

The usage of third party logistics in Saudi Arabia Current position and future prospects

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Abstract:

Purpose – With competitive pressures placing an increasing dependence on the ability of organizations to deliver customer-adapted products quickly and on time, logistics has been an area that has been subjected to investigation. While there is a growing evidence of organizations increasingly seeking to outsource their logistics activities, there have been few comprehensive studies on the outsourcing of logistics in the Middle Eastern region. The purpose of this paper is to examine the usage of third party logistics (TPL) services in Saudi Arabia.

Design/methodology/approach – Empirical research is used to study the extent firms use the services of logistics companies; the time period these have been used; the decision-making process for choosing contract logistics and its impact on the organization.

Findings – Results based on the analysis of data relating to 496 firms in Saudi Arabia indicate that most of these users are satisfied with the services providers and has largely seen positive developments within the organization.

Practical implications – The results provide managers with evidence supporting the benefits of logistics outsourcing. The study also contains useful information for the providers of contract logistics services on the most frequently used services.

Originality/value – This study makes a significant addition to literature on logistics outsourcing as little empirical research has been previously reported from Arab world and Saudi Arabia. Saudi Arabia to establish linkages between organizations and TPL providers. Moreover, the results of this study will also serve as a future benchmark for the entire Gulf Cooperation Council region, as Saudi Arabia happens to be the largest country in the Middle East.

Keywords Outsourcing, Saudi Arabia, Distribution management

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