



An investigation into outsourcing practice in Ireland: a new direction in logistics and supply chain management

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Abstract

Companies are increasingly focusing on the development of core competencies as an integral part of their overall strategy development and implementation. The corollary of this is that functions regarded as being non-core are being outsourced. This paper investigates the case for and against outsourcing and in addition what is happening in Ireland regards outsourcing. Furthermore to analysis of current literature in the field, an Irish-wide postal and e-mail survey, as well as three case studies revealed many interesting facts. The key findings of the work are manufacturing outsourcing is now the most popular function to be outsourced for both small to medium sized enterprises (SMEs) and large enterprises. Large enterprises (LEs) do not prepare or examine hidden costs more than SMEs, nor do they differ much in relation to the use of consultants. Furthermore, the importance of time spent on preparing or producing contract, and the impact the contract can have on the supplier-buyer relation do not differ significantly. It was found that most companies outsourced within Ireland, which led to further investigation in that area. In relation to logistics outsourcing specifically, this has become very important in the supply chain over the last 20 years as an activity that was traditionally handled by firms as a support function. At that time logistics activities such as warehousing, distribution, transportation and inventory management were given low priority compared with other business functions within the organisation. However, since the customer has become more demanding, the logistics function has now become a source of competitive advantage and there has been a growing emphasis on providing good customer service..

Keywords: Outsourcing; Ireland; Logistics.

Introduction to supply chain management and logistics outsourcing

Supply chain management (SCM) is concerned with the total management of the supply chain. The overall objectives of SCM are to optimise total supply chain costs and investment, in addition to deliver appropriate levels of customer service in targeted market segments (Sweeney, 2003). SCM provides the end customer with the right product at the right time, priced at the right level, in the right quantity and quality. Also,

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