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**College of Administrative and Financial Sciences**

**Assignment 2**

**Deadline: 28/03/2020 @ 23:59**

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| Course Name: Logistics Management | Student’s Name: Abeer Hassan Al Ghamdi |
| Course Code:MGT322 | Student’s ID Number: 170086478 |
| Semester: II | CRN: 21225 |
| Academic Year: 1440/1441 H | |

**For Instructor’s Use only**

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| --- | --- |
| Instructor’s Name: | |
| Students’ Grade: | Level of Marks: |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

**Assignment: 2**

**Submission Date by students:** Before the end ofWeek- 10th

**Place of Submission:** Students Grade Centre

**Weight:** 10 Marks

**Learning Outcome**:

1. Demonstrate an understanding of how global competitive environments are changing supply chain management and logistics practice.

2. Apply essential elements of core logistic and supply chain management principles.

3. Analyze and identify challenges and issues pertaining to logistical processes.

**Assignment Workload:**

This assignment is an individual assignment.

**Critical Thinking**

**In today’s highly competitive, extremely variable and really dynamic environment, many firms are seeking solutions. Supply chain management becomes more sophisticated and the difference between what firms want to achieve and what they can do in-house continues to grow, firms begin to realize that doing the right thing becomes more interesting than doing everything. Accordingly, they are becoming better focused and more specialized by outsourcing and offshoring activities that are far from their core businesses. In many cases firms decide to outsource this function in whole or in part to agents or third party logistics firms.**

**Using this concept of offshoring and outsourcing answer the following questions by taking any Saudi Local company or any Multinational company.**

**Question:**

1. What are Third party logistics firms?
2. Explain the motivational factors for going internationally?
3. On what ground companies choose developing countries location for offshoring? Use examples. (Mention the country and decisive factors)
4. Assess the reasons for using third party logistics service in Saudi Arabia? Using examples, Explain

The Answer should be 3- 4 pages in length including the cover page and reference.

T**he Answer must follow the Key word/ outline points below:**

* Outsourcing ,offshoring ,Third Party logistics
* Their Main functions
* Motivational Factors /Drivers
* Any local example
* Reasons with suitable Examples
* Reference

Note: You can support your answer by reading chapter 4 of your book.

You can use secondary source available on internet. Please use APA-style referencing.

Answer 1.

Third-party logistics are services that enhance the outsourcing of logistic solutions. Equally, the services allow the logistic companies to focus on other organizational departments. The third enterprises provide numerous logistic services to the clients. Similarly, the services provided by the organizations include; transportation, warehousing, distribution, and freight management. Third-party logistics offer integrated services to specific companies (Jazairy, 2017). Consequently, the nature of services offered vary. As such, shipping companies outsource the third-party logistics following the relationship established between the two organizations.

Additionally, third-party logistics enhances the organization and management of the supply and distribution functions of shipping companies. As such, a significant number of modern shipping companies utilize the services of third-party logistics.

The companies may outsource for the third-party logistics to perform a single or several services. Additionally, the companies aid the shipping companies in the management of the supply chain (Giri & Sarker, 2017). Ultimately, enterprises enhance the operational efficiency of shipping countries. Since the third-party logistics companies perform a significant portion of the transportation and supply management operations, the incorporation aids in saving time. Additionally, companies utilize advanced technologies. Equally, the procedures result in accurate and time-saving documentation processes. Further, the third logistics companies have well-established networks within the freight and supply chain industry. Outsourcing for the services minimizes the transportation and distribution costs. Hence, the incorporation of third-party logistics facilitates the operational capacity of shipping companies.

Answer 2.

The existing market differences in various countries globally mean that the logistics and supply chain management processes must be adjusted to meet the market needs. Similarly, the numerous political and economic challenges in developing nations say that logistics companies must focus on offshoring activities to boost business performance. Consequently, most of the companies are going international to improve profitability while minimizing operational costs. Offshoring means that logistics companies can use new clients from different regions (Jazairy, 2017). Furthermore, the emergence of modern technologies also facilitates collaborations with third party logistics. As a result, the techniques allow for the use of efficient telecommunication services to coordinate global operations. Ultimately, going international is vital for production and marketing reasons.

The majority of the logistics companies focus on the expansion of economies of scale. Similarly, venturing into markets in newer geographical regions enhances the capability of acquiring more clients. Further, the provision of the services in more unique markets promotes the company image. Similarly, the internalization of the shipping enterprises increases the economies of specific companies. Additionally, going international also aids in product differentiation as well as the provision of innovation capabilities. The presence of several players within the domestic shipping industry means that going international provides the opportunity of venturing into new markets. The new markets offer shipping companies with opportunities concerning customer attraction and market performance. Additionally, new markets also give logistics companies with the opportunity to spread the risks. As such, the organizations practice diversification to enhance the production of goods that match the market needs of different regions.

Answer 3.

Technological advancements have facilitated offshoring in developing countries. According to the International Labor Organization (ILO), the improvements made within the global telecommunication industry facilitate communication. As such, the exchange of information through telephone calls and information storage is simplified. Further, in the past logistics transaction, the communication charges were significantly high. Thus, the obstacles hinder the process of information conveyance. For example, communication between two logistics companies located in Saudi Arabia and India was costly in the past (Takamol Advisory Unit, 2017). However, today, the digitization of the communication processes has enhanced the process. Thus, modern technologies facilitate offshoring in developing countries due to the ease of communication.

Offshoring also creates excellent job opportunities in developing countries. For instance, in the logistics industry, outsourcing results in the creation of jobs like accountancy. Similarly, the assignments provide employment opportunities to individuals in developing nations. In comparison to the employment terms of the present positions in the countries, the remuneration packages of offshoring jobs are friendly. Reports indicate that offshoring job opening sin nations like India are well paying due to the implementation of modern technology service providers like Wipro. Similarly, the salary structure of the assignments is lower than that in the developed nations. As such, outsourcing in developed countries is viable within the logistics industry. On the other hand, since the wages are relatively higher compared to those of different sectors in the developing nations like the Philippines, the industry provides the citizens with favorable income. Ultimately, the friendly wages act as a motivation for outsourcing for logistic services.

Answer 4.

The third-party logistics industry in Saudi Arabia is growing at a fast rate. Projections indicate that the sector will improve by about 6.7% in 2027 (Takamol Advisory Unit, 2017). Presently, the logistics industry in the nation focuses on proper time utilization and reduction in operation costs. Equally, the growth of the e-commerce industry in the country has created significant market opportunities. As such, the sector has provided third-party logistics companies like Saudi Logistics with business opportunities. Similarly, the innovative initiatives initiated by third-party logistics have facilitated product improvement. Further, the companies have expanded their global presence. Similarly, the market performance of enterprises like Sankyu Inc. has improved as a result of geographical expansion strategies.

References.

Giri, B. C., & Sarker, B. R. (2017). Improving performance by coordinating a supply chain with third party logistics outsourcing under production disruption. *Computers & Industrial Engineering*, *103*, 168-177.

Jazairy, A., Lenhardt, J., & von Haartman, R. (2017). Improving logistics performance in cross-border 3PL relationships. *International Journal of Logistics Research and Applications*, *20*(5), 491-513.

Takamol Advisory Unit, (2017). Enabling Third Party Logistics in the Kingdom of Saudi Arabia. *Takamol.*