated with trustworthy and honest opinions.

### **3.2. Research Design**

According to Greener, (2008), a research design is a grand plan of approach to a research topic. A research design is a set of methods and procedures used in collecting and analyzing measures of the variables specified in the research study. It is also the framework that is created to find answers to research questions. According to Trochim, (2005), research design “provides the glue that holds the research project together. A design is used to structure the research to show how all of the major parts of the research project work together to try and address the central research questions”. The research design provides the components and the plan for successfully carrying out the study. Cooper and Schindler, (2014) calls the research design a blueprint for fulfilling objectives and answering questions. There are several types of research designs which include descriptive, explanatory, exploratory and mixed research designs. The researcher employed the descriptive research design because it assisted in systematically describing the facts and characteristics of the population.

#### **3.2.1. Descriptive Research Design**

According to Cooper and Schindler, (2014), a descriptive study tries to discover answers to the questions who, what, when, where and sometimes how. A descriptive study is one in which information is collected without changing the environment or where nothing is manipulated. The descriptive research describes what exists and may help to uncover new facts and meaning. The purpose of the descriptive research is to observe, describe and document aspects of a situation as it naturally occurs according to Polit and Hungler, (1999). Descriptive studies are usually the best methods for collecting information that will demonstrate relationships and describes the world as it exists. This involves the collection of data that will provide an account or description of individuals, groups or situations. Cooper and Schindler, (2014) states that the descriptive

study is popular in research because of its versatility across management disciplines. In humanitarian organizations such as UNICEF and other organizations, descriptive investigations have a broad appeal to the administrator and policy analyst for planning, monitoring and evaluating. The research used the descriptive research design wherein it described what exists which help uncover more facts. For the purposes of this research, descriptive research was used in order to analyze and compare what happened following the shift from insourcing to outsourcing of transport and distribution functions in order to make an evaluation of whether the organizations' performances have improved or not. Also, data obtained from the research cannot be manipulated to suit one's way of thinking as it could be true or false and taken as that. An evaluation of shift from insourcing to outsourcing of transport and distribution functions on UNICEF performance might have positive or negative results and they are taken as they are so that if there are correctional measures discovered in the study, they can be corrected.

### **3.3. Target Population**

According to Lavrakas, (2008), the target population is the entire set of subjects for which the survey data are to be used to make inferences. Thus, the target population defines those subjects for which the findings of the survey are meant to generalize. Lavrakas, (2008), goes on to state that target populations must be specifically defined as their definition determines whether samples are eligible or not for the survey. Jager, (2012) defines population as participants randomly selected by the researcher to provide information on the research under study. Cooper and Schindler, (2014) defines population as the total collection of elements about which we wish to make inferences. Thus, the target of the population are UNICEF staff members which constituted 300 employees at UNICEF, Zimbabwe domiciled at Harare head office and involved in procurement activities or process. The choice of the managerial and non-managerial staff involved in procurement activities at UNICEF was mainly because they are the ones who experience the impact of insourcing and know the effect of outsourcing has in the way they now operate than before.

### **3.4. Sampling**

Sampling means selecting a given number of persons from a defined population as representative of that population. Sampling is a process used in statistical analysis in which a predetermined number of observations are taken from a larger population. According to Greener, (2008), the

methodology used to sample from a larger population depends on the type of analysis being performed. Samples are used in statistical testing when population sizes are too large for the test to include all possible members. A sample should represent the whole population and not reflect bias towards a specific attribute. Sampling is the process of choosing subjects that fully represent the target population in order to understand the population representatives. Cooper and Schindler, (2014) suggests that there are some compelling reasons for sampling which includes lower cost, greater accuracy of results, greater speed of data collection and availability of population elements. Also, Haque, (2008) defines sampling as the selection of some part of aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made. The researcher used the purposive and quota sampling as the sampling methods for this study.

#### **3.4.1. Quota Sampling**

Quota sampling is used to improve representativeness. The logic behind quota sampling according to Cooper and Schindler, (2014), is that certain relevant characteristics describe the dimensions of the population. In most quota samples researchers specify more than one control dimension which should meet two tests, that is, it should have a distribution in the population that we can estimate and be pertinent to the topic studied.

According to Greener, (2008), quota sampling is regularly used in market research and opinion polling. Like a stratified sample, quota is chosen to include a certain proportion of particular variables but unlike a stratified sample there is no random sampling stage as the choice of respondents is up to the interviewer provided the quota is accurate. The researcher used quota sampling as from the objectives of the study there are some objectives that need to be achieved by having responses from managerial staff while others need non-managerial staff. It is thus from the two segments of respondents that a quota of each segment in the population is used as a basis to select representatives.

#### **3.4.2. Purposive Sampling**

According to Greener, (2008), in purposive sampling, the researcher uses his/her own judgment to select a sample. Subjects may be selected for being unusual or special or particularly related to the research study. Also, according to Mugenda and Mugenda, (2002), purposive sampling allows a researcher to use subjects that have the required information with respect to the

objectives of the study. The researcher uses the purposive sampling method with the objective of having responses from all the categories of stakeholders. The choice of purposive sampling in the study is to ensure that key aspects of the study population such as skill levels and experience in the evaluation of shift from insourcing to outsourcing are taken into consideration.

The sample size/estimation was derived from using the formula below recommended by Mugenda and Mugenda (2003). The formula yielded a sample of 30 respondents. This represents 10 percent of the target population of 300. According to Mugenda and Mugenda, (2003) a sample size of 10% of a target population is adequate for a survey.

$$n = p (1-q) (z/e)^2$$

Where  $n$ = desired sample

$Z$ = standard normal deviate at the required confidence level

$P$  = the proportion in the targeted population estimated to have characteristics

$q$ = 1- $p$

$e$  = Margin of error

Sample size will thus be  $0.5(1-0.5) \cdot (1.30/0.1)^2 = 30$  or 10% of 300 (Target Population) = 30 (Sample size) (Mugenda and Mugenda, 2003).

*Table 1: Sample size*

<b>Description</b>	<b>Size</b>
Managerial Staff	18
Non- Managerial Staff	12
<b>Sample Size</b>	<b>30</b>

The selection of participants who are the respondents in the study was done through purposive sampling targeting employees whose job designs included mandatory interaction with

distribution and transport services and those in strategy and policy formulation at all leadership levels up to senior management. Responses were solicited by way of questionnaires distributed and interviews done. Consideration was also made of the different departments with their own modules who needed to be represented especially by the non-managerial staff at UNICEF, Zimbabwe hence the larger sample used. Decision makers have their requirements which are different from operational staff hence each skills level was represented to give their own perspective of the shift from insourcing to outsourcing of distribution and transport functions at UNICEF, Zimbabwe. Ideally the study should have covered the whole population but a sample size of 30 employees consisting of senior members, heads of department, heads of unit, key personnel, procurement officers, finance officers, as well as some originating officials from the transport and logistics department within UNICEF, Zimbabwe. The purposive sampling technique was used because it was helpful in selecting respondents who engage or understand procurement process and or activity in one way or another.

### **3.5. Sources of data**

#### **3.5.1. Primary data**

Cooper and Schindler, (2014) define primary data as original works of research or raw data without interpretation or pronouncements that represent an official opinion or position. They further say that primary data are sought for their proximity to the truth and control over error. Primary data examples include memos, letters, interviews and speeches. Primary sources are always the most authoritative because the information has not been filtered or interpreted by a second party, according to Cooper and Schindler, (2014). In other words, primary data is first-hand information which the researcher gathered directly from UNICEF and the researcher used interviews and questionnaires as data collection methods for evaluation of a shift from insourcing to outsourcing of distribution and transport services at UNICEF, Zimbabwe.

#### **3.5.2. Secondary data**

According to Greener, (2008), secondary data is data which the researcher did not collect for themselves directly from the respondents or subjects. This means that secondary data was not collected with the researcher's purpose and objectives in mind. The data may have been collected: By other researchers perhaps in the process of academic studies and could be available in journal articles or published theses. In the course of doing operations, that is information and



records published by an organization. More so the data may have been collected by institutions whose job is to collect data, for example, government, regional offices of statistics and information, media and professional bodies set up for the purpose of collecting data.

Secondary data for the purpose of this study was obtained from records of organizations in the humanitarian sector. This information includes Financial Statements, end of year reports and monthly management accounts and any other reports which might be relevant to this study are some of the sources for secondary data that are also reviewed in this study. The data was taken from reports before shifting and then after shifting from insourcing to outsourcing of distribution and transport functions for comparison purposes

### **3.6. Research Instruments**

Research instruments are data collection techniques which are used by the researcher in order to gather primary data from the field of study. The researcher used face to face interviews, telephone interviews and self-administered questionnaires.

#### **3.6.1. Face to Face Interviews**

This is a method of data collection method where the interviewer obtains responses from their subjects through direct questioning. This implies personal interaction between the researcher and the respondents. Cooper and Schindler, (2014) mention that interview is the primary data collection technique which vary based on the number of people involved. They further go on to say that interviewing requires skills which includes making respondents comfortable, probing for detail without intimidating the respondents, remaining neutral while encouraging the participant to talk openly, listening carefully and following a participant train of thought. Face to face interviews were used on both managerial and non-managerial staff that experienced insourcing and outsourcing of distribution and transport functions at UNICEF, Zimbabwe. Face to face interviews were used for respondents who mainly experience the shift from insourcing to outsourcing of transport and distribution functions like Engineers, Technicians and Human Resources practitioners on both managerial and non-managerial staff, as the researcher wanted to probe them to get a clear understanding of how they felt after shifting from insourcing to outsourcing and also clear doubts of any misunderstandings by adding other questions to clarify issues in order to get the best results. Also, the face to face interviews were used on respondents that were closer to the researcher. Managerial respondents also were interviewed after they were

given some questionnaires in order to get clearer issues they raised especially on decision making capabilities, expectations that were not met by outsourcing and post implementation challenges and how they felt these could be rectified. The researcher made appointment bookings with the management using the telephone and interviews were tape-recorded. The interviews were done at UNICEF, Zimbabwe head office in Harare and each interview was timed to around ten (10) minutes.

### **3.6.2. Self-administered Questionnaires**

Questionnaire is a type of a questionnaire that has been designed specifically to be completed without intervention of the researcher. There are a set of questions drafted in order to get the perspective of the respondent in relation to the research under study. Bishop (2015) states that likert type questions are best used when the researcher seeks to quantify the opinions of participants on issues that are different. Kyalo, (2015), in his research on evaluation of ERP in Kenya used questionnaires to gather primary data and he obtained great results from them. His research was on three public universities that were studied and were in different geographical locations and thus questionnaires were ideal. The questionnaires were used on all the respondents on the sample which includes managerial and non-managerial staff. The questionnaires remove the element of bias in the respondents. It will be anonymous thus that the respondents are more likely to proffer responses without fear but with more frankness. This brings more credibility and validity to the responses. Questionnaires were sent to all the respondents, both managerial and non-managerial for them to respond at their own time and without comparing notes. Some respondents would want to really take their time after work to respond to the questions without disturbances and hence questionnaires would be most ideal.

### **3.7. Validity**

“Validity is concerned with whether the findings are really about what they appear to be about,” Saunders et al (2009), for instance whether a relationship really is casual in nature. Robson (2002), also identified some threats to validity namely, history, testing, instrumentation, mortality and maturation. There are multiple validity measures such as construct, face, internal, external and content validity.

According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences based on research results. It comprises of the degree to which results obtained from

the data analysis represent the subject of the study. To ensure validity, accuracy of research data has been put into consideration to represent variables of the study.

In this case data that is validated will be data that is evaluated to be fit for use in the decision making and corroborated from various sources in the information system. The researcher's focus was to have data that has consistency, understandable and traceable to the system. It is actually data that has integrity. Validity was ensured through the use of the correct sample for the research under study. The correct sample was having the rightful people who are actually experiencing the results of shifting from insourcing to outsourcing of distribution and transport services as the samples.

### **3.8. Reliability**

According to Saunders et al (2009,) reliability “refers to the extent to which data collection techniques or analysis procedures will yield consistent findings.” Similarly, Easterby-Smith et al (2008) highlight that it is concerned with whether measures yield same results on different occasions, other researchers will reach similar observations and whether there is transparency in how sense is made from raw data. Creswell (2003), simply states that reliability is imperative for research. Robson (2002) posits that there are four threats to reliability, namely, subject/participant errors or bias and observer error or bias.

According to Mugenda and Mugenda (2003), reliability refers to the degree to which a research instrument yields consistent results or data after being used more than once. Reliability in research can be influenced by error. Reliability was ensured by using questionnaires and then later using interviews to obtain data from the same respondents so as to make sure that their responses are consistent. According to Walliman, (2001), reliability was assessed using the test–retest reliability method, by including similar items on the measure and tested a diverse sample of individuals.

### **3.9. Ethical Considerations**

According to Cooper and Schindler, (2014), ethics are norms or standards of behavior that guide moral choices about our behavior and relationships with others. The goal of ethics in research is to ensure that no-one is harmed or suffers adverse consequences from the research activities and it includes confidentiality and protecting the rights of the respondents among other issues.

The research was conducted in the researcher's organization (UNICEF) and as such ethical issues had to be considered. The researcher secured authority from management on the terms of reference for the research. A disclaimer statement and a confidentiality statement were given to the respondents and participants. To ensure transparency, official communication was made to the managers of various departments to ensure fluidity of information or any possible disruptions during this research.

### **3.10. Data Presentation**

The scope of the research focuses on an evaluation of shifting from outsourcing to insourcing of distribution and transport functions at UNICEF, Zimbabwe. The researcher used spreadsheets which are specialized type of database for data that need organizing, tabulating and simple statistics. Spreadsheets also offer some database management, graphics and presentation capabilities. Graphical and Chart presentations to analyze data were used and the qualitative analysis was for exploring the interpretative aspect and derived the trends on which the evaluation was based. This provided the basis for recommendations that the researcher presented.

### **3.11. Data Analysis**

According to Cooper and Schindler, (2014) data analysis usually involves reducing accumulated data to manageable size, developing summaries and looking for patterns. Researchers must interpret findings in light of the research questions or determine if the results are consistent with their hypotheses and theories.

Cooper and Schindler, (2014) go on to mention that data analysis involves the following stages which will be adopted by this study: Firstly, editing of raw data in order to detect errors and omissions and correct them where possible and then certifies that maximum data quality standards are achieved. Secondly, editor's purpose is to guarantee that data are accurate, consistent with intentions of the questions, uniformly entered, complete and arranged to simplify coding and tabulation. Coding involve assigning numbers or other symbols to answers so that the responses can be grouped into a limited number of categories. Both closed and open response questions should be coded. Finally, data entry converts information gathered by primary and secondary methods to a medium for viewing and manipulation.

### **3.12. Chapter Summary**

The chapter gave an outline of what approach was adopted in the research and the sources of data used and the data collection methods employed by the researcher. The chapter also outlined how the research was carried out in the research design. Research instruments were also highlighted and also how the data will be presented. Validity, reliability and ethical considerations were also highlighted. By following applicable research methodology, reliable and accurate data was collected from the participants of the research. This data was analysed to obtain meaningful information upon which recommendations would be made. The presentation and discussion of these results are contained in Chapter 4.

## CHAPTER 4

### DATA ANALYSIS, PRESENTATION AND INTERPRETITION

#### 4.1. Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results presented are on an evaluation of outsourcing of transport and distribution services at UNICEF, Zimbabwe. The data was gathered from questionnaires and interviews as the research instruments. The questionnaire was designed in tandem with the objectives of the study. To enhance the quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five-point Likerts scale.

*Table 2: Response rate*

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Responded	28	93
Not responded	2	7
<b>Total</b>	<b>30</b>	<b>100</b>

*Source: Researcher (2018)*

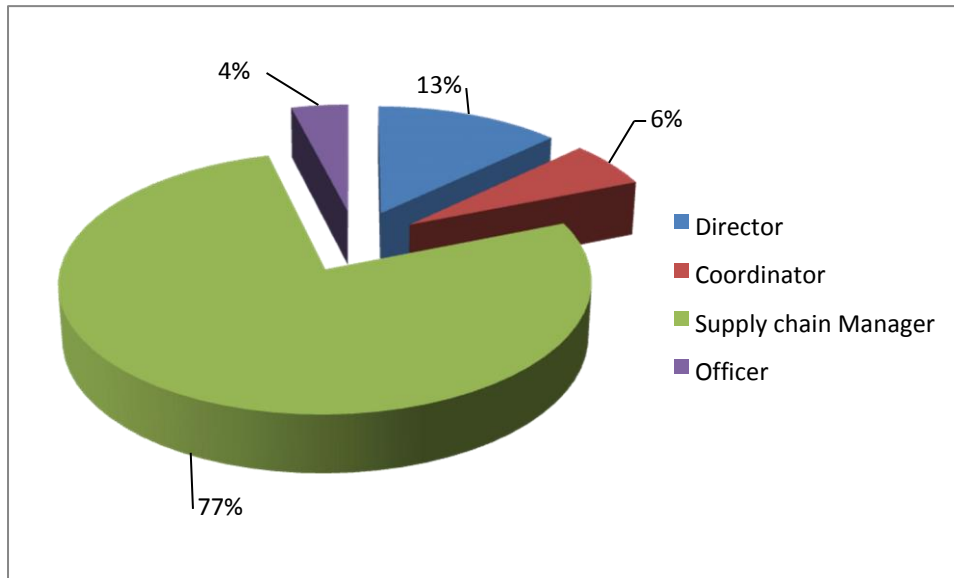
#### 4.2. General Demographics

##### 4.2.1. Position Held by the Respondent

The study aimed at evaluating the respondent's position at UNICEF, Zimbabwe. The findings as shown below:

Figure 4: Position held by the respondent

Position held by the Respondent



Source: Primary Data, 2018

According to figure 4, 77% of the respondents were supply chain managers, 13% were directors, 6% were coordinators while 4% were officers. This shows that the targeted departments were represented in the study.

*Table 3: Length of continuous service with UNICEF*

Number of Years	Frequency	Percentage
1to10 years	4	13
10 to 20 years	15	50
More than 21 years	11	38
<b>Total</b>	<b>30</b>	<b>100</b>

*Source: Primary Data, 2018*

According to Table 3, 50% who were the majority had worked for a period between 10 to 20 years, 38% had worked for a more than 21 years while 13% had worked for a period between 1 to 10 years. This shows that the respondents were conversant with UNICEF’s outsourcing strategies applied due to their experience under service.

### **4.3. The key drivers for outsourcing the logistics function**

The first objective of this study was to identify the key drivers for outsourcing the distribution and transport functions at UNICEF, Zimbabwe and the key question asked was: “What are some of the most imperative factors that were considered before making the decision to outsource?”

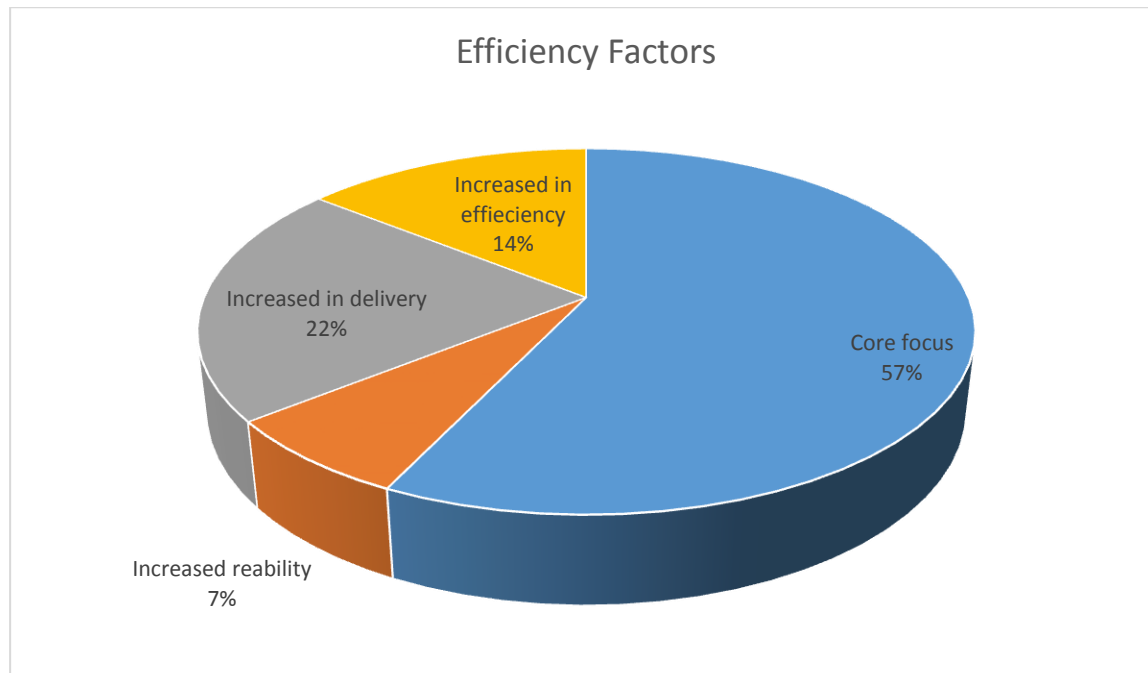
#### **4.3.1. Efficiency related factors**

From an efficiency perspective, almost all participants agreed that the most common reason for considering outsourcing was that they wanted to focus on their core business activity which was humanitarian intervention and children safety as evident in Table 4. Most agreed that outsourcing was a discipline on its own and was best served by a specialist. Others agreed that they wanted to increase quality and delivery which was seen as an extension of their services. This could be achieved by increasing the reliability of deliveries which in turn would promote efficiency in humanitarian intervention. Some respondents stated that their delivery network was limited by



the number of vehicles they owned. Nevertheless, by outsourcing, deliveries were possible to new areas not possible in the past.

Figure 5: Efficiency factors of outsourcing at UNICEF, Zimbabwe



Source: Primary Data, 2018

In addition to that some respondents believed that reductions in both headcount as well as costs in the logistics function were possible through outsourcing transport and distribution services. They agreed that this could be achieved by optimizing the function which was possible for example by using a proven routing and planning system. Some also indicated that costs could be reduced by savings gained from recruitment costs, transfer of the personal protection equipment (PPE) costs to the OSP, reduction of idle assets during off-peak periods, insurance and maintenance costs as examples.

#### 4.4. The influence of quality of service delivery on outsourcing decisions at UNICEF, Zimbabwe.

Table 4: Respondents' Perception on Service Delivery

Perception on quality of Service delivery	Frequency	Percentage
Service delivery has improved	13	45
Service delivery has remained the same	11	38
Service delivery has deteriorated	5	17
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Primary Data, 2018

A majority of the respondents in Table 4 (at 45%) are of the opinion that service delivery had really improved after the outsourcing of distribution and transport functions was introduced at UNICEF, Zimbabwe. This is an indication of the positive influence of the outsourcing of distribution at UNICEF, Zimbabwe.

#### 4.5. Outsourcing of Distribution and transport functions and institutional performance at UNICEF, Zimbabwe

Further, the study also sought to ascertain practices relating to outsourcing of transport and distribution functions at UNICEF, Zimbabwe and the respondents were given various statements to rate. The rating scale used was strongly agree (SA), agree (A), Not Sure (NS), disagree (DA), and strongly disagree (SDA). The results of the rating are provided for in table 6. below:

Table 5: Outsourcing of transport and distribution functions at UNICEF, Zimbabwe

Statements	SA	A	NS	DA	SDA
Outsourcing transport functions has provided the organization with opportunities to add more experts to its resource pool	3	24	16	5	0
Outsourcing leads to improved assurance of services	0	14	11	15	8
Improving service delivery is one of the most imperative reasons for outsourcing at the organization	5	14	12	12	5
There has been a significant reduction of expenditures in the organization as a result of outsourcing human resource functions	6	22	7	9	4
The level of employee productivity at the organization has improved as a result of outsourcing	13	30	0	5	0

Source: Primary Data, 2018

Additionally, results from the interviews showed that experts were added to the organization when staffing projects. This, according to the interview respondents was done by outsourcing transport personnel with specific skills and expertise which improved innovation at the UNICEF, Zimbabwe. In addition to that, the interview respondents noted that the fact that competent personnel and transport firms are the ones usually outsourced had led to improved reliability and responsiveness as well as assurance of services which in turn led to improved service delivery by UNICEF, Zimbabwe during emergence relief.

The interview respondents were also in agreement that outsourcing of transport human resource functions had increased employee productivity. The respondents explained that the incentives provided for staff welfare like outsourcing medical service providers, fuel service providers and catering services at the organization enabled them to be more productive. Nevertheless, some of the respondents argued that as much as there was improved employee productivity as a result of outsourcing transport human resource functions, there was a tendency of the employees becoming lazy and unwilling to learn as they expected the outsourced service providers to complete the work without any assistance. This then resulted into lack of accountability and poor team work.

#### **4.6. Outsourcing of Transport and Distribution services at UNICEF, Zimbabwe**

The study aimed at evaluating whether UNICEF, Zimbabwe outsourced transport and distribution functions.

*Table 6: UNICEF outsourced transport and distribution services*

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
YES		79
NO		21
<b>Total</b>		<b>100</b>

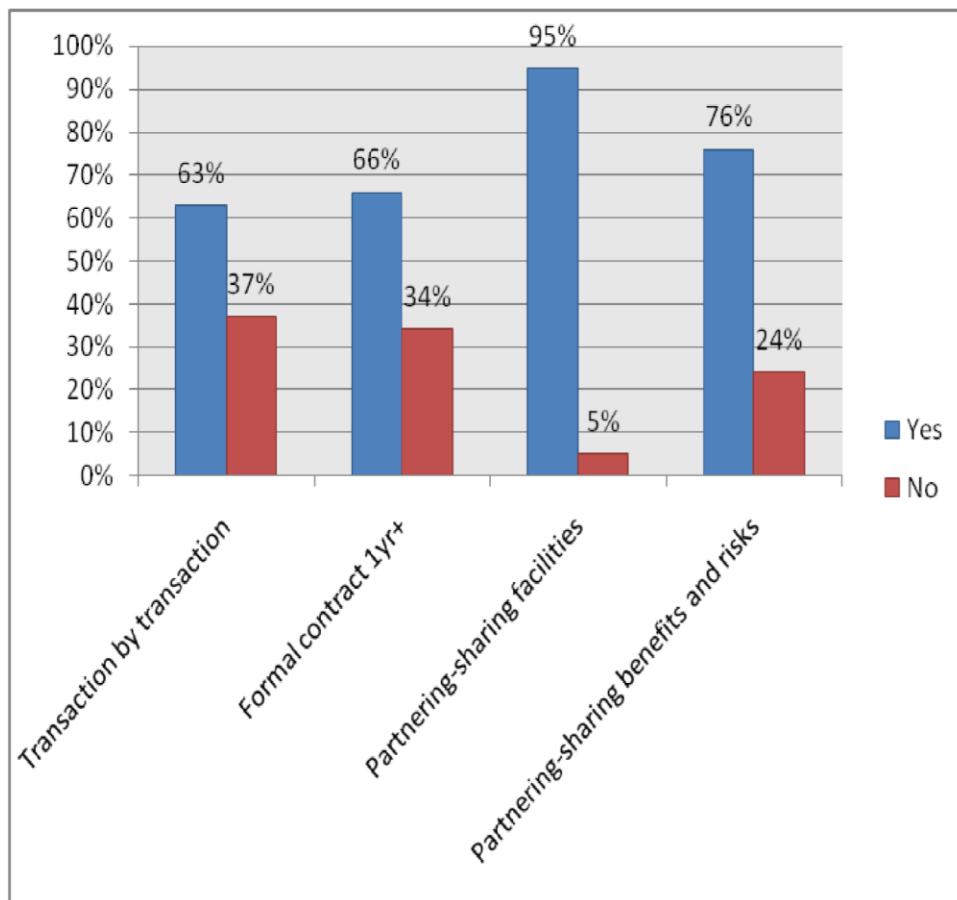
**Source: Researcher (2018)**

According to Table 6, 79% who were the majority were in agreement that UNICEF outsourced transport services while 21% were of the contrary opinion.

#### 4.6.1 Types of Agreements Entered with Transport Logistics Providers by UNICEF, Zimbabwe

Figure 7, shows the level of respondent's agreement on the types of agreements entered in with the transport logistics providers by UNICEF, Zimbabwe.

Figure 6: Types of agreements entered into with transport logistics providers



**Source: Researcher (2018)**

According to the findings 95% of the respondents were in agreement that UNICEF ensured partnering-sharing facilities, 76% were in agreement that they partnering/sharing of benefits and risks, 66% who were in agreement that they ensured formal contracts 1yr+ and 63% who were were in agreement that they ensured transaction by transaction approach.

#### 4.7. Reasons for Outsourcing Transport and Distribution Services

Main reasons for outsourcing transport were evaluated and tabulated below;

*Table 7: Reasons for outsourcing transport according to respondents*

<b>Outsourcing reasons</b>	<b>Frequency</b>	<b>Percentage</b>
Improve customer services	14	50
Pressure to cut costs	5	18
Lack of internal expertise	3	10.7
Increase flexibility	3	10.7
Reduce risks	3	10.7

**Source: Researcher (2018)**

According to Table 7, outsourcing transport was done to improve customer service to a great extent (50%), outsourcing transport was due to pressure to cut costs to a great extent (18%), outsourcing transport was to reduce risks to a great extent (3%) nevertheless outsourcing transport was due to lack of internal expertise to a low extent (3%).

##### 4.7.1 Transport Services Outsourced

Transport services outsourced were evaluated on how they improved the organizations performance. Table 9 shows the results;

*Table 8: Transport services outsourced*

<b>Statements</b>	<b>Frequency</b>	<b>Percentage</b>
Transport scheduling has improved	6	21.4
Route optimization has been achieved	3	11
Fleet tracking tools have increased vehicle visibility	5	17.8
The organisations deliver products and other commodities to where they are required during	14	50

emergencies in time

**Total**

**28**

**100**

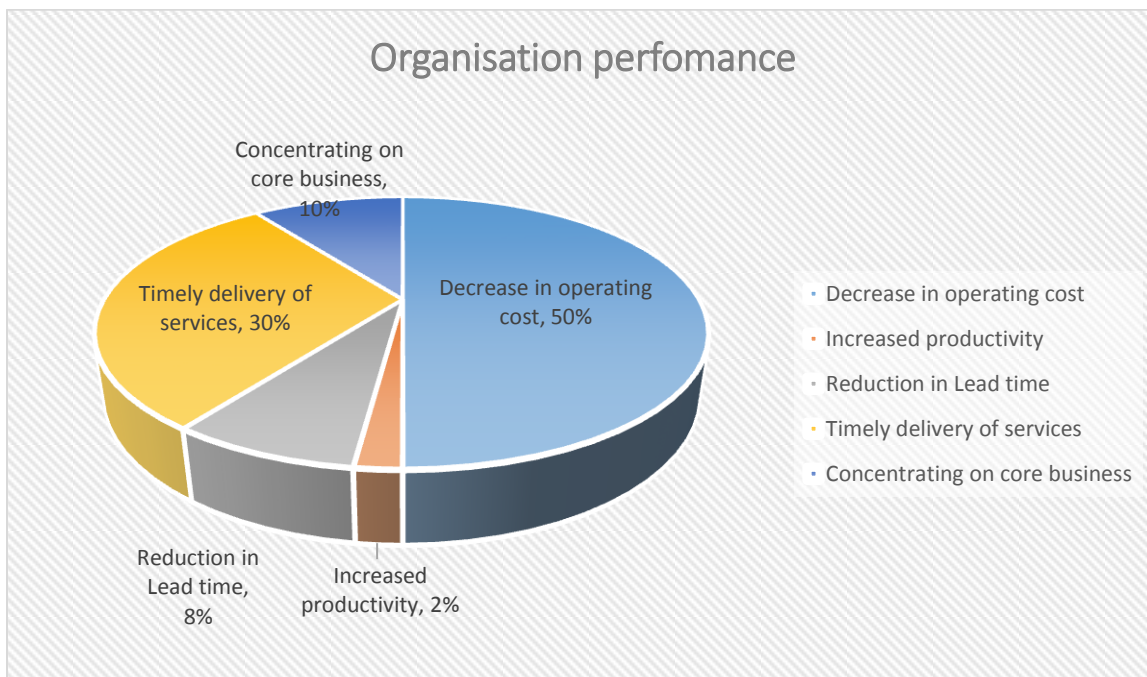
**Source: Researcher (2018)**

According to the findings 50% of the respondents highlighted that transport outsourcing ensured that UNICEF, Zimbabwe delivered products and other commodities to where they were required during emergencies in time to a great extent transport scheduling was improved to a great extent fleet tracking tools increased vehicle visibility to a great extent and route optimization had been achieved to a great extent.

#### 4.8. Organization Performance

Respondents were asked to state the extent to which they agreed on statements concerning the organizations performance in relation to the outsourced practices they adapted. The results are shown on Figure 8.

*Figure 7: Organization performance*



**Source: Researcher (2018)**

According to the findings above, the study on overall success on the mandate assigned was achieved to a great extent, the outsourcing practice led to a decrease in operating costs to a great extent as shown by 50% of the respondents, outsourcing enabled faster response to customer demands to a great extent, the outsourcing practice enabled the organization concentrate on its core business to a great extent, outsourcing made the organization achieve timely delivery of services to clients to a great extent, outsourcing led to an increased productivity to a great extent while outsourcing led to a reduction in lead time to a great extent.

#### 4.9. Benefits of Outsourcing

*Table 9: Respondents' Perceived Benefits of Outsourcing*

<b>PERCEIVED BENEFIT</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
To cut operational costs	5	17
To focus on core activities	6	20
To improve service delivery	4.8	16
To develop internal staff	4	13
To embrace technology	3.3	11
To get rid of employees	2.7	9
To comply with donor requirements	4	14
<b>Total</b>	<b>30</b>	<b>100</b>

Respondents were asked to indicate, in their own opinion, the perceived benefits that outsourcing has brought at UNICEF, Zimbabwe. In Table 9, those with the opinion that UNICEF, Zimbabwe benefited immensely by focusing on its core activities stood at 6 respondents at 20%, followed



by those that thought it enabled UNICEF, Zimbabwe to cut costs with 5 respondents at 17%, improved service delivery with 4.8 respondents at 16%, compliance to donor requirements with 4 respondents at 14%, development of internal staff with 4 respondents at 13%, and getting rid of employees with 2.7 respondents at 9%. This is an indication that outsourcing of transport and distribution services has really benefited UNICEF, Zimbabwe in its day-to-day operations.

#### **4.10. Discussion of the Findings of the Study**

This study derived the following findings:

The outsourcing function has to be understood very well for it to have a positive influence on the way an organization runs its operations. There are many factors to consider before settling for an outsourcing firm: service quality, cost, experience and specialty, what competitors have done in the industry, among other factors. The study found out that planning the negotiation process is essential if the objectives are to be met successfully. Failure to plan properly leads to poorly formulated objectives and inappropriate negotiating styles and tactics. Negotiations always take place in a context. If negotiations with suppliers are frequent and on-going, a pool of skilled negotiators is developed (Wells, 2006). It is imperative for UNICEF to request for tenders from qualified transport and distribution service providers so as to save on the outsourcing process as well as get a quality service from a competent service provider, investigate the service provider to learn about the qualifications of their staff, commitment to training, compensation packages, and employee retention. All of these factors can be very imperative, as quality services are dependent upon the skills of the people performing the services. Take time and visit the company to learn more about their operations. Nevertheless, the UNICEF management must be careful because of risks and threats associated with outsourcing which must thus be managed, to achieve maximum benefits. The study found out that it is also imperative for UNICEF to probe the performance of the particular 3PL before it agrees to outsource its function to the 3PL. This can be done through the other 3PL's current and past customers, a visit or visits to the said 3PL, the expertise of its staff, its competitors, industry practice and available websites. UNICEF management should not leave the outsourcing function entirely to the 3PL. There is a need for UNICEF, Zimbabwe to keep monitoring how the outsourced function is run since it directly affects the operations.

The study suggests that the main reason to objection to outsourcing is the fear of UNICEF to lose competitive advantage, loss of skills and expertise, insufficient internal investment, and the passing of knowledge and expertise to the supplier. According to Lysons and Farrington (2006), the problems reported in relation to outsourced suppliers include high staff turnover, poor project management skills, lack of commitment, shallow expertise, insufficient documentation, lack of control, poor staff training, complacency over time, divergent interests of the organization, customers and supplier, and cultural mismatches between the organization and suppliers. To avoid resistance, the outsourcing of transport and distribution function should be done with the involvement of all the stakeholders to minimize resistance and be introduced in phases in order not to disrupt significantly the way things are done traditionally at UNICEF, Zimbabwe, otherwise stakeholders may find it hard to cope with the outsourcing process.

For outsourcing to produce the desired results, it's essential for UNICEF management to align its organizational culture to be receptive to change. Lacity and Hirscheim (1995) point out that outsourcing cannot work well where there's lack of a specific or unique knowledge the business requires, where all services are customized and where the employee culture is too fragmented or hostile to change. Culture is a very strong driver of strategy. Organizations can be so easily entangled in their culture that the management finds it hard to align to their strategies outside that of the culture (Johnson, et al, 2008). , it is imperative to pilot test or simulate the quality and responsiveness of the service before formally accepting it and allowing it to go on so as to give the employees enough time to adjust and get acquainted to the new system.

UNICEF should invite legal opinion of the outsourcing contract before putting pen to it so as to avoid legal disputes arising later in the course of effecting the outsourcing function. The outsourcing contract must be very well articulated to include all the activities in the outsourcing process to evaluate contract compliance and performance. To avoid misunderstandings, suspicions and unnecessary costs, the contract must be carefully documented and managed. The organization should seek proper legal advice in drafting the contract. Contracts should never be drafted under duress or undue influence (Elliot, 2006).

UNICEF management has formed a partnership with the service provider to be kept abreast with the goings-on in the execution of the said outsourcing function. This has enabled the outsourcing process to sail on smoothly. Outsourcing has also helped UNICEF to be increasingly flexible by

increasing the speed of critical processes for example, in reducing the lead time to ensure that relief food reaches the needy in time.

UNICEF has adequately managed its contractors. The signing of the contract should not be seen as the end process. It is imperative to continue to monitor, appraise, evaluate and control the contractor to ensure quality service delivery is achieved to complement the organization's overall objectives. Usually, a manager from the organization is nominated to be responsible for contract management, to ensure that cost and service targets are met, and to develop and identify opportunities and initiatives for continuous service improvement. The nominated manager brings both focus and accountability to the outsourcing process, as well as acting as the interface with the contractor for regular reviews and communication. The safest way to achieve organizational objectives is to follow a clearly defined process of contractor selection process. This is the only way to ascertain that all imperative aspects in the outsourcing contract are covered. The outsourcing process should be considered as a partnership (Rushton et al, 2006) Outsourcing of transport and distribution services has helped UNICEF to have free enough time to concentrate on its core issues for which it was established as this has improved the quality of the service provision to improve the quality of life as suggested.

#### **4.11. Chapter Summary**

This chapter presented the data obtained from the 30 interviews and questionnaires that were conducted with supply chain specialists from UNICEF, Zimbabwe. The results were analyzed and presented in different formats such as discussions, tables and graphs. The presentation of results was grouped according to each of the objectives. Major and minor themes were identified and the discussion pivoted around these themes. Further, some shortcomings in outsourcing have been identified such as an exit strategy, and the advantages/disadvantages of using multiple suppliers. Chapter 5 will then present the recommendations for humanitarian organizations and UNICEF, Zimbabwe in particular considering the outsourcing initiative.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0. Introduction

This chapter provides the summary of the findings from chapter four, and also gives the conclusions based on the objectives of the study. The researchers then present the recommendations for both the research and for policy and practice.

#### 5.1. Summary of the Findings of the Study

The study sought to evaluate the shift from insourcing to outsourcing of transport and distribution services, the case of UNICEF, Zimbabwe.

Chapter one of the study discussed the background of the study, the problem statement, research objectives, research questions, significance of the study, assumptions and the scope of the study.

Chapter two reviews several studies that were previously carried out on the topic. It looks at the general overview of issues in outsourcing, the concept of outsourcing, outsourcing and resource utilization, outsourcing and quality of service delivery, outsourcing and organizational performance, theoretical framework, summary of the study and gaps to be filled in the study.

Chapter three consists of the study methodology details, such as research design, details of the target population, sample size and sampling procedures, data collection instruments, validity of research instruments, reliability of research instruments, data collection procedures, data analysis techniques, ethical considerations.

Chapter four presents the results of the data collected, with further discussion on the study findings. It further analyzes both qualitative and quantitative data that corresponds with the questions found on the questionnaires and interviews. Figures and tables derived from the findings of the study are also presented.

Chapter five looks at the summary of the study and draws conclusions based on the findings, further making recommendations based on the conclusions in the study. The study makes suggestions for further research.

## **5.2. Conclusion**

### **5.2.1. The key drivers for outsourcing the logistics functions at UNICEF Zimbabwe**

The study found out that the majority of the participants agreed that the most common reason for considering outsourcing was that they wanted to focus on their core business activity which was humanitarian intervention and children safety. Most respondents agreed that outsourcing was a discipline on its own and was best served by a specialist. Others agreed that they wanted to increase quality and delivery which was seen as an extension of their services. 14 % of the respondents were of the view that increased in efficiency is the motivation for outsourcing, 22% were of the view that the rationale behind outsourcing is to increase service delivery and 57% who constituted the majority were of the view that the motivation for outsourcing is the need for an organization to focus on its core focus.

### **5.2.2. The influence of outsourcing distribution and transport functions on the performance of UNICEF in Zimbabwe**

According to the findings 50% of the respondents highlighted that transport outsourcing ensured that UNICEF, Zimbabwe delivered products and other commodities to where they were required during humanitarian emergencies and to a great extent transport scheduling was improved great fleet tracking tools increased vehicle visibility and route optimization had been achieved to a great extent. The outsourcing of transport and distribution services led to a decrease in operating costs and enabled faster response to humanitarian emergence relief. The outsourcing practice enabled UNICEF, Zimbabwe to concentrate on its core business and outsourcing made the organization achieve timely delivery of services to clients.

### **5.2.3. The influence of quality of service delivery on outsourcing decisions at UNICEF in Zimbabwe**

A majority of the respondents of 45% agreed that service delivery had really improved after the outsourcing of distribution and transport functions was introduced at UNICEF, Zimbabwe. This is an indication of the positive influence of the outsourcing of distribution at UNICEF, Zimbabwe. Outsourcing transport was to improve effective service delivery during humanitarian emergence while outsourcing transport function was to increase flexibility. Transport outsourcing ensured UNICEF delivered products and other commodities to where they were

required during emergencies in time to and route optimization had been achieved to a great extent.

#### **5.2.4. The benefits associated with outsourcing logistics**

Respondents were asked to indicate, in their own opinion, the perceived benefits that outsourcing has brought at UNICEF, Zimbabwe. The study found out that those with the opinion that UNICEF, Zimbabwe benefited immensely by focusing on its core activities stood at 20%, followed by those that thought it enabled UNICEF, Zimbabwe to cut costs with 17%, improved service delivery at 16%, compliance to donor requirements at 14%, development of internal staff respondents at 13%, and getting rid of employees at 9%. This is an indication that outsourcing of transport and distribution services has really benefited UNICEF, Zimbabwe in its day-to-day operations.

Managing outsourcing requires an understanding of outsourcing strategy, the benefits and risks of outsourcing, the evaluation process, and the methods to managing outsourcing providers. With appropriate management, strategic outsourcing should provide a viable strategy for controlling costs and maintaining quality service. In order to boost growth, productivity and competitiveness, transport human resource outsourcing is the key. It concentrates in major areas such as partner with specialists to augment innovation, increasing the aptitude to concentrate on core competencies and speed time in service delivery.

The study found that majority of the respondents, appreciate the outsourcing of distribution and transport systems. The findings affirmed that, the benefit of outsourcing transport and distribution functions affect the overall performance of an organization. The results established that UNICEF was outsourcing transportation and distribution services. UNICEF outsource these services due to their advantages and possible influence on organizational performance, thus enabling the organization to focus on its core competencies. The study also established a significant relationship between performance of UNICEF, Zimbabwe and the independent variables.

## **5.4. Recommendations**

### **5.4.1. Key drivers of outsourcing**

Outsourcing at UNICEF has led to organisation effectiveness and efficiency. The quality of the projects has improved and the management has had to concentrate on ways to improve the living standards of the people they serve. The management has reduced costs in their internal project processes. Outsourcing has enabled the UNICEF management to be innovative in the way it formulates and implements its projects. It enabled UNICEF to serve its stakeholders in an efficient and effective manner.

The outsourcing function, in its entirety, should help UNICEF to serve the community better. It should also assist UNICEF to free itself of the time to deal with the core functions for which they were created. It is recommended that for UNICEF to serve humanity in a way to have maximum impact in the society they serve, they should strongly consider outsourcing their non-core activities to concentrate on improving the quality of their services (Bettis 2011).

### **5.4.2. The influence of outsourcing distribution and transport functions on the performance of UNICEF, Zimbabwe**

The study recommends that UNICEF, Zimbabwe should endeavour to fully understand the risks involved in outsourcing of transport and distribution services as a means of enabling an organisation to come up with strategies aimed at improving the overall performance of the organisation (Bettis, 2011).

### **5.4.3. The influence of quality of service delivery on outsourcing decisions at UNICEF Zimbabwe.**

The outsourcing function should enable UNICEF, Zimbabwe to concentrate on its core activities. By this, UNICEF will have the time to improve the quality of products and services so as to satisfy the community in which it exists and serves. Since outsourcing, UNICEF Zimbabwe has improved on the way it serves the community during humanitarian emergence intervention. Outsourcing should lead to the improved quality of service delivery. It is thus vital that UNICEF, Zimbabwe to have free adequate time to concentrate on their core issues for which they were established as this improves the quality of the service provision (Czinkota and Roinkanen, 2007).

#### **5.4.4. The benefits associated with outsourcing logistics functions**

The study showed that transport services outsourcing resulted in improve customer service and increase flexibility. The outsourcing practices being adopted by UNICEF resulted in increased productivity, organizational effectiveness, continuous improvement, improved quality and improved quality of work life and thus outsourcing of these processes was an ideal solution that helped to increase the organizations performance. At the same time, outsourcing resulted in decreased operating costs, improved customer satisfaction, increased productivity, timely delivery of services to clients, and reduced lead time and improved profits and faster response to demands in service delivery. This would spur the performance of organization as it would enable it to concentrate on the basic activities (core competence) and use best methods and experiences.

The study recommends the creation of office of outsourcing management at UNICEF, Zimbabwe. This office will integrate and co-ordinate activities that align the functions of the outsourcing firms and departmental units. The office will synchronize the various planning and control process which operate differently. In addition, the office will ensure that all the planning, execution and feedback components are in place and linked together. This office too, will guide the diverse range of existing processes, including financial management, strategy, communication, HR planning, performance management effectively (Gupta and Gupta, 1992; Laabs, 1993; Elmuti, 2003).

#### **5.5. Suggestions for Further Research**

Lastly, future research could employ a larger sample involving different sectors. These future studies may also want to involve key respondents from suppliers that may have provided outsourced goods and or services. It would be interesting to compare and contrast viewpoints of both service recipients and suppliers and in so doing, may provide insights into the basis for the phenomenon examined by this research that is otherwise unavailable at this time.



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## APPENDIX 1

### QUESTIONNAIRE

My name is Mr Freddie Mukwekwe. I am conducting a research entitled “Evaluation of a shift from insourcing to outsourcing the transport and distribution function for emergency humanitarian

response. The case study of UNICEF Zimbabwe. I guarantee that your responses will not be divulged to anyone and shall remain anonymous. Information gathered is strictly for academic use only.

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### INSTRUCTIONS

Tick on the appropriate responses on the squares provided in the questionnaire and responses to the questions should be written in the spaces provided.

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### SECTION A- DEMOGRAPHIC DATA





1. What is your level of occupation?

General Staff	Supervisory	Management	Executive

2. Gender:

Male  Female 

3. Age group

Under 20 years  21 to 30 years  31 to 40 Years   
 41 to 50 years  51 to 60 years  above 60 years 

4. What percentage of your funding goes to logistics outsourcing activities?

Less than 50% [ ] More than 50% [ ]

5. Highest Educational Qualification:

O' Level  A' Level  Diploma  Degree  Masters  Others(specify)

6. Length of service with UNICEF Zimbabwe      
 Less than 5 years 6 to 10 years 11 to 15 years 16 to and above

**Section B: Outsourcing Services at UNICEF**

7. Please indicate whether your organization has outsourced the following logistics services/activities. Tick where appropriate between YES and NO.

Outsourced services	Yes	No
Inventory management services		
Transport and distribution services		
Material handling services		
Information flow management services		

Warehousing management services		
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8. Does your organization outsource transport?

Yes [ ]      No [ ]

9. If yes above (14), what are the types of agreements entered in with your transport logistics providers?

	Yes	No
Transaction by transaction		
Formal contract 1yr+		
Partnering-sharing facilities		
Partnering-sharing benefits and risks		

10. What were your main reasons for outsourcing transport and distribution services? (Use the scale 1= Very low Extent; 2= Low extent; 3=moderately; 4=Great extend; 5=very great extend)

	1	2	3	4	5
Improve customer service					
Pressure to cut costs					
Lack of internal expertise					
Increase flexibility					
Reduce risks					

11. To what extent do you agree with the following statements? (Use the scale 1= Very low Extent; 2= Low extent; 3=Moderately; 4=Great extend; 5=very great extend)

	1	2	3	4	5
Transport scheduling has improved					
Route optimization has been achieved					
Fleet tracking tools have increased vehicle visibility					
The organisations delivers products and other commodities to where they are required during emergencies in time					

***Section C: This section seeks to assess the impact of outsourcing logistics on UNICEF's responds to emergencies.***

12. Please indicate the the extent to which you agree or disagree on each of the impact of outsourcing logistics on UNICEF's responds to emergencies.

Activities	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a. Outsourcing logistics delays response on emergencies					
b. Outsourcing logistics does not prioritise humanitarian organisations					
c. Outsourcing logistics batch deliveries for various organisation than one firm					
d. Outsourcing logistics requires lead time before deliveries					
e. Outsourcing logistics are cost sensitive than urgencies of Humanitarian firms					
f. Outsourcing logistics lengthens the procurement process					

13. Please indicate the extent to which you agree or disagree on the following significance of emergence response by outsourced logistics on UNICEF, Zimbabwe.

Activities	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1) UNICEF, offer emergence treatment to injured people					
2) UNICEF is there to save lives of people in a disaster					
3) UNICEF is there to provide basic food and shelter to people involved in a disaster					
4) UNICEF is there to vacate people into areas of safety					
5) UNICEF is there to rescue people in a life threatening situation					



**Section D: This section seeks to ascertain the benefits of outsourcing logistics**

13. State the extent to which you agree with the following statements concerning your organizations performance in relation to the outsourced practices you have adapted. (Use the scale 1= Very low Extent; 2= Low extent; 3=moderately; 4=Great extend; 5=very great extend)

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The outsourcing practice has led to a decrease in operating costs					
It has led to an increased productivity					
It has led to a reduction in lead time					
It has made the organization achieve timely delivery of services to clients					
As a result of logistics outsourcing the organization profits has improved					
The practice has enabled the organization concentrate on its core business					
It has enabled faster response to customer demands					
Overall success on the mandate assigned					

14. Please indicate the the extent to which you agree or disagree on the benefits of outsourcing logistics

Activities	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1) Outsourcing logistics saves transport cost of a humanitarian organisation					
2) Outsourcing logistics enables a firm to have access to logistics skills they don't have					
3) Outsourcing logistics passes the delivery risk to a third part					
4) Outsourcing logistics are internationally connected					
5) Outsourcing logistics enables the organisation to concentrate on other core issues than just transport issues.					

**Section E: This section seeks to examine the problems or challenges of outsourcing logistics**

15. Please indicate the the extent to which you agree or disagree on the benefits of outsourcing logistics

Activities	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1) Outsourcing logistics is affected by legal frameworks of different countries					
2) Outsourcing logistics is affected by cultural factors of countries					
3) Outsourcing logistics is affected by government taxes					
4) Outsourcing logistics is affected by road networking					
5) Outsourcing logistics is affected by lack of skills on the delivering firm					

Which other areas not covered in this questionnaire do you suggest for improvement on the impact of outsourcing on humanitarian organisations’ ability to respond to emergencies.

.....

**End of Questionnaire- Thank you for your time and participation**

## APPENDIX 2

### Interview Guide for Interviewees

The following questions were drawn by the interviewer to ask the respondents. These questions assisted the researcher to know how the respondents view outsourcing at UNICEF.

1. What are the various measures put in place in case of a disaster?
2. What are the organizational changes/shifts pertaining to outsourcing of transport and distribution services?
3. What is the level of outsourcing awareness in the organization?
4. How fast is UNICEF in emergence response?
5. What are the employees' fears in relation to outsourcing of distribution and transport services?
6. How best can the fear be handled?
7. What are, in your opinion, the advantages of outsourcing of distribution and transport services?
8. How best can outsourcing be handled?
9. How supportive is the management?
10. What, in your opinion, are the best strategies to be used?
11. How best can they be used?
12. Any additional suggestion(s)?
13. What are your main reasons for outsourcing transport?
14. What is the impact of outsourcing to the performance of UNICEF?
15. Do you have any other imperative information you would want me to know?