

# The outsourcing of logistics activities of Moroccan companies: state of play and prospects for evolution.

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**Abstract**— In the fiercely competitive environment of the companies, today the search for the performance has always been a preoccupation of the industrial, commercial or agri-food companies. This paper is the result of an empirical investigation aimed at studying the outsourcing of logistics activities in Morocco, make or buy? Companies that choose to outsource are forced to acquire an efficient logistics strategy profitable and strong logistical skills to improve its performance and integrate new activities with existing functions to be able to display ever-increasing performance in Supply Chain Management in order to optimize it. The originality of the approach proposed in our article is to simultaneously address the rapid development of this strategic decision in Morocco.

**Index Terms**— Firms, Logistics service providers, Outsourcing, Performance, Supply chain.

## 1 INTRODUCTION

In the literature review, little scientific research has addressed this strategy, which differs from one company to another depending on the means used in the management process to which companies have increasingly resorted in recent years. Companies' awareness of the impact of logistics dimensions on the costs borne by companies has been highlighted by a number of studies carried out since the early 1980s (Mathe and Tixier, 1987 p30). Then several studies conducted on the expenses related to logistics operations have shown that they represent an increasing fraction of a company's operating expenses and that logistics costs undeniably reflect the level of performance achieved by the firm in terms of flow management (Paché and Sauvage, 2004, p17).

The originality of the approach proposed in our paper is to simultaneously address the rapid development of this strategic decision by highlighting what is logistical outsourcing.

The problem this article will address is to answer two key questions: On the one hand, to determine if Moroccan companies accept the idea of outsourcing their logistics operations? And on the other hand, the impact or consequences of this on the company's performance?

Today, outsourcing knows a new boom and concerns company functions that need to be developed and analyze the assets they need, and also to examine the best configuration of these assets to ensure the company's development. Barreyre (1968) defines outsourcing as the fact of entrusting an activity to a provider or a supplier rather than doing it internally. This is referred to as outsourcing or "make or buy". In a more dynamic way, outsourcing is defined as the decision to outsource an activity that was previously internalized to an external service provider (Foss, 1996). Jahns et al., (2006) consider outsourcing as one of three possible modes of governance: "Make" (internalize), "buy". (Outsource) and "hybrid" (share the implementation of activities with a partner, such as joint ventures).

Two main factors have contributed to this development. First,

the need to create more value for principals and clients, and second, the emergence of a market for specialized service providers with the skills to provide companies with tailor-made goods and services.

## 2 EMPIRICAL STUDY

This paper is the synthesis of an empirical study of the Moroccan market through a questionnaire and the analysis of different articles and reviews addressing this issue. Because today, with the gradual opening of borders and the arrival of massive foreign competition, Moroccan companies find themselves in two situations: some understood that the use of logistics service providers could be a lever for improving performance and also a way of focusing on areas of differentiation from competitors, the others are reluctant to outsource their logistics activities because of certain internal resistance or apprehensions about the involvement of an external supplier in the company's activities. But in general, a logistics activity becomes problematic in an environment where time is money, and where the crucial point is to optimize costs to be profitable.

Entrusting one or all of your logistics functions to a logistics service provider also allows you to benefit from the expertise of the professional in the field. So, Morocco in comparison with the European market is still new in terms of outsourcing logistics functions.

Then what are the causes or obstacles due to this delay in outsourcing logistics functions to Morocco? This is the question we will try to answer in the following.

## 3 METHODOLOGY

For the methodology, the first objective is to determine, according to experts in the field, the obstacles to such a decision in Morocco, then we designed a field study with a questionnaire for the principals this empirical analysis is based on a database that includes observations on 34 companies after

collecting the contacts of the recipients, a number of questionnaires were sent to the general managers and existing boxes on the Moroccan market, and for the second option, we have opted for direct contact with the principals these institutions into one common point which is the outsourcing of logistics activities.

The purpose of this study is to show the process before entrusting a logistics function to a third party and to determine the performance and reliability keys on which the company bases its choice of this strategic decision by determining its outsourcing perimeter.

#### 4 RESULTS AND DISCUSSION

For the results of our study the targeted sample we found that 94% in the majority of the responses received are from international principals while 6% are Moroccan companies.



Fig -1: The origin of the companies

It should be noted that 91% of the principals surveyed outsource their logistics functions, mainly from international companies. While only 9% who do not use this trial. However, these 9% perform their logistics functions internally by their own means, because it is a strategic choice on an international scale of the firm or do not have the critical size to do so. The most outsourced logistics activities on the Moroccan market are upstream and downstream transport with rates of 90% and 80% respectively, While IT solutions are the least outsourced.

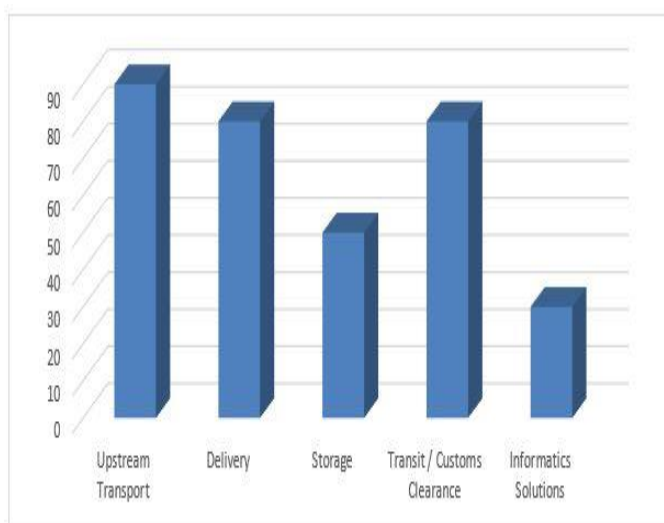


Fig -2: Logistics functions outsourced

While on the service provider's side, the graph below shows that 70% of clients of principals are in contact with logistics service providers, and this is particularly noticeable when the service in force is either at the upstream or downstream transport level.

While the remaining 30% of these customers are principals who outsource functions that do not require any contact with the customer, such as handling.

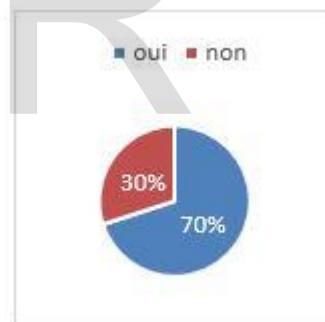


Fig -3: the client Relationship between principals and the service provider

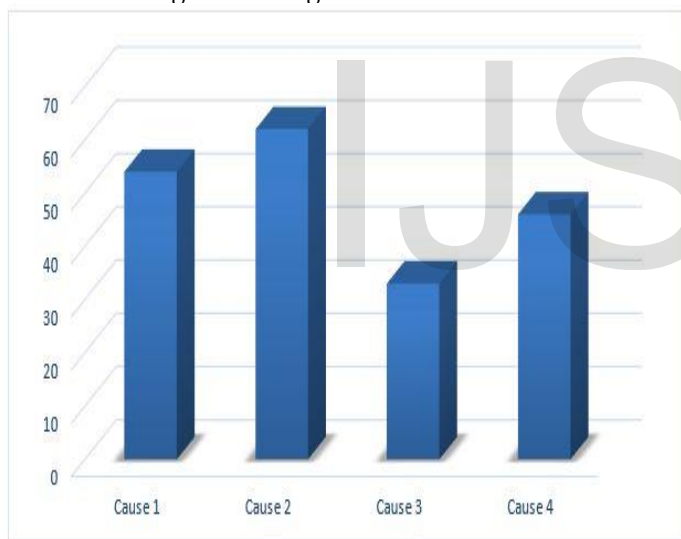
While in response to the question on the re-internalization of previously outsourced activities, we note that 20% of the principals surveyed have re-internalized one or more of their logistics functions.



**Fig -4:** re-internalization of outsourced activities

For the causes below:

- 1- Incorporation and internal management.
- 2- Decision at the international level of the box.
- 3- Lack of local experience.
- 4- High cost of logistics services.

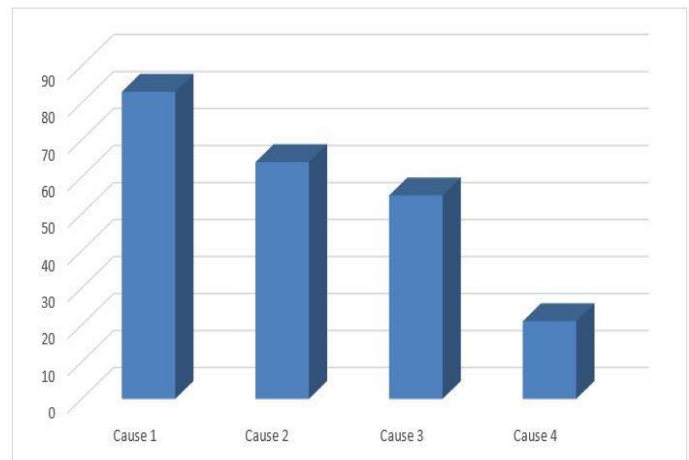


**Fig -5:** The causes of the re-integration of the logistics function

While on the question of time to make outsourcing decisions, the international companies surveyed have been outsourcing their logistics functions since the 1950s. While Moroccan companies have been using it since 2006, which explains why it is a new culture in the Moroccan market.

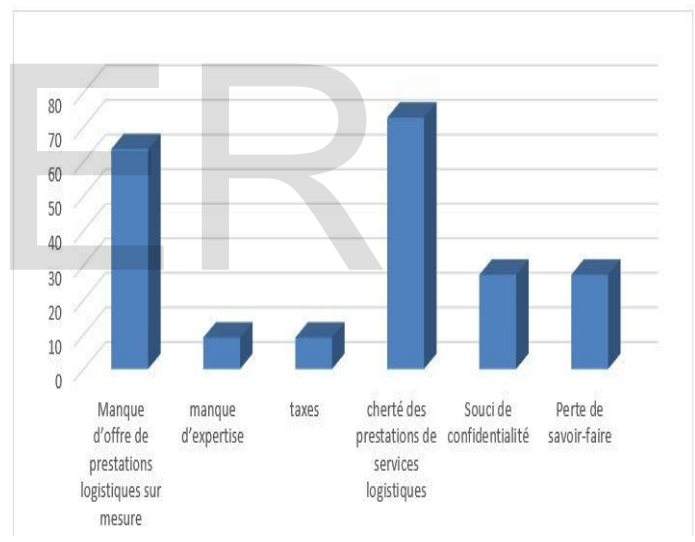
The main reasons that pushed the principals to resort to outsourcing are:

- 1- Refocus on the core business of the company.
- 2- Pooling resources and optimizing logistics costs.
- 3- Control of logistics costs.
- 4- Lack of skills, resources and internal resources to handle logistics functions.



**Fig -6:** The main reasons for outsourcing logistics

As for the brake that prevents companies in Morocco from outsourcing their logistics, the figure below shows the main obstacles to outsourcing logistics functions in Morocco, according to the principals interviewed.



**Fig -7:** The main obstacles to outsourcing logistics functions in Morocco

- 1- The high cost of logistics services, and some companies claim that this is a heavy investment that requires a lot of meticulousness before using them.
- 2- The lack of offer of logistics services for companies. In other words, logistics service operators in Morocco do not respond perfectly to the requirements of the principals.
- 3- The concern for confidentiality, i.e. that the principals fear that their confidential information will be disclosed.
- 4- The risk of losing direct contact with the customer, as mentioned before, is a significant problem because it can definitely cost the loss of the customer.

- 5- The lack of expertise, i.e. logistics service providers are not competent enough according to the principals to meet their requirements. Despite the presence of large companies specialized in providing renowned logistics services on the Moroccan market, the number remains skeletal.
- 6- Taxes, not only are logistics services expensive, but taxes and service charges must also be paid. This may explain the use of the informal in this sector.

## 5 RECOMMENDATIONS AND PROPOSALS FOR OUTSOURCING

According to the study conducted on this issue of outsourcing logistics functions in Morocco, here are some recommendations and proposals to encourage principals to use this practice, which could be categorized into three areas:

- 1- **Awareness:** Organize workshops to raise awareness of the interests of this process and present "Success stories" on outsourcing to encourage principals to do the same, if of course, have the critical size to do so.
- 2- **The incentive:** Implementation of a labelling system, information and figures on professionals in the Moroccan market in order to provide principals with the necessary data before outsourcing.
- 3- **The Regulation:** Competent authorities must enact strong laws and regulations by encouraging principals to work with structured companies.

## 6 CONCLUSION

For the content of our article, outsourcing is a major issue for Moroccan companies. As a gain generator, it also generates a heavy investment and is the result of a rather long decision-making process. Today, any company has been confronted at one time or another with the question of whether outsourcing its logistics would be relevant in terms of costs, service quality, or responsiveness, etc...

Therefore, the point to remember is that the outsourcing process is not something to be taken lightly, all the elements relating to logistics processes and generally to the entire scope of activity to be managed by the company and choose the axes of its development as well as its partners taken into account. An inappropriate outsourcing can have very significant negative consequences for the company. In order to achieve the best possible service to face an issues and problems for the various actors, they must set up a very strong collaboration, in perfect synergy through strong partnerships. Because IJSER staff will do the final formatting of your paper, some figures may have to be moved from where they appeared in the original submission. Figures and tables should be sized as they are to appear in print. Figures or tables not correctly sized will be returned to the author for reformatting.

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