THE EFFECT OF LOGISTICS OUTSOURCING ON OPERATIONAL EFFICIENCY IN UGANDA'S MANUFACTURING SECTOR: A CASE STUDY OF NILE BREWERIES LIMITED

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UGANDA CHRISTIAN UNIVERSITY
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DECLARATION

I, Luanda Samuel, hereby declare that this dissertation titled "The effect of logistics outsourcing on operational efficiency in Uganda's manufacturing sector. A case study of Nile breweries limited

" is my original work and never been submitted to any academic institution for any award. Sign:………………………..……..…… Date: 14th, May 2026 ……………………… Luanda Samuel STUDENT NO: M23B12/107

APPROVAL PAGE

I hereby certify that the research report titled, " The Effect of logistics Outsourcing on Organizational Performance in Uganda's Manufacturing Sector " has been submitted by Luanda Samuel of Reg. NO. M23B12/107 for examination with my full approval as the university supervisor.

Sign... Date.....20/4/2026.....................................

Mrs. Comfort Tumuhamye

DEDICATION

I dedicate this research report to my lovely brother Abel, and to my dear parents, who have greatly supported me physically, financially, and with great encouragement, love, and care throughout this research. May God abundantly reward their efforts. I also dedicate this work to my supervisor, Mrs. Tumuhamye Comfort, who guided me through data collection, analysis, and presentation of results, which yielded these findings. Thank you, and may God reward your efforts.

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LIST OF ACRONYMS

3PL	–Third-Party Logistics
AB InBev	– Anheuser-Busch InBev (parent company of Nile Breweries)
GDP	– Gross Domestic Product
NBL	– Nile Breweries Limited
SLA	– Service-Level Agreement
UBOS	– Uganda Bureau of Statistics
UNCTAD	– United Nations Conference on Trade and Development
KPI	– Key Performance Indicator

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ABSTRACT

This study examined the impact of logistics outsourcing on operational efficiency of manufacturing industry in Uganda, focusing on Nile Breweries Limited. Indeed, as Christopher (2016) notes, it is evident that logistics outsourcing will be significant for manufacturing firms in operational performance improvement, cost reduction, and supply chain responsiveness.

The study considered the following: first, the review of logistics costs and delivery time in outsourcing; the second, the examination of views of the key respondents on outsourcing; and third, the evaluation of operational efficiency in outsourcing. In conducting the research, a case study using mixed methods of research, both quantitative and qualitative, was adopted.

Data on logistics costs and delivery times were collected and analyzed for the period after outsourcing. Qualitative data were collected using semi-structured interviews with selected key personnel drawn from Logistics/Supply chain, Operations, Finance, Procurement, Sales and Packaging. The population was 23 staff members, and the sample size of 22 respondents was arrived at using Yamane's formula with 5% level of precision. The team conducted a pilot test to ascertain the appropriateness of the data collection instruments with expert review to ensure the reliability and content validity of the questionnaire.

This study found that outsourced logistics reduce delivery times and result in cost savings for companies. However, it is less effective when conducted as a series of simple transactional agreements rather than a joint venture. According to Lambert and Cooper (2000), a jointure venture encourages communication and facilitates developing long-term relationships.

Indeed, the respondents generally felt that they had experienced better on-time deliveries and lower costs. However, they also cited increased coordination complexity and service glitches. The interviews brought one central theme to light: outsourcing will only be effective when it is subject to a high level of managerial attention and continuous performance monitoring.

The three-legged approach of managing partnerships well, building capacity, and monitoring performance has proven to be the key to the success of outsourcing. The lesson to be learned from these companies is that manufacturing organizations must form partnerships through collaborative outsourcing, with a close eye.

CHAPTER ONE

1.0. INTRODUCTION

This chapter highlighted the main problem to be addressed in the study and the exact focus of the study. It also described the research's purposes and objectives, as well as the reasons for its conduct. The significance of this research was stressed, as is its extent, while any constraints and boundaries that form the general framework of the investigation are acknowledged.

1.1. BACKGROUND OF THE STUDY

Effective logistics management at the firm level has become a sine qua non in the new international business setting. With the continuous efforts toward improving customer satisfaction, reducing operating costs, and responding to environmental changes, companies now find it necessary to develop integrated logistics systems across borders.

The World Bank Logistics Performance Index has demonstrated, for example, that countries with relatively higher levels of logistics development consistently outperform others regarding trade and industrial development. Out of all strategies that may be pursued in this respect, one of the most widely employed has been third-party logistics outsourcing.

Langley (2020) has reported that more than 90% of U.S. Fortune 500 companies outsource at least one logistics functions, transportation and warehousing being the most common to achieve leaner organizations and concentrate on their core businesses.

However, these practices are not unique to developed economies, several emerging economies have also benefited from outsourcing in their logistics functions, including China and India, in improving delivery reliability and reducing costs. According to Liu and Wang (2019), similar benefits accrue in Africa. For instance, in South Africa and Kenya, outsourcing allowed companies to surmount structural problems and attain supply chain agility (Adeleke, 2018; Wanjiru & Karuiki, 2020).

In this regard, Uganda's manufacturing sector has been expanding and now accounts for about 16% of GDP and employs thousands (UBOS, 2021). While it suggests expansion, it also points to logistic problems that persist in this sector.

One of the leading manufacturers in this sector is Nile Breweries Limited (NBL), established in 1951 and now a subsidiary of ABlnBev. Among others, NBL manufacturers Nile Special, Club Pilsener, and Bell Lager at its plants in Jinja and Mbarara, which are then distributed countrywide.

Therefore, logistics in NBL has to be effective both on the inbound side, where the raw materials, including barley, sorghum, and packaging materials, are required, and on the distribution side, which involves wholesalers, distributors, and retail shops throughout Uganda. This is where NBL, like many other manufacturing companies, has been outsourcing its logistics functions, primarily transport and distribution.

However, their impact on operational performance particularly on costs, delivery, and service reliability has not been explored. This will be of interest to NBL and other similar manufacturing companies that are involved in the distribution.

1.2. STATEMENT OF THE PROBLEM

Operational efficiency is one of the most important key to create competitive advantage in today's world. For many companies such as Nile Breweries Limited, the use of third-party logistics (TPL) services for transportation, warehousing and distribution is growing in use. In simple terms, this means they seek to reduce operating costs and improve delivery performance so that top managers focus on their core business areas, such as brewing.

However, outsourcing involves certain risks: while it may enhance efficiency, it may also result in hidden coordination costs and a loss of managerial control as service providers become part of the supply chain (Kumar & Kumar, 2021). For example, in the beverage industry, delays in replenishing stock at retail points negatively affects sales and can harm brand image. Logistics-related challenges such as high transport costs and poor infrastructure have been identified as key constraints for manufacturers in Uganda.

Additionally, technological readiness constraints hinder many companies' decisions to outsource logistics activities to third parties (Namanya, 2020). Whether logistics-outsourcing leads to efficiency in beverage, manufacturing in Uganda has not been widely empirically tested. Most studies consider only a few dimensions of efficiency improvement (Nsubuga, 2022).

This paper reviewed the effects of logistics outsourcing on operational efficiency at Nile Breweries Limited. It provided evidence-based information to help managers make informed decisions in Uganda's manufacturing sector.

1.3. PURPOSE OF THE STUDY

This study examined how outsourcing affects operational efficiency in Uganda's manufacturing sector, specifically at Nile Breweries Limited.

1.4. OBJECTIVES OF THE STUDY

To examine how logistics outsourcing affects costs efficiency at Nile Breweries Limited.

To evaluate the influence of logistics outsourcing on delivery reliability and overall performance.

To determine the main challenges Nile Breweries faces when outsourcing logistics.

1.5. RESEARCH QUESTIONS

How does outsourcing logistics influence cost efficiency at Nile Breweries Limited?

How has logistics outsourcing influenced their delivery performance and service reliability?

What problems surface with logistics outsourcing for Nile Breweries Limited?

What approaches can Ugandan manufacturers employ to enhance their operational efficiency through logistics outsourcing?

1.6. SCOPE

1.6.1. Geographical Scope

The study took place at the main locations of Nile Breweries Limited in Uganda, particularly at the production plants in Jinja and the large distribution centers where logistics happen. They had a lot of outsourcing going on.

1.6.2. Time Scope

The study took place over three months, from October to December 2025. This period was crucial because it allowed the researcher to gather all the necessary information and complete the study.

1.6.3. Content Scope

The current research focused on the effects of outsourcing logistics operations on efficiency in Nile Breweries Limited. The main areas that were covered include cost control, delivery performance, and operational efficiency, with an objective of establishing whether outsourcing logistics operations was advantageous or problematic.

1.7. SIGNIFICANCE

The study carried considerable importance for a variety of people, especially those involved in outsourcing in the logistics industry.

- **Managers, Executives, and Decision-Makers at Nile Breweries Limited and Other Manufacturing Firms**

For Nile Breweries Ltd. and similar companies involved in manufacturing, the study was practically relevant in that it provided facts used in developing policies and implementing different approaches. The study identified logistics activities that can be outsourced, factors to consider when choosing, and managing outsourcing partners.

- **Logistics and Supply Chain Professionals**

The benefits accrued by logistics practitioners in the supply chain through guidance meant to improve the performance of suppliers, compliance with SLAs, and avoidance of problems associated with outsourcing, such as lack of transparency, were quite considerable (Abdi, 2021).

- **Academics and Researchers**

The paper was an addition to the existing literature on logistics outsourcing in the beverage manufacturing industry in Uganda. The research was used to foundation other research on logistics outsourcing in developing countries.

- **Policymakers and Regulatory Authorities**

Concerning public policy, the importance of formulating a proper framework was highlighted as a way to make manufacturing more efficient in Uganda through effective logistics infrastructure and policies. This study is important as it contributed substantially to the theoretical and practical knowledge in the field of logistics outsourcing.

1.8. LIMITATIONS AND DELIMITATIONS OF THE STUDY

1.8.1. LIMITATIONS

- **Case Study Focus**

The study was restricted to a study of Nile Breweries Limited. Despite being an important player in the beverages industry in Uganda, limiting the analysis to one company narrowed the applicability of the results to the wider manufacturing sector (Karia & Wong, 2021).

- **Response Bias**

The data were obtained from both employees and management personnel within the firm, which is a source of response bias in the data since some of the respondents may have portrayed the practice of outsourcing positively.

- **Timeframe Restriction**

The study period was from 2019 to 2024, which is an era marked by the effects of the COVID-19 pandemic and rising logistics costs. Therefore, the results must be understood within this context (Kwak et al., 2022).

- **Data Access Constraints**

Specific financial and operational records were limited due to confidentiality reasons, which might have affected the scope of quantitative analyses conducted (Okonjo & Akinlabi, 2019).

- **Scope Limitation**

The research mainly focused on the efficiency of operations and neglected the impact on the labor force and environment.

1.8.2. DELIMITATIONS

- **Category of Outsourcing**

It is important to note that this research focused on logistics outsourcing only. Information Technology, Human Resources, among other areas of outsourcing other than logistics were not considered.

- **Geographical Focus**

The coverage of the research was restricted to Nile Breweries Limited's operations in Uganda.

- **Time Frame**

This research covered the timeframe between 2019 and 2024.

- **Operational Scope**

The research was mainly focused on measures of efficiency such as reduced costs, cycle times, and service reliability. Sustainability and employment effects were not considered in this investigation.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

In this chapter, the research carried out to establish the effect of logistics outsourcing on operational efficiency is discussed. Firstly, the major concepts were brought to light. The review of the literature regarding cost efficiency, delivery reliability, and performance is analyzed. In this respect, the challenges associated with logistics outsourcing as well as the challenges faced during the process have been identified. This includes the manufacturing industry in Uganda with regard to firms such as Nile Breweries.

2.1 DEFINITION OF KEY VARIABLES

2.1.1 LOGISTICS OUTSOURCING

Outsourcing logistics includes delegating tasks such as transportation, warehousing, and distribution to third-party specialists. This allows a company to focus on its core business and tap into the superior knowledge and skills of external service providers (Bhatnagar & Teo, 2019).

Today, outsourcing agreements have become much more sophisticated, including the scope of services that are outsourced, such as inventory management, order fulfillment and reverse logistics, and more. Third-party logistics companies, however, are not all created equal: some are specialized in transportation and warehousing, others in demand forecasting, supply chain consulting and creating advanced logistics softwarem and so on (Marchet et al.,2020).

Companies generally outsource in order to lower investment in logistics, tap into specialized resources, enhance services and focus on a company's core competencies. This can lower operating expenses and enhance flexibility in numerous instances (Marchet et al., 2020).

However, the complexity of the company's logistics activities, the criticality of these logistics activities to competitive advantage, and the nature of the service provider considered are factors that should be considered before outsourcing. In other words, success depends heavily on the efficiency of the management of the outsourcing relationship.

The nature of the relationship, clearly defined performance objectives, communication, and shared incentives determine how well the parties work together. For a beverage company such as Nile Breweries logistics plays a very critical role.

2.1.2 OPERATIONAL EFFICIENCY

In this respect, operational efficiency is the core of the actual value creation process and represents the actual effectiveness with which a company realizes the value it has committed to deliver to its customers through products and services without incurring unnecessary costs, delays, and other wastages.

Kwak et al. (2022) suggested that operational efficiency is commonly assessed based on cost savings, resource utilization, speed of delivery, and service quality. These parameters are important for any business in its ongoing effort to assess whether it is moving forward or maintaining a status quo relative to competitors. For example, while operational efficiency is widely discussed, it is far from a fashionable buzzword in manufacturing.

In fact, it refers to properly aligning the entire supply chain with corporate strategic imperatives. Once this is achieved, the overall system from procurement through manufacturing and distribution to after-sales customer service is more integrated, efficient and productive with less waste and reduced cycle times (Agyabeng-Mensah et al., 2020).

This means each element works together within a system, not merely to make things faster. It is, however, even more interesting in logistics. For example, the lowest cost basis is de]fined by fast-moving inventory, accurate order fulfillment, on-time delivery, maximum capacity utilization and satisfied customers.

The emphasis on green supply chains nowadays relates to the fact that operational efficiency should not only focus on enhancing profitability but should also take into account the reduction of negative environmental impacts. In this sense, the balancing issues and trade-offs among different factors are critical and must be handled carefully by firms when determining the best possible solution regarding the alignment of different elements in the supply chain to enhance operational performance .

Thus, operational efficiency is likely to influence market share and brand loyalty at Nile Breweries within the competitive beverage sector.

2.2 EFFECT OF LOGISTICS OUTSOURCING ON COST EFFICIENCY

While there is ample evidence to suggest that the outsourcing of logistics activities can help a company reduce its overall cost structure, this is not always the case. According to Abdi (2021), outsourcing transportation and warehousing allows businesses in emerging markets to avoid large capital investments. These reduce the burden of fixed costs and add flexibility to the company's financial structure.

Marchet et al. (2020) add that outsourcing allows firms to maintain their financial structures malleable, which is beneficial in markets where demand fluctuates rapidly. However, Karia and Wong (2021) warn that indirect costs such as contract management and supplier management can erode potential savings.

The question of whether to outsource logistics is not simply a matter of evaluating internal versus external costs. According to transaction cost economics, as developed by Williamson (1985), companies must consider the transaction costs, or the costs of finding and choosing partners, negotiating contracts, monitoring performance, and managing relationships, that will be incurred.

When these costs are greater than savings, outsourcing will fail. This would explain the variability in results from one organization to another. Available data in different sectors indicate that logistics outsourcing contributes to cost reduction of approximately 10 to 25% of total logistics costs (Langley & Capgemini, 2019).

Such magnitude is largely attributable to economies of scale since 3PLproviders serve a pool of customers and can spread fixed costs over a larger volume while investing in technologies and human resources beyond the reach of most companies (Selviaridis & Spring, 2007). However, such savings are not guaranteed since they depend on the level of development of the logistics market, the availability of competent providers, the complexity of the needs, and the company's ability to manage outsourcing relationships.

Indeed, in markets where there is little competition among providers, the logistics firms will enjoy pricing power, which will be translated into higher costs and/or lower quality of service (Portter, 1980).

This explains the mixed results seen in Uganda. For example, some manufacturing firms indicate that outsourcing, especially of transportation, has helped reduce costs. However, other firms report increased costs due to overreliance on the providers and losing the ability to negotiate costs effectively (Nsubuga, 2022). In a large beverage company such as Nile Breweries, which operates in all regions of Uganda, the financial effects of outsourcing will vary by region, depending on the level of infrastructure and the different distribution requirements in each region; for example, there may be a need to collect empty bottles.

The Ugandan context is additional. Road infrastructure and absence of warehousing increase the cost of logistics service providers, which in turn will increase the logistics costs of the client. Furthermore, the logistics market is very small, which means that there is less economies of scale, meaning cost savings may not be realized. These costs are also compounded by regulatory restrictions (Kasaija, 2020).

While a number of international studies have been carried out on logistics outsourcing and its cost implications, there is still very little detailed empirical evidence available on the situation in Uganda. The majority of local studies have only included the cost of direct transportation and not hidden or long-term costs. Therefore, the study tries to fill this gap in a detailed cost analysis conducted at Nile Breweries to establish if outsourcing would yield substantial cost reductions for a typical manufacturing company in the beverage industry in Uganda.

2.3 EFFECT OF LOGISTICS OUTSOURCING ON DELIVERY RELIABILITY AND SERVICE PERFORMANCE

The core business of operational excellence is delivering products to the market and serving customers. Logistics providers can help companies achieve quicker and more dependable delivery schedules. By outsourcing logistics, businesses can expand and enhance their delivery service timeliness by leveraging the infrastructure and capabilities of third-party logistics provider (Rahman et al., 2018).

This outsourcing adds flexibility, which could be one of the critical benefits in dynamic markets, as Ivanov and Dolgui (2021) note. However, it also opens up numerous opportunities, including greater delivery times, less communication, the dependence on external parties, etc. What is meant by delivery reliability is not just getting products from A to B, but ensuring the products are delivered on time and the order details are as per the customer's expectation. It is relevant not only for the quality and satisfaction of products produced by companies, but also for those that are consumed by the customer.

With the varying shelf life of products, from carbonated drinks to alcoholic drinks, consistent delivery of gas was a direct impact on the product quality and customer satisfaction for Nile Breweries. Furthermore, the quality of service delivery can have numerous aspects, ranging from the time of response to a customer enquiry to how exceptions and special requests are dealt with. This includes the handling of the complicated processes in the beverage industry, as an example, empty container returns, while maintaining the products in acceptable condition at retailers.

A third party, however, has the potential to be more efficient than an in-house logistics department, since most 3PL companies have modern warehouse management systems, real-time tracking, advanced routing algorithms and trained staff who are well versed in best practices? The advantages of this include increased delivery rates, reduced order-to-delivery time and fewer errors (Ghodsypour & O'brien, 2018).

Outsourcing then can provide a company with a reach that would not be accomplished in a reasonable cost, if possible at all, based on the investments required. This is a great way for manufacturers to reach markets far from them and difficult-to-reach ones and, in many instances, attract customers, and even better, retain them.

Furthermore, logistics partners enable increase or decrease in volumes without major investments in unused assets (Jayaram & Tan, 2010). The catch is that as soon as logistics are outsourced, it is as if you are giving an external force control of an integral part of your relationship with your customers. Mere mishmash or mismatching goals can be devastating. When the logistics provider is not familiar with the manufacturer's or customers' expectations, errors will occur.

A lack of information sharing and conflicting goals between the contracting parties and poor systems integration are the main factors that lead to poor service (Lai, 2004). It is the principleagent problem that is at the core of these outsourcing relationships; that is the logistical service provider is the agent, while the manufacturer is the principal, and their goals differ. If an organization contracts out service provision to third parties, particularly if they are not monitored or have their incentives aligned with the needs of the organization's customers, it is not certain that the third party will do so.

Instead, the service provider may prioritize what he or she views as important, such as minimizing costs (Eisenhardt, 1989).

Oketch and Mwangi (2021) discovered that outsourcing has enabled enterprises in Uganda to interact with more clients. However, problems with service quality remain, and the advantages expected from outsourcing are lost because, for example, poor coordination between manufacturers and their logistics service providers often leads to delayed delivery and frustrated customers.

Therefore, service consistency is one area of concern for Nile Breweries, which must serve a wide variety of customers, from large distributors to very small retail shops. Under such a business environment, characterized by poor road conditions and erratic infrastructure, most logistics service providers cannot guarantee consistent service. Heavy rains often wash away roads and the majority of local logistics firms are technologically backward. This makes it difficult for manufacturers to track their shipments and respond promptly in case of problems. Bwanika (2019) discusses such challenges.

While most would argue that outsourcing enhances service delivery quality, scant research has focused on what drives service improvement in an outsourcing context in a developing country like Uganda. It is also rare to find an encompassing study on the effect of outsourcing on delivery reliability and, by extension, service performance in such a country.

In this light, the study on Nile Breweries attempts to establish whether the outsourcing of logistics has really led to improved delivery reliability, considering the peculiarities in manufacturing and distribution in Uganda.

2.4 CHALLENGES ASSOCIATED WITH LOGISTICS OUTSOURCING

Outsourcing logistics comes with many risks, even though the benefits are hard to ignore. Sreedevi and Saranga (2017) point out frequent challenges such as losing control over operations, becoming too dependent on third-party logistics providers, and struggling to respond swiftly to changes. These challenges get even tougher in emerging economies. Slow infrastructure development, a shortage of reliable service providers, and complex or evolving regulations all add more complications (Boateng, 2020).

One major difficulty with outsourcing logistics is a loss of control. The outsourcing of logistics means that businesses on rely on service provider's expertise, attention, and strategy. Any performance concerns or strategic changes by the service provider can have an immediate detrimental impact on the client organization. When manufacturers and logistics partners are not aligned, they tend to produce lower service quality, which is instantly obvious to customers (Kakabadse & Kakabadse, 2002). This is a major worry for Nile Breweries, whose brand is built on product availability and quality at the point of sale.

This leads to greater exposure to supply chain risks because external parties are more prone to disruptions. When a logistics partner faces operational hurdles (such as financial difficulties or personnel concerns), manufacturers may incur product delivery bottlenecks or quality defects. The COVID-19 pandemic was one such example, wherein many manufacturing firms realized that their logistic partners were not in a position to respond to an unanticipated and overwhelming disruption (Ivanov, 2020).

Outsourcing could constrain a business's options. Many of the long-term contracts include minimum order volumes and exit fees that make it difficult and expensive for companies to react to market changes or terminate contracts with underperforming suppliers. Firms often find it either prohibitively difficult or costly to change suppliers, which can bind them into a relationship they do not wish to continue (Kakabadse & Kakabadse, 2002).

Other concerns relating to the outsourcing of logistics services involve information security and intellectual property. Sharing confidential information concerning customers, sales. Revenues, and supply chain planning and strategy with a third-party logistics services provider opens up the potential for leakages and misuse of such information, unless appropriate safeguards are in place (Jayaram & Tan, 2010).

For a leading company such as Nile Breweries, distribution knowledge and customer insights represent important elements of competitive advantage. Another issue of concern relates to quality assurance. Outsourcing storage and transportation can result in a loss of control over these processes and an increased risk of product degradation, defect, or loss (Daugherty et al., 1996).

Hence, such firms must invest in strong monitoring and contract management systems to assure product quality during logistics. This would be particularly important in the beverage industry, where logistics activities may have direct effects on product quality. According to Nyaga and Whipple (2020), governance mechanisms and active relationship building between the actors in the outsourced functions can address these challenges. The mechanisms of governance are summarized in service level agreements, continuous performance monitoring, active communication, and joint problem solving.

Third-party logistics service providers, in Uganda are characterized by high freight rates, infrastructure deficits, and low service levels (Nsubuga, 2022). The low number of specialized logistics service providers in Uganda restricts choice and, thus, pushes down service standards. Logistical difficulties are further exacerbated by inconsistent implementation of transportation laws and onerous customs processes (Kasaija, 2020). Due to intense competition in the market, these problems have an impact on Nile Breweries' profitability and market reach.

Another problem that arises is related to culture and communication. Misunderstandings and disputes between Ugandan manufacturers and their logistics suppliers may result from disparate managerial, operational, and communication approaches. Building strong ties and adjusting to various corporate cultures are important (Selviaridis & Spring, 2007). Despite the numerous challenges highlighted by the international literature regarding logistics outsourcing, limited literature exists on the issue of logistics outsourcing in the manufacturing sector in Uganda, particularly within the beer and beverage industry.

Consequently, this research attempts to examine the various issues of logistics outsourcing that include costs incurred, the level of quality services, and the lack control, among others, and their impact on the efficiency of operations at Nile Breweries Limited.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The present chapter described the effect of logistics outsourcing on operational efficiency at Nile Breweries. It discussed the research design, the sampling procedure, and the sampling methods. The data collection instruments, procedures, data processing, and analysis are discussed in detail. The validity and reliability of the findings were discussed; ethical considerations were strictly adhered to during this research.

This study's findings are expected to respond explicitly to the study questions and provide sound and reliable insights into the problem investigated regarding logistics outsourcing and operational performance.

3.1 RESEARCH DESIGN

Khanday and Khanam (2023) say that a research design is a scheme or a framework within which research is conducted. In this case, the researchers used mixed methods research where they used quantitative and qualitative research methods, especially in a case study concerning Nile Breweries Limited. To make comparisons about the periods before and after outsourcing, they collected and analyzed quantitative data such as time spent in deliveries and logistics costs. Further, we interviewed key members of Nile Breweries to collect qualitative data about outsourcing experiences.

Such an approach aligns with the study's objective to quantify changes in operational efficiency and investigate the factors behind such changes. This allowed a more in-depth understanding of the effect of outsourcing logistics on operational efficiency in the company.

3.2 STUDY POPULATION

Twenty-three employees from Nile Breweries Limited participated in the study, representing divisions like operations, finance, procurement, sales/customer service, logistics/supply chain and packaging.

3.3 SAMPLE SIZE AND SELECTION TECHNIQUE

To select a suitable sample size from the employees involved in logistics and supply chain roles, the study used Yamane's formula (1967).

The formula is expressed as:

n=N1+N (e) 2n=1+*N* (*e*) 2N

Where:

The sample size is called nn. The population size is called NN. The margin of error is called ee. It is 0.05 for a 95 percent confidence level.

At Nile Breweries, 23 staff members work in departments that have something to do with logistics.

To figure out the sample size we did a calculation: n equals 1 plus 23 times 0.052 times 23, which's approximately 1.057523 so it is roughly 22.

We decided that the sample size for this study should be 22 people so we can get an idea of what is going on in all the different departments.

We thought 22 people would be enough, for a study that an undergraduate is doing.

3.4. SAMPLING TECHNIQUE

The study used purposive sampling technique. Respondents were selected because they were knowledgeable and/or directly involved in logistics activities/functions or decisions pertaining to outsourcing at Nile Breweries Limited. Key departments where respondents were drawn include logistics and supply chain, operations, procurement and finance, as well as top management. The rationale for sampling from these departments is that they provide people with hands-on experience logistics functions as well as allow respondents that have holistic overview of logistics outsourcing.

3.4.1 THE SAMPLE SIZE SELECTION

Category	Population	Sample Size
Logistics/Supply Chain	**7**	**6**
Operations	**6**	**6**
Finance	**5**	**5**
Procurement	**3**	**3**
Sales/Customer Service	**1**	**1**
Others (Packaging)	**1**	**1**
Total	**23**	**22**

3.5 DATA COLLECTION SOURCES

This study used primary and secondary sources of data collection. Primary sources are data gathered firsthand from the respondents, which in this case are staffs through interviews and questionnaires.

Secondary sources of data are already published information on the topic of study. Such sources include library review of Nile Breweries Limited's archives like performance reports, payment files, and contracts with logistics companies among others.

3.6 DATA COLLECTION INSTRUMENTS

The research tools used for this study were semi-structured interviews and structured questionnaires. Interviews were conducted to allow more room for quality answers from the selected participants. Questions were open-ended to allow an in-depth understanding of issues related to why they outsourced, changes noted with regards to efficiency, and their personal experiences as managers. Furthermore, this format allowed the interview to flow naturally. Questionnaires were administered to gather quantitative data from employees. They were asked to rate questions using a Likert scale of 1 to 5. Questions were geared to determine how participants feel about efficiency, service quality, and outsourcing results. This survey included demographic questions, measured logistics performance, and asked participants to rate their level of agreement with questions pertinent to this study.

3.6 DATA COLLECTION PROCEDURES

Upon obtaining the letter of introduction from the school of business at Uganda Christian University, I submitted it to the management of Nile Breweries Limited for permission to conduct my research. With approval from management, I collected data from the proposed respondents and requested for access to its records as permitted.

3.7 RELIABILITY AND VALIDITY

The reliability was tested using Cronbach's alpha of 0.82, showing good consistency (Taber, 2018). For the interviews, a protocol was used to guide the interviews ensure each interview was carried out similarly. The instruments were revised based on pilot results to enhance clarity and precision. Content validity was achieved by having a research instrument reviewed by academics expertise and the instruments were developed based on a literature review.

The items were consistent with the research goals and current logistics outsourcing theory (Mugenda, 2003). The items were pilot tested in a similar organization to finalize ambiguous items. Further, by using both quantitative and qualitative methods, this study used methodological triangulation, thus increasing the rigor and validity of the results.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF THE FINDINGS

4.0 INTRODUCTION

This chapter includes data analysis, discussion and presentation of the responses from the respondents. It also contains a discussion of the purpose of the whole survey, which is the influence of outsourcing on cost efficiency at Nile Breweries Limited; the effect of logistics outsourcing on reliability of delivery; the operational performance in relation to logistics outsourcing; and the effect of logistics outsourcing challenges on Nile Breweries Limited.

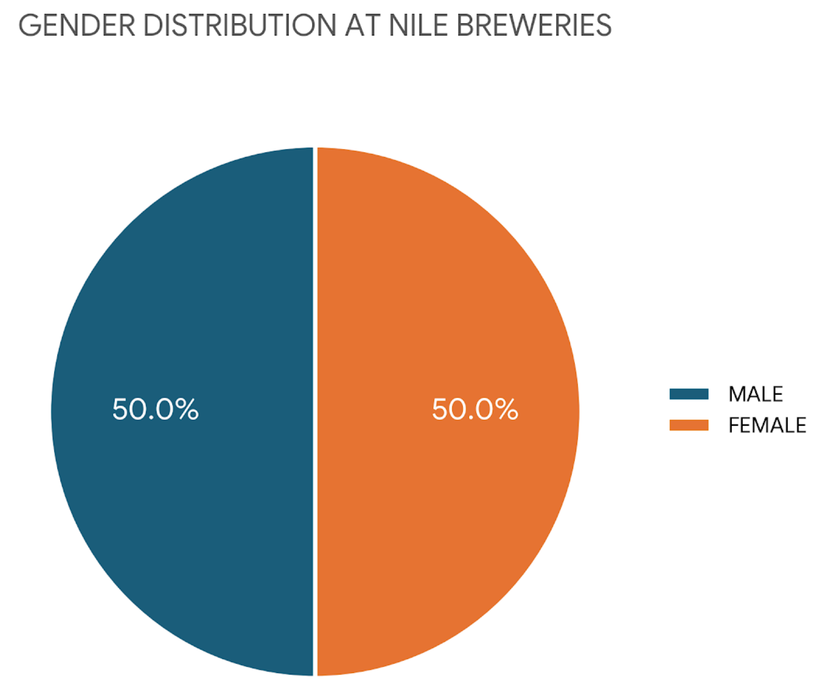
4.1 PRESENTATION OF DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

4.1.1 GENDER

Gender	Frequency	Percentages (%)
Male	11	50.0
Female	11	50.0
Total	22	100

The above table shows that 11 (50.0%) were male and 11 (50.0%) were female. This suggests that the organization has a gender balance in its workforce, which means that both men and women are equally represented and involved in organizational activities.

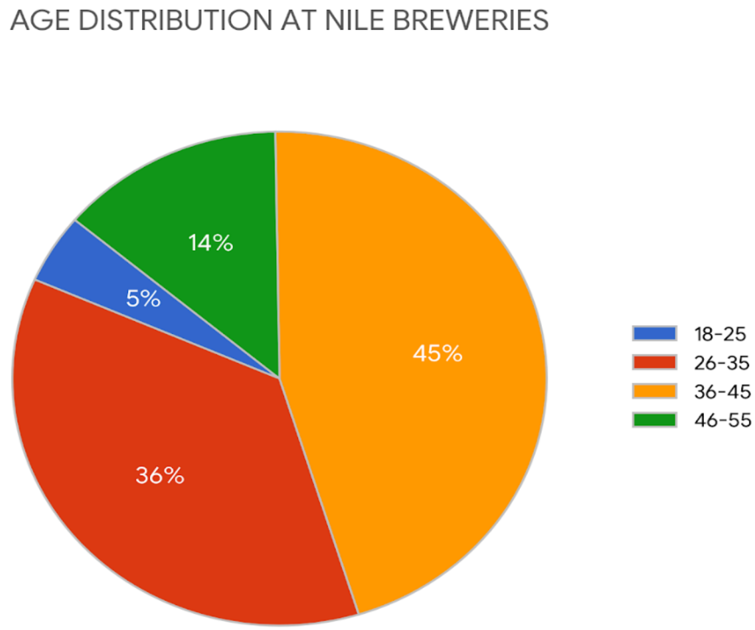
Figure 1: Gender distribution of respondents



4.1.2 PRESENTATIONS ON THE AGE BRACKET OF THE RESPONDENTS

Age Group	Frequency	Percentage (%)
18 – 25	1	4.5
26 – 35	8	36.4
36 – 45	10	45.5
46 – 55	3	13.6
Total	**22**	**100**

Figure 2: Age bracket distribution of respondents



The data collected shows that the majority of the respondents are in the age groups of: 36–45 (45.5%), 26–35 (36.4%), 46–55 (13.6%), and 18–25 (4.5%). This shows that Nile Breweries has a large number of experienced professionals, as well as a good age mix of professionals in retaining a diverse workforce with a mix of experienced and dynamic individuals across life stages.

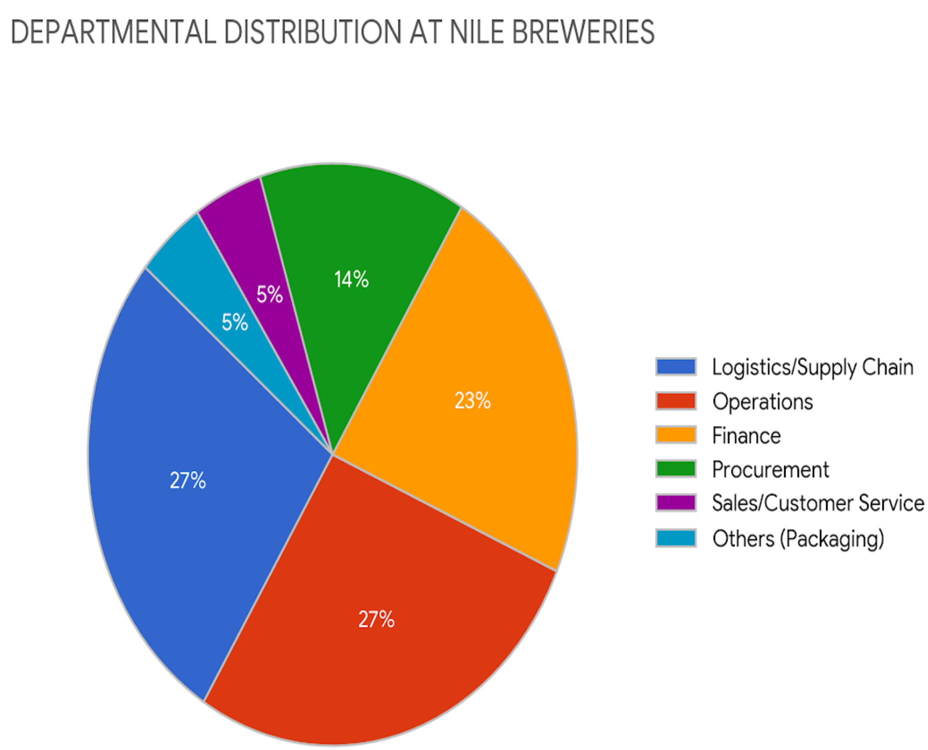
4.1.3 PRESENTATION ON THE DEPARTMENT OF THE RESPONDENTS.

Department	Frequency	Percentage (%)
Logistics/Supply Chain	6	27.3
Operations	6	27.3
Finance	5	22.7
Procurement	3	13.6
Sales/Customer Service	1	4.5

Others (Packaging)	1	4.5
Total	**22**	**100**

The departments with the highest percentage of responders, according to the survey results, are Logistics/Supply chain 6 (27.3%), Operations 6 (27.3%), Finance 5 (22.7%), and Procurement 3 (13%.6). This illustrates Nile Breweries' well-balanced organizational structure, which includes strong financial and procurement management to guarantee efficiency and well-covered important areas like supply chain and operations.

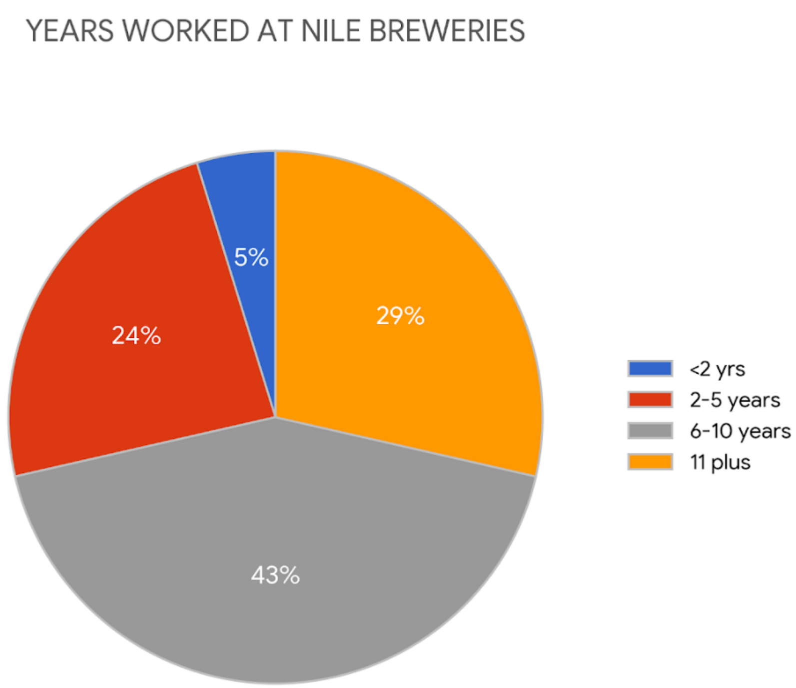
Figure 3: Departmental distribution of respondents



4.1.4 PRESENTATION ON THE YEARS OF EXPERIENCE OF THE RESPONDENTS

Years of Experience	Frequency	Percentage (%)
Less than 2 years	1	4.5
2 – 5 years	5	22.7
6 – 10 years	9	40.9
11 years plus	7	31.8
Total	**22**	**100**

Figure 4: Years of experience distribution of respondents

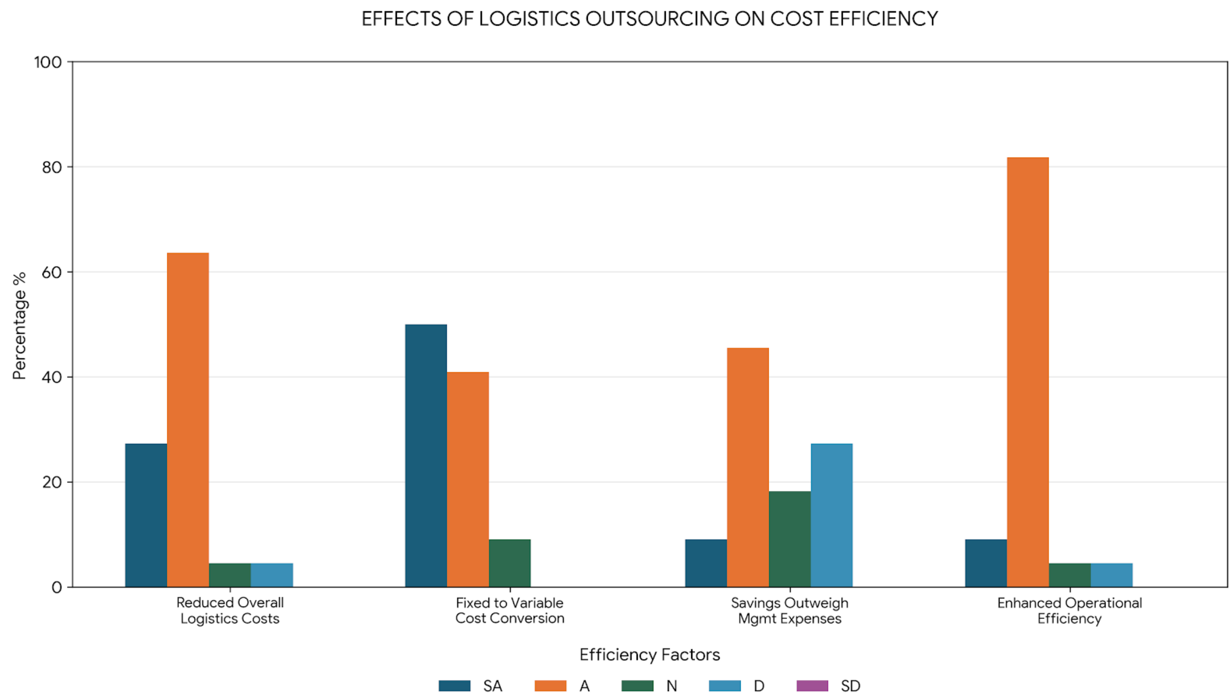


The data points reveal a compelling narrative. Most people at Nile Breweries have been with the company for years, almost 43% have maintained their employment at the company for six to ten years, another 29% for eleven years or more, and nearly a quarter for two to five years. Only about

5% are fresh recruits with less than two years' experience. When a large number of employees remain for such a duration, it says something about the workplace. Nile Breweries has built a team that is reliable and is experienced.

4.2 FINDINGS ON THE EFFECTS OF LOGISTICS OUTSOURCING ON COST EFFICIENCY

No	Statement	SD	D	N	A	SA
		F (%)	F (%)	F (%)	F (%)	F (%)
a)	Outsourcing has reduced our overall logistics costs	0 (0%)	1 (4.5%)	1 (4.5%)	14 (63.6%)	6 (27.3%)
b)	Outsourcing has allowed us to convert fixed logistics costs into variable costs	0 (0%)	0 (0%)	2 (9.1%)	9 (40.9%)	11 (50.0%)
c)	The cost savings from outsourcing outweigh the expenses of managing 3PL relationships	0 (0%)	6 (27.3%)	4 (18.2%)	10 (45.5%)	2 (9.1%)
d)	Outsourcing has enhanced our operational efficiency	0 (0%)	1 (4.5%)	1 (4.5%)	18 (81.8%)	2 (9.1%)



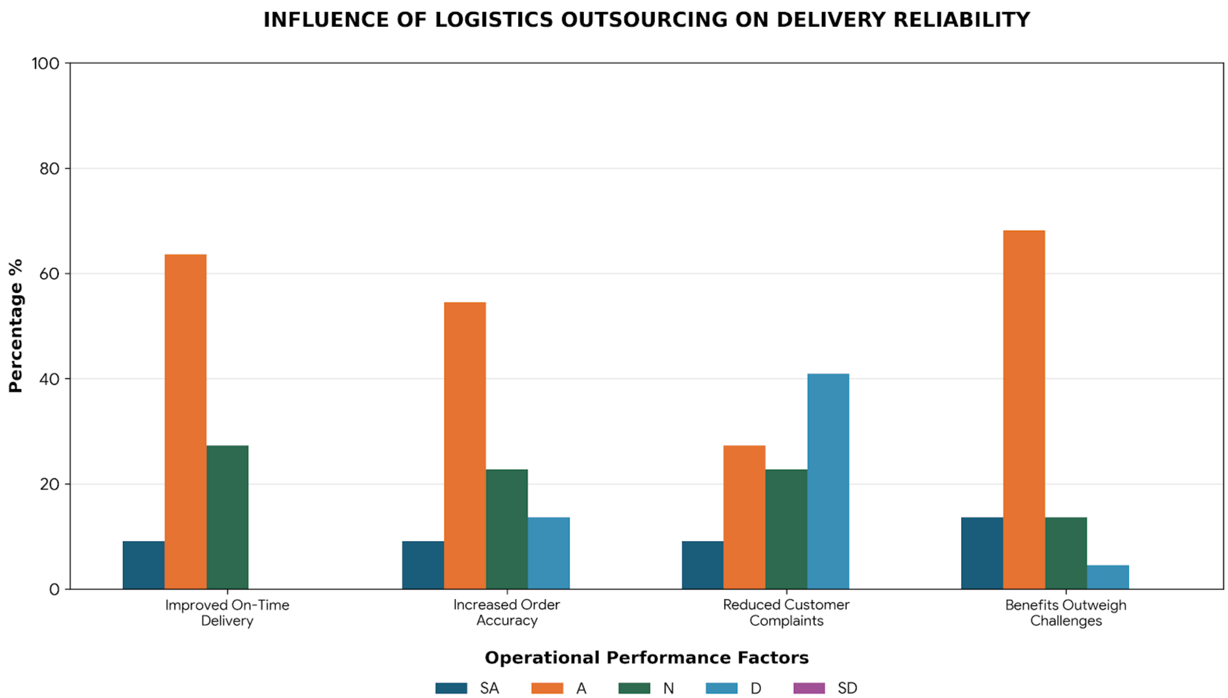
The results of the study indicate that outsourcing has reduced total logistical expenses, with 27.3% highly agreeing and 63.6% agreeing, while only 4.55% were indifferent and 4.5% opposed. This suggests outsourcing reduces operational costs. This is consistent with interview responses that include, “We have seen an overall cost reduction… savings in storage and transportation because we only order what we need". Another noted, “It’s cheaper to outsource than to buy more trucks… and pay drivers". These comments confirm cost reductions through outsourcing. 50.0% strongly agreed and 40.9% agreed that outsourcing allows a conversion of fixed costs to variable costs, with 9.1% neutral and no disagreement. This indicates cost flexibility. One respondent who said that backed this “we’ve saved… by giving a third party to handle it.

The costs go down significantly", suggesting reduced staffing and other costs. For "the cost reduction is more important than the cost of managing third party logistics", 9.1% strongly agreed and 45.5% agreed, 18.2% were undecided and 27.3% disagreed. This suggests mixed views. This is reflected in the interview responses, with one saying, "the price is a bit high", and another saying "sometimes they overprice something". This suggests potential decreases in the benefits of outsourcing. The results demonstrate that outsourcing has improved efficiency, with 9.1% strongly agreeing and 81.8% agreeing, and very little disagreement. One interviewee said that “it’s more efficient for them to do the delivery than for us", while another said that "it frees up time and resources".

However, another perspective expressed that efficiency improvement is "to some extent yes, to some extent no", implying some restrictions. In conclusion, the results demonstrate that logistics outsourcing has enhanced cost efficiency, with lower costs, flexibility and performance. However, issues associated with price and control of third-party providers point to the need for better management of contracts to realize benefits.

4.3 FINDINGS ON THE INFLUENCE OF LOGISTICS OUTSOURCING ON DELIVERY RELIABILITY AND OVERALL OPERATIONAL PERFORMANCE.

No	Statement	SA	A	N	D	SD
		F (%)	F (%)	F (%)	F (%)	F (%)
a)	On-time delivery has improved since outsourcing	2 (9.1%)	14 (63.6%)	6 (27.3%)	0 (0%)	0 (0%)
b)	Order accuracy and fulfillment rates have increased	2 (9.1%)	12 (54.5%)	5 (22.7%)	3 (13.6%)	0 (0%)
c)	Customer complaints have decreased since outsourcing	2 (9.1%)	6 (27.3%)	5 (22.7%)	9 (40.9%)	0 (0%)
d)	Benefits of outsourcing outweigh associated challenges	3 (13.6%)	15 (68.2%)	3 (13.6%)	1 (4.5%)	0 (0%)



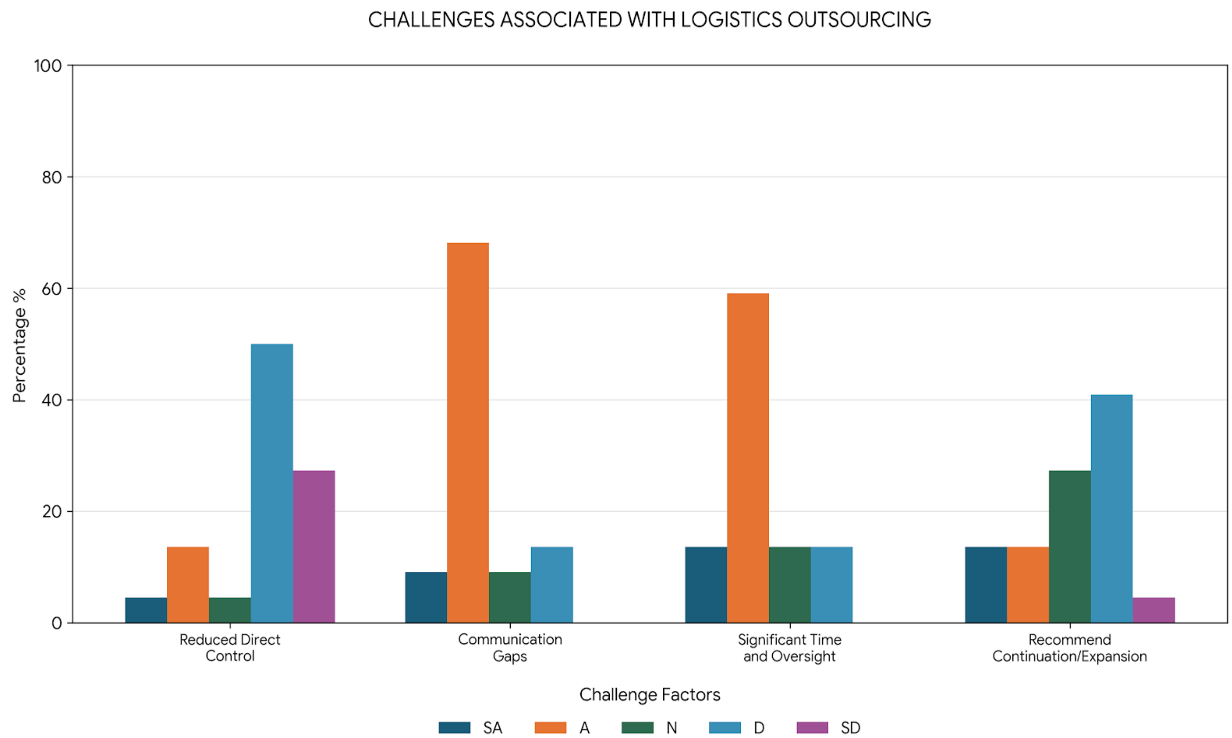
The findings of this research suggest that logistics outsourcing has had a positive impact on delivery efficiency and performance at Nile Breweries. Most respondents (63.6%) indicated on-time delivery has improved, suggesting logistics providers have improved delivery efficiency. This was confirmed in interviews, with one respondent saying, "They have a farther reach… they even go deep in the villages because they understand their locations better than we do". This indicates that outsourcing improves delivery efficiency through improved coverage and knowledge. Also 54.5% of respondents agreed that order accuracy and fulfilment rates have improved.

This is supported by the interview findings, where one respondent noted, "we only take what we need… and we have checks and controls in place". This suggests outsourcing has improved inventory management and order accuracy. Nevertheless, the survey also shows issues with customer satisfaction. Although 36.4% of the respondents reported that customer complaints had reduced, 40.9% disagreed, indicating varied opinions. This could be seen in the interview results, where one respondent noted that "sometimes they fail to communicate timely… we lose production because of that". This indicates ineffective communication with third-party providers is a challenge affecting service quality.

Despite these issues, attitudes towards outsourcing are positive. 81.8% agreed or strongly agreed, "The advantages outweigh the disadvantages". This is reflected in an interviewee's response that it is "a win-win… everyone wants to meet expectations". In conclusion, the study suggests that although logistics outsource has increased delivery performance and efficiency, to improve customer satisfaction, communication and service quality will need to be addressed.

4.4 FINDINGS ON THE CHALLENGES ASSOCIATED WITH LOGISTICS OUTSOURCING.

No	Statement	SA	A	N	D	SD
		F (%)	F (%)	F (%)	F (%)	F (%)
a)	Outsourcing has reduced our direct control	1 (4.5%)	3 (13.6%)	1 (4.5%)	11 (50.0%)	6 (27.3%)
b)	Communication gaps affect performance	2 (9.1%)	15 (68.2%)	2 (9.1%)	3 (13.6%)	0 (0%)
c)	Relationship management requires significant time	3 (13.6%)	13 (59.1%)	3 (13.6%)	3 (13.6%)	0 (0%)
d)	I would recommend expanding outsourcing	3 (13.6%)	3 (13.6%)	6 (27.3%)	9 (40.9%)	1 (4.5%)



The survey has revealed that the biggest issue is the communication with logistics providers, with 68.2% of respondents agreeing the lack of communication impairs performance. The interview results confirm this, with one respondent saying that "sometimes they fail to communicate timely… we lose production because of that". This implies that information delays can affect operations and efficiency. Additionally, 59.1% of respondents agreed that outsourcing also demands considerable time and monitoring. This suggests that outsourcing does not eliminate management work but does require it to be redirected to co-ordinate and oversee partners.

This was confirmed by one respondent who said that "we still do the oversight… we make sure they have enough storage space and plan their deliveries". This demonstrates the need for ongoing internal governance to ensure outsourcing success. Despite this, and the shift in focus for management, 77.3% of respondents either disagreed or strongly disagreed that outsourcing has decreased their control. This demonstrates that Nile Breweries has managed its relationships with its partners effectively. This is supported by interview responses, with one interviewee noting the need for clear expectations, saying, "We need to put clear expectations from the start".

However, when it comes to expansion, there was hesitation. Just 27.2% of respondents agreed that outsourcing should be increased, compared to 40.9% who disagreed and 27.3% who were unsure. Interviews results that highlight concerns about costs and flexibility support this warning. One respondent said for instance, "There is very little flexibility if you don't plan ahead".

In conclusion, the study demonstrates that although outsourcing is currently effective, it is crucial to resolve problems with cost, flexibility, and communication before growing in the future.

CHAPTER FIVE

DISCUSSION, SUMMARY, RECOMMENDATIONS AND CONCLUSION OF THE FINDINGS

5.0. INTRODUCTION

This chapter provides an overview of the results as well was a thorough analysis of the findings in light of previous research. Additionally, the study's findings provide Nile Breweries Limited with helpful guidance and point out areas for additional research aimed at optimizing operational efficiency and logistical outsourcing. It also provides Nile Breweries Limited with helpful guidance and points out areas for additional research aimed at optimizing logistics outsourcing and operational efficacy.

5.1 DISCUSSION OF THE FINDINGS

5.1.1 DISCUSSION OF THE FINDINGS ON THE EFFECTS OF LOGISTICS OUTSOURCING ON COST EFFICIENCY

The study findings on the impact of logistics outsourcing on cost efficiency at Nile Breweries Limited indicate that although outsourcing can reduce overall cost of logistics activities and improve financial flexibility; these benefits are partially offset by the administrative burden of managing third-party relationships and the constraints in the Ugandan logistics market.

Ninety point nine percent of respondents agreed with the statement that outsourcing has reduced the overall cost of logistics activities (with 63.6 percent agreeing and 27.3 percent strongly agreeing), which supports one of the central themes in the literature that outsourcing transportation and warehousing to specialist providers yields considerable savings at the operational level.

Indeed, as indicated in the studies by Abdi (2021), Langley and Capgemini (2019), and others, firms in emerging economies engage in outsourcing to avoid high capital investments while accessing the scale economies of third-party providers consolidating demand for services from several clients.

Similarly, 90.9% of respondents (40.9 percent agreed, 50.0 percent strongly agreed) stated that outsourcing allows the conversion of fixed logistics costs into variable costs, which again points to one of the critical dimensions of financial flexibility given by outsourcing to manufacturers.

According to Marchet et al. (2020) and Bhatnagar and Teo (2019), outsourcing relieves the company of the need to own asset-heavy logistics resources, thereby allowing the purchase of logistics as a variable input. This facilitates matching costs with demand and allows more funda to be directed toward the firm’s core business areas. In this regard, interviewees referred to purchasing delivery vehicles and comparing it with using external providers regarding flexibility.

However, on moving from gross cost reduction to net financial effects, this is where the results differ strongly from the literature review, which presents the position of transaction cost economics in a somewhat cautious light, following Williamson (1985) and in its recent application to logistics partnerships by Karia and Wong (2021). Indeed, the data from Nile Breweries reflect such theoretical tension at the empirical level.

Only 54.6 percent of respondents agreed that the outsourcing cost saving exceeded the incremental costs of managing third-party relationships (45.5% agreed and 9.1% strongly agreed). Further, 27.3% actively disagreed with this. Such ambiguity recalls the administrative costs of partner selection, contract negotiation, monitoring partner performance, and constant coordination mentioned in the literature.

Indeed, as Karia and Wong (2021) point out, indirect costs related to contract monitoring and relationship governance may erode anticipated savings. This was further supported by interviews, where respondents mentioned that monitoring service providers is time-consuming and mentioned, sometimes what is perceived as exorbitant pricing practices. The overall perceived cost reduction has to be interpreted within the logistics environment in Uganda, as described in the literature.

Indeed, as Nsubuga (2022) and Ksaija (2020) argue, manufacturing firms in Uganda are characterized by poor road infrastructure and a limited number of competent service providers. Under these conditions, the balance of power in negotiations lies with the logistics companies, which limits the firms’ ability to reap the full benefits of efficiency. The evidence from Nile Breweries, therefore, supports the notion that outsourcing outcomes are context-specific and that local market conditions moderate expected financial gains.

5.1.2 DISCUSSION OF THE FINDINGS ON THE INFLUENCE OF LOGISTICS OUTSOURCING ON DELIVERY RELIABILITY AND OPERATIONAL PERFORMANCE

This suggests that outsourcing the logistics function at Nile Breweries Limited has improved the delivery reliability and operational performance of the company. However, due to persistent communication issues and fluctuating service quality, the expected improvements in customer satisfaction were not realized. On-time delivery has improved since outsourcing, according to 72.2% of respondents (63.6% agreed, 9.1% strongly agreed) who were third-party providers.

This was in line with the argument that third-party logistics providers have better infrastructure and capabilities than companies in ensuring smooth product distribution. According to Rahman et al. (2018), Ghodsypour and O'brien (2018) suggest that logistics firms usually possess advanced routing technology, live-tracking ability, and competent workers who can provide service that is more reliable compared to an in-house workforce.

This is further evidenced by the interviews conducted at Nile Breweries, where participants pointed out that third parties could provide services over a wider geographical area with greater local knowledge and, therefore, could better serve some rural communities than the company owned vehicles. In fact, this supports Jayaram and Tan's (2010) claim that manufacturers can access distribution networks that are already in place by outsourcing, eliminating the need for large capital investments.

Regarding order accuracy and fulfillment rates, 63.6% of respondents (54.5% agreed, 9.1% strongly agreed) believed that these had improved since the company outsourced its logistics, which also reflects what the literature suggests regarding the operational benefits that accrue to companies outsourcing their logistics to specialist third parties. Marchet et al. (2020), for instance, argue that specialist third-party logistics providers make investments in warehouse management systems and other inventory control mechanisms that ensure order processing is done accurately with a minimum margin of error.

Employees who mentioned the multiple checks performed by external suppliers also confirmed this. However, these findings reflect a sharp contrast with the literature, which paints a rosy picture of outsourcing and its positive impact on the service level, and the actual service level as expressed by customers at Nile Breweries. Just 36.4% of respondents said that customer complaints had decreased since outsourcing (27.3% agreed and 9.1% strongly agreed); 40.9% disagreed.

Hence, the increased performance in delivering orders did not translate into higher customer-perceived service levels. According to Lai (2004) and Eisenhardt (1989), outsourcing relationships are subject to principal-agent problems that may lead to misalignment between what the manufacturer expects and what the provider delivers. Most of the mixed results can be attributed to communication problems.

For instance, Nyaga and Whipple (2011) and Selviaridis and Spring (2007) state that information sharing is one of the most critical success factors in outsourcing, while sharing aligned incentives for achieving performance goals is equally important. This is even more so in the Ugandan context, where, according to Bwanika (2019), most local logistics service providers are technologically backward.

Nevertheless, respondents had a generally positive attitude towards outsourcing at Nile Breweries; 81.8 percent believed that the benefits outweighed the challenges brought about by outsourcing. This view is in line with the literature, which recognizes that logistics outsourcing is not perfect but, in general, leads to an overall net positive contribution to operational performance when managed appropriately.

Thus, the findings at Nile Breweries reinforce the view held in the literature that the benefits of outsourcing depend on the quality of interaction between the manufacturers and their third-party logistics service providers within wider logistics ecosystem.

5.1.3 DISCUSSION OF THE FINDINGS ON THE CHALLENGES ASSOCIATED WITH LOGISTICS OUTSOURCING

However, while Nile Breweries Limited has often felt in control of its logistics operations, this has by no means been the case. Such challenges include difficulties with communication, issues concerning flexibility at the operational level, and the time required to manage relationships. It should be noted that, largely, 77.3% of respondents considered performance adversely influenced due to communication lapses (68.2% agreed, 9.1% strongly agreed).

This, in part, supports previous studies that have argued that one of the more significant risks of outsourced logistics is the failure of coordination. For example, according to Lai (2004) and Selviaridis and Spring (2007), when management is separated from operational activities, it creates an information asymmetry that leads to delayed decisions and worse results.

Interviews at Nile Breweries supported this view, as several respondents cited several instances in which suppliers delayed informing them about specific issues, leading to delayed production and lost output. This also supports the argument made by Nyaga and Whipple (2011), who stated that successful outsourcing depends on a clearly defined information exchange and common objectives between the outsourcing partners.

More than two thirds of respondents (72.7%) believed that maintaining relationships with third parties would be time-consuming and require supervision (59.1% agreed, 13.6% strongly agreed).

This generally corroborates literature indicating that outsourcing does not reduce managerial effort but shifts its nature toward coordination and monitoring activities.

Indeed, in line with Williamson's (1985) framework on transaction costs, Karia and Wong (2021) pointed out that this kind of continuous management involves real costs. Interviews responses supported this pattern, staff members said that even after contracting out these tasks, they still had to make sure there was adequate storage space and arrange deliveries. Thus, these results tend to differ from those in the extant literature in which loss of control is conceptualized as one of the major disadvantages of outsourcing.

Reduced managerial control has been mentioned as one of the most significant risk factors in outsourcing by various authors, such as Sreedevi and Saranga (2017) and Kakabadse and Kakabadse (2002). However, 77.3% percent of respondents (50% disagreed and 27.3% strongly disagreed) did not think outsourcing reduced their direct influence over operations, according to statistics from Nile Breweries. This is a clear indication that strong governance structures are put in place in Nile Breweries so that adequate control is not lost even when some operations are taken outside the organization.

This concept was further reinforced by interview replies, which emphasized the significance of establishing clear expectations early on and continuing to be involved in keeping an eye on providers' performance. Lastly, only 27.2% percent of respondents expressed support for further outsourcing, with 40.9% opposing it.

In this respect, the observations match those made by Ivanov (2020) regarding the vulnerabilities introduced by outsourcing and Boateng (2020) regarding the increased risk factors in a developing economy. Specifically, the Ugandan context introduces additional challenges, as Bwanika (2019) and Nsubuga (2022) have identified, such as technological challenges and poor infrastructure, which further compound the ability to deliver consistent service levels.

Overall, the case of Nile Breweries shows how challenges regarding outsourcing are shaped by particular contexts but are also reflections of a more general set of concerns raised in different contexts.

5.2 SUMMARY OF THE FINDINGS

According to research from Nile Breweries Limited, cost effectiveness and delivery dependability have significantly improved because of outsourcing logistics. These advantages do, however, come with persistent difficulties like poor communication, problems with relationship management, and structural constraints in Uganda's logistics industry.

The primary benefits include a substantial decrease in total logistics expenses, which received a 90.9 percent agreement; the conversion of fixed costs into variables ones, which also received a 90.9 percent agreement; improved operational efficiency at the same level of agreement; better on-time delivery, which received a 72.7 percent agreement; and improved order accuracy, which received a 63.6 percent agreement.

In this regard, the study supports the findings of Abdi (2021), Marchet et al. (2020), Langley and outsourcing lowers capital expenditure; hence, it increases financial flexibility, which is achieved through specialization by using the suppliers and economies of scale. Nonetheless, 27.3% of the sample did not concur with the statement that the net savings were greater than management costs, while 40.9% of the sample rejected the view than the number of complaints from customers had reduced.

Therefore, the financial and service benefits of outsourcing may, in part, be offset by hidden management costs and a breakdown in communication. The firm had a sound governance structure and good operational control over its logistics functions when they outsourced. This is borne out by the fact that outsourcing does not entail the loss of direct control over the logistics function, as 77.3% disagreed with this. It therefore seems that expectations are set very clearly, and there is a good monitoring system in place for third-party performance.

Nonetheless, there are also considerable disadvantages: 72.7% of respondents said that managing relationships required a substantial amount of time, and 77.3% of respondents said that communication gaps hindered performance.

Again, these findings correspond to the studies of Lai (2004), Selviaridis and Spring (2007), Karia and Wong (2021), and Williamson (1985), all of which argued that coordination problems and transaction costs are quite common in outsourced relationships. Due to worries about provider commitment and limitations on flexibility, 40.9% of respondents opposed further growth, while just 27.2% supported it.

Concerning the impact of outsourcing on the overall performance of the operations 72.7% agreed that logistics outsourcing increases delivery reach, 63.6% agreed it improves order fulfillment accuracy, and 81.8% thought that the benefits far outweigh the challenges. Notwithstanding these positive results, many respondents still felt customer complaints have not reduced, with 40.9% disagreeing on this; that communication breakdowns remain a significant issue (77.3% agreed) and that cost reduction do not always offset monitoring charges (27.3% disagreed).

Thus, outsourcing some logistics functions is proving to be an effective vehicle for enhancing operating efficiency within Nile Breweries. However, it cannot be the only means to resolve all performance-related problems, particularly those pertaining to managing company-provider relationships and communication issues within the broader logistics service environment in Uganda.

5.3 CONCLUSION

In brief, the research highlights that outsourcing logistics to Nile Breweries Limited results in tangible benefits such as cost reductions, improved financial flexibility, and enhanced delivery performance. However, outsourcing also raises issues of poor communication, relationship management, and the general state of the logistics system in Uganda.

On the other hand, the company enjoys a lower logistics cost base and the conversion of fixed into variable costs. Furthermore, the company achieves greater efficiency, wider coverage, and more accurate ordering.

All these have improved distribution capabilities, thus supporting vital manufacturing activities. The disadvantages, on the other hand, include that the net savings are not always sufficient to cover the costs of supervision, third-party customer complaints are not always reduced, and relationship management with third parties is very time consuming. Outsourcing is indeed a vital means of enhancing operations at Nile Breweries, but provider management, appropriate communication channels, and knowledge of the logistics market must supplement it.

5.4 RECOMMENDATIONS

The above results indicate the following recommendations that can be made by Nile Breweries Limited to address the existing challenges and improve their logistics outsourcing processes:

- Develop a vendor management system that incorporates service level agreements, key performance indicators, and review cycles to enhance vendor management and oversight in third party logistics services.

- Improve communication and information sharing process both among different company departments and between the organization and its logistics vendors using real time monitoring and holding periodic coordination meetings to avoid delays in the process.

- Hold mandatory reviews after deliveries and implement the feedback mechanism to document issues with the delivery, service failures, complaints from customers, or other concerns, discuss and resolve those jointly with logistics companies.

- Implement relationship management training for all procurement, logistics, and supply chain departments employees aimed at improving their negotiation skills and managing third party relations effectively.

- Hold periodic market research and develop a list of alternative third party logistics providers that will help in reducing dependency on a particular supplier and negotiating better deals.

- Create contingency plan and build flexible terms into the outsourcing contracts in order to cope with the increased volumes of orders and sudden changes without imposing sanctions.

- Participate in the planning process together with logistics providers in order to coordinate efforts and focus on a common goal instead of viewing each other as competitors.

- Work with the corresponding industry associations to promote changes and improvements related to infrastructure, regulation, and implementation of innovative solutions in logistics processes in Uganda.

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APPENDIX 1:

QUESTIONNAIRE

Study Title: The Effect of Logistics Outsourcing on Operational Efficiency at Nile Breweries Limited

Introduction to the Respondent:

Dear Respondent,

My name is LUANDA SAMUEL, a student from Uganda Christian University, pursuing a Bachelor's Degree in Procurement and Logistics Management. I am conducting research titled: "The Effect of Logistics Outsourcing on Operational Efficiency at Nile Breweries Limited."

The purpose of this questionnaire is to gather your valuable insights on how logistics outsourcing has influenced operational performance within the organization. Your participation is voluntary, and all responses will be treated with strict confidentiality. The information will be used solely for academic purposes and will not be shared in any form that could identify you or your department.

I kindly request you to spare a few minutes to complete this questionnaire by ticking (✓) the most appropriate responses. Your honest and thoughtful input is greatly appreciated and will contribute significantly to the quality and relevance of this study.

Thank you for your cooperation and support.

Directions: Please read each statement carefully and select the option that most closely matches your experience. Indicate your answer with a tick (✓). All responses will remain confidential and are intended solely for academic purposes in this study.

Section A: Demographic Information

Category	**Response Options**
Gender	Male [ ] Female [ ]
Age Bracket	18-25 [ ] 26-35 [ ] 36-45 [ ] 46-55 [ ] 56+ [ ]
Department	Logistics/Supply Chain [ ] Operations [ ] Procurement [ ] Finance [ ] Sales/Customer Service [ ] Other (specify): ________________
Years of Experience at Nile Breweries Limited	<2 [ ] 2-5 [ ] 6-10 [ ] 11+ [ ]

Section B: Effect of Logistics Outsourcing on Cost Efficiency

Please indicate your level of agreement with the following statements (1 = Strongly Disagree, 5 = Strongly Agree).

Statement	**1**	**2**	**3**	**4**	**5**
Outsourcing has reduced our overall logistics costs.	☐	☐	☐	☐	☐
Outsourcing has allowed us to convert fixed logistics costs into variable costs.	☐	☐	☐	☐	☐
The cost savings from outsourcing outweigh the expenses of managing the third-party relationship.	☐	☐	☐	☐	☐

Section C: Effect of Logistics Outsourcing on Delivery Reliability & Service Performance

Please indicate your level of agreement (1 = Strongly Disagree, 5 = Strongly Agree).

Statement	**1**	**2**	**3**	**4**	**5**
On-time delivery performance has improved since outsourcing.	☐	☐	☐	☐	☐
Order accuracy and fulfillment rates have increased due to outsourcing.	☐	☐	☐	☐	☐
Customer complaints related to logistics have decreased since we began using a third-party provider.	☐	☐	☐	☐	☐

Section D: Challenges in Logistics Outsourcing

Please indicate your level of agreement (1 = Strongly Disagree, 5 = Strongly Agree).

Statement	**1**	**2**	**3**	**4**	**5**
Outsourcing has reduced our direct control over logistics operations.	☐	☐	☐	☐	☐
We experience communication gaps with our logistics provider that affect performance.	☐	☐	☐	☐	☐
Managing the outsourcing relationship requires significant time and oversight.	☐	☐	☐	☐	☐

Section E: Overall Operational Efficiency

Please indicate your level of agreement (1 = Strongly Disagree, 5 = Strongly Agree).

Statement	1	2	3	4	5
Overall, logistics outsourcing has enhanced our operational efficiency.	☐	☐	☐	☐	☐
The benefits of outsourcing outweigh the associated challenges.	☐	☐	☐	☐	☐
I would recommend that Nile Breweries Limited continues or expands its logistics outsourcing arrangements.	☐	☐	☐	☐	☐

Thank you for your participation

APPENDIX 2:

INTERVIEW GUIDE

Study Title: Assessing the Impact of Logistics Outsourcing on Operational Efficiency at Nile Breweries Limited

Introduction Script:

Hello, my name is LUANDA SAMUEL, and I am a student at Uganda Christian University. Thank you for agreeing to speak with me today. I am conducting a study to understand how outsourcing logistics services influences operations at Nile Breweries Limited, and your insights are valuable to this research. Our discussion will take approximately 30 to 45 minutes. Please be assured that all information you provide will be kept confidential and used solely for academic purposes. With your consent, I would like to record our conversation to ensure I capture your thoughts accurately. Before we begin, do you have any questions for me?

Section A: Background Information

1. Could you describe your current position and the department you are part of?
2. How long have you been employed at Nile Breweries Limited, and what has your involvement with logistics operations been like during your tenure?

Section B: Rationale and Process of Outsourcing

3. What factors influenced Nile Breweries Limited's decision to outsource its logistics activities?
4. Can you outline the process of selecting a third-party logistics partner and transitioning to outsourced logistics? What did the changeover entail?

Section C: Impact on Operations and Efficiency

5. After outsourcing, what effects have you observed on important indicators such as transportation expenses, delivery speed, or order fulfillment accuracy?

6. How has the switch influenced inventory management aspects, such as inventory turnover, stock availability, or warehousing expenses?

Section D: Oversight and Collaboration

7. How would you characterize your ongoing interaction and communication with the third-party logistics provider?
8. What have been the main difficulties encountered while overseeing outsourced logistics operations?

Section E: Evaluation and Future Considerations

9. Overall, do you believe that outsourcing logistics has enhanced Nile Breweries Limited's efficiency? Please elaborate on your reasoning.
10. What is the most significant lesson learned, and what recommendations would you offer for future decisions related to logistics or outsourcing within the company?

Conclusion

Thank you for sharing your perspectives. Is there anything else you would like to add regarding logistics outsourcing at Nile Breweries Limited?