

Abstract

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Significant Risks Associated with Logistics Management Outsourcing of Industrial and Service Companies in Egypt

Purpose – This study attempts to identify and list the risks associated with outsourcing process for logistics management in Egypt. Then, categorize these risks into a smaller number of groups, and identify the risks related to each category. Afterthought, assess the identified risks in terms of probability of occurrence and consequences to identify the significant risks associated with outsourcing process for logistics management. Finally, identify the root causes of the significant risks using 80-20 rule in order to choose the appropriate response of the risks.

Design/methodology/approach – A multiple-case study research strategy was used to conduct risk assessment. The case studies were belonged to different industrial sectors: automotive, cement, plastic, electrical and electronic, chemicals, food and beverages and clothes industries. In order to identify the significant risks associated with outsourcing of logistics in the different cases, 20 semi-structured interviews were conducted with executives who responsible for outsourcing the logistics process in procurement, logistics departments involving the administration of risk assessment sheet was adopted. **Findings** – Findings from the study reveal that the significant risks associated with logistics outsourcing are the damage of goods due to traffic accidents and poor conditions of storing and accidents due to transportation due to sleeping of drivers during driving. Also, the risks that need more attention are decline of service quality due to poor procedures, accidents during transportation and Information systems failure due to power shut down that frequently occurred due to lack of energy sources in Egypt. **Research limitations** – This study is limited to the logistics outsourcing as a supportive business process limited to 20 case studies. Consequently, this study suggests more investigation in the core processes outsourcing. Also, it has opened up opportunities for more research on different sourcing strategies for logistics management to avoid the difference types of risks.

Originality/value – The main contribution of this research is strengthening the existing theories on outsourcing risks.