INFLUENCE OF FLEET MANAGEMENT OUTSOURCING ON SERVICE DELIVERY PERFORMANCE IN NAIROBI BOTTLERS LIMITED

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INFLUENCE OF FLEET MANAGEMENT OUTSOURCING ON SERVICE DELIVERY PERFORMANCE IN NAIROBI BOTTLERS LIMITED

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Abstract

Purpose: The main aim of the study was to establish the influence of fleet management outsourcing on service delivery performance at Nairobi Bottlers Limited.

Methodology: The study used a case study research design. Bryman (2008) writes that a case study is a research design that entails comprehensive detailing and intensive analysis of a single case. Data was collected from senior managers and staff at NBL using structured close-ended questionnaires. The questionnaires were administered on a drop and collect later basis to seventy respondents (staff at NBL). Data was processed using SPSS, and multiple regression analysis was applied to establish the influence of the four independent variables of the study on service delivery performance, which is the dependent variable. The results were presented in tables.

Results: The findings obtained show that acquisition of new fleet positively impacts on operational efficiency besides boosting employee morale which has a subsequent contribution on service delivery performance. In addition, when the maintenance of fleet is outsourced, service delivery performance is enhanced through timely delivery of products.

Policy recommendation: The study recommends that a hybrid approach is a viable model to adopt. A hybrid model would involve an internal fleet management role working with an outsourced fleet management firm, so that a firm gains from the benefits associated with each of the independent models.

Keywords: Fleet Outsourcing, Service Delivery Performance
1.0 INTRODUCTION

1.1 Background to the Study

Historically, outsourcing was commonly practiced in the manufacturing sector as well as by government institutions but in the recent decades, outsourcing has been adopted by other sectors across the different business environment (Smith et al., 2000). Organizations that engage the outsourcing function achieve various advantages—all geared towards high customer value. Moreover, organizations can concentrate more on core functions once they outsource their non-core functions. Outsourcing also helps organizations make better use of their resources, time, and infrastructure (Sharpe, 2007). Additionally, most organizations are opting to outsource because outsourcing enables them access intellectual capital, focus on core competencies, shorten the delivery cycle time and reduce costs significantly. Organizations see outsourcing as an effective business strategy to help improve their operations (Struebing, 2006). Rust and Anthony (1993) posited that most outsourced companies provide better services to their consumers because better services enhance customer loyalty. In outsourcing, the firms involved have a greater relationship when compared to the relationship between a buyer and a seller—the outsourcing firm trusts the outsourced partner with vital information (Klepps & Jones, 1999).

Although engaging in outsourcing benefits firms, it also has disadvantages. As such, before a company embarks on the outsourcing function, its managers must first ensure that they understand the negative effects that outsourcing may cause on their business operations and service delivery outcomes. One of the disadvantages of outsourcing according to Smith et al. (2000) is the “hollowing out” effects it leaves in a firm. This means that when firms or companies outsource some of their major operational activities like administrative and production activities, they greatly reduce in size. A company that outsources all its functions may end up being a contracting company. Such a company loses its human resource skills and abilities as well as the technological advancements it had acquired. On the flip side, companies not considering outsourcing may also experience certain merits and demerits as well (Schniederjans, J., Schniederjans, A. & Schniederjans, D., 2005).

The Rationale of Fleet Management Outsourcing and Service Delivery

The increased need for firms to have a better performing transport function of the supply chain coupled with the increased need to offer timely and cheaper goods and services to all customers across a region or area have necessitated the need for better vehicle utilization and fleet management skills (Waters, 2009; Njoroge & Kabare, 2016). Globally, many companies operate and manage a fleet of vehicles, irrespective of whether they are leased or owned vehicles. The types of vehicles they operate range from executive cars to large articulated trucks and lorries. Therefore, fleet management is a function which companies undertake in order to reduce the risks and the costs associated with a range of activities including vehicle investment, improving the efficiency of their fleet and providing compliance with respective regulations on vehicle safety and road-worthiness. Good vehicle utilization minimizes the operation costs of a firm through well-structured planning processes.

The management and coordination of large fleet challenges managers, hence necessitates the outsourcing of logisticians well informed and experienced in fleet management skills.
Logisticians also engage better software relevant to enable them achieve their operational goals (Huang, Smilowitz & Balcik, 2012). What is more, a workable fleet management approach aims to minimize environmental impacts by engaging clean vehicles and fuels; minimizing generated road traffic, and ensuring operations and driving that is fuel-efficient (Besiou, Martinez, & van Wassenhove, 2012).

According to Lauria (2002), fleet outsourcing companies are not only responsible to the outsourcing companies, but also to customers to whom they supply the products hence their relevance. The fleet outsourcing companies aim to deliver products/services to their destinations in the shortest time possible and to the closest location to the customer in order to meet market needs hence attain customer loyalty. Fleet outsourcing is common due to various factors among them: sparse distribution of population, complexities of population set-ups, which require complex supply chains, increase in population, which has increased demand, and increase in production among companies which forces for better supply mechanisms among others (Nashrika, 2006). Lauria and Owen (2001) found that companies prefer fleet outsourcing to enhance service delivery performance by ensuring that products produced are supplied to consumers in the right form and conveniently.

To attain better service provision in fleet outsourcing, Lauria and Owen (2001) propose several factors that must be considered or be practiced by the fleet managers. These factors include but not limited to being proactive, working on a better corporate image, classifying and managing costs, considering customers as one of the main stakeholders, rationalizing staffing and maximizing productivity as well as understanding the (outsourced) company’s weaknesses and strengths.

1.2 Statement of the Problem

Fleet outsourcing is an inevitable business function in the global economy. Potentially, it has huge gains for firms in both developed and developing countries. Benefits are not automatic, but require targeted action. Although outsourcing has many advantages as indicated by Quinn (2000); Sharpe (2007); Struebing (2006); Rust and Anthony (1993); Klepps and Jones (1999), only two are associated with fleet management outsourcing—(1) to cut costs, and (2) to leverage on new fleet management technology that enhances competitiveness (Lauria, 2002). However, since every company’s main goal is to meet and satisfy its customers’ needs, it is important that fleet outsourcing be associated with service delivery, which has not been the case as demonstrated by a number of past studies. For Coca-Cola Company (Nairobi Bottlers Limited), the major drivers for fleet outsourcing are to reduce costs and to build a value chain that is of reputable image (Cahill, 2007). However, the effectiveness of fleet outsourcing on service delivery performance has been unclear to the company’s management, as no official association of fleet outsourcing and service delivery performance has been done. Consequently, some managers have contemplated having insourced fleet management service, which they can easily control and investigate to establish its association to service delivery. This contemplation is born by lack of clear association between outsourced fleet management and service delivery. It is based on this that this study aimed at investigating the influence fleet management outsourcing has on service delivery performance at the Nairobi Bottlers Limited.
2.0 LITERATURE REVIEW
Theories Related to the Study

Outsourcing has a very complex structure, which consists of numerous activities and functions giving rise to series of administrative and managerial dilemmas. In order to understand the nature and uniqueness of company operations and activities, the study has been premised on three theories namely: the theory of core competencies, transaction cost economics theory and human capital theory. The theory of core competencies holds that firms have unique mix of resources and skills that differentiate them from other firms in the marketplace. These unique resources and skills not only define a firm but also determine what products and services it will offer to customers (Yang, 2015). Core competencies are defined as synchronized mixture of skills and resources that are used to coordinate a firm’s production processes for competitiveness (Prahalad & Hamel, 1990). This means that with core competencies, a firm is able to build critical products relevant for making products for customers. The theory also submits that firms should only focus on operations where they have core competencies and shed away operations where they lack competencies. This is the reason underlying outsourcing according to this theory (Drejer, 2002).

The downside to this theory is its sustainability and blinding mistakes. When a company makes an error in determining its core competence, it will end up defining its operations based on that mistake which can be disastrous to competitiveness and sustainability. On sustainability, some competencies may be imitated by competitors rendering the firm uncompetitive. Additionally, companies that rely on short-term competencies may lose focus with changing marketplace hence, put the business in a non-competitive situation in the long term (Drejer, 2002). According to this theory, firms should only outsource functions or processes where they lack core competencies but retain processes where they have competence.

The transaction cost economics theory has traditionally been the most widely-used outsourcing theory. It is considered that the TCE theory provides the best decision-making tools in order to assist organizations in deciding which of their operations should be outsourced. The theory helps in the analysis and selection of outsourcing contracts, which are often of great complexity. A number of researchers have approached the phenomenon of outsourcing using the TCE theory. The researchers have reached the conclusion that when the decision to outsource is based on the TCE theory the outcome is better, as is the case when the vendor manages to develop a strong manufacturing basis (Bouchard, 2008; Nübler, 2007 and Meltz, 2003).

On the other hand, human capital theory holds that humans have knowledge, creativity, personality, and social attributes, skills, talents, and habits that determine their ability to work towards a given economic goal. When these traits are put to use, a form of wealth is generated and directed towards laboring for a nation or company, which then produces economic value (Becker, 1964). According to the theory, a good employee is one whose human capital is high—For instance, a highly knowledgeable/skilled staff is better than a less knowledgeable/skilled staff hence the former must be compensated better than the latter (Savvides & Stengos, 2009). The downsides of this theory is the challenging measurability of the human capital traits. For instance, it is challenging to measure skill, knowledge ability, habits among others, which also makes it challenging to offer the right labor or awards. The theory also blames individuals for
systemic problems since it only attaches performance on an individual (Savvides & Stengos, 2009).

**Organizational Performance**

In this current world, abrupt change in demand for commodities is very common due to varying market needs. To overcome such surges, a company needs to have a very efficient supply chain that can be able to effect this needs without affecting other company processes. Such times call for outsourcing fleet services that can attend to such needs (Iacobucci, Ostrom & Grayson, 1995; Galetzka, Verhoeven, & Pruyn, 2006). The difference between such outsourced services and insourced ones is that insourced services do not concentrate on the customer as the outsourced services do. This means that outsourced services have a higher rate of achieving customer satisfaction than insourced ones due to the high customer-centeredness.

Enz (2009) while elaborating on the limitations of restructuring businesses says that when outsourcing is used to deliver services to the customer, the company loses the touch to the customer since the two do not interact in the course of business. This may not exactly have a direct effect on the company’s products particularly when the distributor is strong or when the brand of the products distributed is strong, but may have an effect on the loyalty of customers. If another company offering similar products comes into the market and establishes the relationship with the customers, it is likely, though not obvious, that the customers may lose their loyalty to the first company (Wallenburg, 2009). If Enz and Wallenburg’s ideas are anything to go by, then insourcing distribution services is the best way through which a company may enhance credible service provision to the customers and other stakeholders.

One of the considerations for companies to outsource fleet services is how reliable the services may be towards service delivery. Reliable service delivery performance is one of the key measures of performance goals. When a service is reliable to a person, it means that the service complies with the person’s needs and offers service quality that meets or exceeds customer expectations (MacCallum, 2011). Van Raaij and Pruyn in Galetzka et al. (2006) asserted that customer’s evaluation of the service depends on whether service specification and realization were in accordance with expectations. The authors add that service specification is the agreement a customer and a service provider makes about the type of service to be rendered, including price, design, quality, timing, and other service characteristics. In the supply chain, for a company to meet its distribution needs in the right manner, to satisfy the service specifications, logistics outsourcing is the right order (Arvis, 2007).

**Fleet Acquisition Outsourcing and Organizational Performance**

According to Lauria (2002), fleet management of an organization exists to meet the needs of fleet users. Thus, fleet management organizations should be reliable by offering the vehicles of the desired capacity and model, in good condition and at the requested time (Arvis, 2007). Coca Cola Company, one of the world’s largest outsourcer of transportation/distribution services identified a challenge it faces in its internal distribution department that affect service delivery. The challenge is requirement for a specific vehicle type and equipment per order and/or outlet. Indeed, serving some locations may require a specific truck with specific equipment that may not be readily available internally in the company’s transport operations. This challenges the
company more because it cannot acquire all types of trucks that has the services it might require at some point (Kant, Jacks, & Aantjes, 2008).

Oxford Economics (2011) report presents a case that a good distributor company is one that has several transportation machinery to choose from. The choice however should depend on the urgency of delivery, the capacity, and the type of goods being distributed. Kant et al. (2008) argued that an outsourced distributor has specialized resources that will enable him execute his/her services to the best understanding possible to enhance the quality of services rendered to the consumer. Needless to say, that in the last three decades, the demand for these outsourced services has been increasing tremendously. This is attributed by the fact that there are numerous benefits that are associated with outsourced services such as increased competence and specialization than would have been achieved in insourced services (Stockmayer, 2010).

**Fleet Maintenance Outsourcing and Organizational Performance**

According to the department of Transport-UK, outsourced fleet services are better maintained than those owned internally by the company. Since outsourced fleet companies have transportation as their main operational activity, the preventive maintenance they offer to their fleet is very high and done on a daily/short duration frequencies. This is done to outdo breakdown problems of fleet while in transit hence increasing the fleet’s reliability. Insourced fleets may encounter hash infrastructural adjustments hence likely to breakdown particularly if not well maintained. This makes these fleets less reliable since they are unable to deliver timely service/products they are required to (UK Transport department, 2010). Wiegmann and Tao (2011) in concurrence with the department assert that an outsourced fleet company has an obligation to comply with preventive maintenance to their vehicles thus making the fleet more reliable and dependable.

Distributing companies are normally well informed of the traffic patterns hence know areas to avoid at given times in the process of meeting demand requirements. Being informed of the traffic patterns shortens the time the distributor may take to deliver given products thus enhancing convenience and reducing on possible wear and tear of their vehicles. Apart from this, the distributor is well informed of the laws and policies that govern the hauling/transport and type of vehicle a given individual should drive. The distributor is also aware of the specific loading rules for certain vehicles and vehicle types, such as pocket loading (used to organize customer-specific orders onto one or multiple pallets), containers for chilled products, and multiple trailers among others. These put the distributor in a better position to comply with the set regulations and avoid incurring legal costs as well as reduces maintenance costs (Kant et al., 2008).

**Fleet Employee Management Outsourcing and Organizational Performance**

Human resource (HR) is one of the most important yet costly things in a company’s operations. Human resource management outsourcing (HRM) ensures they manage the resource such that it is within the desirable range for the organization’s optimal performance as well as it is managed so as not to be costly to the organization. As such, most organizations aspire to do away with HR not attached to the core business. However, the effect of this on service delivery performance depends on other factors. For instance, Southwire, a US company manufacturing cable and wire outsourced fleet operation services as a way of cutting the heavy cost of human resource
deployed to the transport department. Though the cost effect was realized, the downside of this outsourcing was customer perception, which was negative in the short term but was corrected in the long term. However, on a general scale, service delivery performance was not distorted by employee management outsourcing since the outsourced company had better staffing and was well managed to ensure better service delivery performance (William & Faramarz, 2009).

**Fleet Technology Outsourcing and Organizational Performance**

Technology plays a critical role in the managing of fleet services. Technical adjustments in vehicle design to adapt to environmental requirements have also been rampant (Gitahi & Ogollah, 2014). A study by Cecere (2015) revealed that supply chains have underperformed globally due to poor ICT application in fleet management. By 2014, the use of ICT in fleet management in the world was 46% (Bloomberg, 2014) resulting to lower than expected customer satisfaction from logistical services (Saddle Creek Corporation, 2011). These findings indicate that ICT usage in the logistics industry is positively associated with service delivery performance to customers. Despite the advantages of having these technologies, sustaining them in the ever-changing tech-world in fleet management services is a challenge to many managers. This is what has necessitated some managers to outsource fleet services, which are able to keep up with the changing technology in the logistics industry. In an instance, Southwire company outsourced fleet operation services to Schneider National Dedicated Operation of Green Bay, Wisconsin because their transportation operations implemented leading-edge technology that offered enhanced solutions for customers (Stockmayer, 2010).

According to Italian Ministry of Technology Innovation (2004), large logistics companies have made significant investments in ICT and have well developed information databases and applications on fleet operations. These applications make it easy to track and monitor vehicle movement, diagnose problems that require maintenance, and offer support services to truck drivers while on duty. Lester (2013) concurs by asserting that a fleet management software (FMS) is appropriate for every fleet operating company to ensure efficient and competitive fleet business.

### 3.0 METHODOLOGY

The study conceptualized that fleet acquisition outsourcing, fleet maintenance outsourcing, fleet employee management outsourcing and fleet technology outsourcing (being the independent variables of the study) influence service delivery performance (dependent variable) at the NBL. The study used a case study research design. Bryman (2008) writes that a case study is a research design that entails comprehensive detailing and intensive analysis of a single case. Data was collected from senior managers and staff at NBL using structured close-ended questionnaires. The questionnaires were administered on a drop and collect later basis to seventy respondents (staff at NBL). Data was processed using SPSS, and multiple regression analysis was applied to establish the influence of the four independent variables of the study on service delivery performance, which is the dependent variable. The results were presented in tables.

### 4.0 RESEARCH FINDINGS AND DISCUSSION

#### 4.1 Fleet Acquisition Outsourcing
Regression coefficient is the slope of the linear relationship between the dependent variable and the part of a predictor variable that is independent of all other predictor variables. For the regression coefficients (table 1), the study found fleet acquisition outsourcing coefficient value of $\beta = 0.695$, $t (16) = 20.29$, $p < 0.05$ which was less than critical $p$-value of 0.05. This means that there was a significant and positive relationship between fleet acquisition outsourcing and service delivery performance. In other words, any improvement in the fleet acquisition outsourcing increases service delivery performance by factor 0.695 and 0.723 respectively. It suffice to submit that outsourced transportation services provides the desired value-adding competencies which significantly improves performance in respect to service delivery (Stockmayer, 2010). Stockmayer further points out that the demand for these outsourced services has been increasing tremendously based on the advantage that the outsourced services have come with increased competence and specialization than would have been achieved when distribution is done internally.

### Table 1: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>$t$</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.076</td>
<td>.140</td>
<td></td>
<td>7.701</td>
<td>.000*</td>
</tr>
<tr>
<td>1 Fleet Acquisition Outsourcing</td>
<td>.695</td>
<td>.034</td>
<td>.755</td>
<td>20.294</td>
<td>.000*</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.894</td>
<td>.137</td>
<td></td>
<td>6.526</td>
<td>.003*</td>
</tr>
<tr>
<td>2 Fleet Acquisition Outsourcing</td>
<td>.723</td>
<td>.039</td>
<td>.762</td>
<td></td>
<td>.002*</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Service Delivery Performance, *$p<0.05$

### 4.2 Fleet Maintenance Outsourcing

The study found fleet maintenance outsourcing coefficient value of $\beta = 0.802$, $t (16) = 16.26$, $p < 0.05$. This means that there was a significant relationship between fleet maintenance outsourcing and service delivery performance. That is to say, an improvement in fleet maintenance outsourcing increases service delivery performance by a factor 0.802. Indeed Savvides and Stengos (2009) reason that transport and logistics companies are well informed of the laws and policies that govern the hauling/transport and type of vehicle a given individual should drive. They are aware of the specific loading rules for certain vehicles and vehicle types, such as pocket loading (used to organize customer-specific orders onto one or multiple pallets), containers for chilled products, and multiple trailers among others. These enables them to be in a better position to comply with the set regulations and avoid incurring legal costs as well as
reduces maintenance costs (Parasuraman, Zeithaml & Berry, 2016). The results are as shown in table 2.

**Table 2: Regression Analysis Coefficients Table**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.637</td>
<td>.201</td>
<td>3.173</td>
<td>.002*</td>
</tr>
<tr>
<td></td>
<td>Fleet Maintenance Outsourcing</td>
<td>.802</td>
<td>.049</td>
<td>.678</td>
<td>16.261</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>.378</td>
<td>.178</td>
<td>2.124</td>
<td>.002*</td>
</tr>
<tr>
<td></td>
<td>Fleet Maintenance Outsourcing</td>
<td>.875</td>
<td>.137</td>
<td>.734</td>
<td>7.475</td>
</tr>
</tbody>
</table>

*p<.05

### 4.3 Fleet Employee Management Outsourcing

From table 4.3, the finding, $\beta = 0.852$, $t (16) = 25.32$, $p<.05$, revealed a significant relationship between fleet employee management outsourcing and service delivery performance. This implied that an improvement in fleet employee management outsourcing, increases the service delivery performance by a factor of 0.852. These results are consistent with Van Raaij and Pruyn in Galetzka et al. (2006), who assert that customer’s evaluation of the service depends on whether service specification and realization were in accordance with expectations. Besides, they say that employee management outsourcing reduces the instances of negative effects arising from staff complacency and apathy.

**Table 3: Regression Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.370</td>
<td>.124</td>
<td>2.981</td>
<td>.003*</td>
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<td></td>
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<td>.034</td>
<td>.821</td>
<td>25.324</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>.113</td>
<td>.098</td>
<td>1.153</td>
<td>.006*</td>
</tr>
<tr>
<td></td>
<td>Employee Management Outsourcing</td>
<td>.797</td>
<td>.031</td>
<td>.828</td>
<td>24.141</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Service Delivery Performance; *p<.05
4.4 Fleet Technology Outsourcing

Regression analysis coefficient, $\beta = .90$, $t (16) = 23.50$, $p < .05$, revealed a significant relationship between the fleet technology outsourcing and service delivery performance. The implication of the finding was that an improvement in fleet technology outsourcing improves the service delivery performance by factor 0.901. The findings agree with Waters (2009) who explained that technology plays a critical role in the managing of fleet services. Technological communication improvements in fleet business facilitate better planning through the application of radio frequency identification (RFID), electronic data interchange (EDI) systems, and satellite navigation among others (Waters, 2009). This is what has necessitated some managers to outsource fleet services, which are able to keep up with the changing technology in the logistics industry. For instance, Southwire company outsourced fleet operation services to Schneider National Dedicated Operation of Green Bay, Wisconsin because their transportation operations implemented leading-edge technology that offered enhanced solutions for customers (William & Faramarz, 1999). The results are presented in table 4.

Table 4: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.376</td>
<td>.144</td>
<td>2.619</td>
<td>.009*</td>
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<tr>
<td></td>
<td>Fleet Technology Outsourcing</td>
<td>.901</td>
<td>.038</td>
<td>.801</td>
<td>23.499</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
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<td>.124</td>
<td>1.040</td>
<td>.009*</td>
</tr>
<tr>
<td></td>
<td>Fleet Technology Outsourcing</td>
<td>.875</td>
<td>.027</td>
<td>.814</td>
<td>23.534</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Service Delivery Service delivery performance; *p < .05

*p < .05

4.5. Ranking the on Service Delivery Performance

The study ranked the four independent variables of the study in terms of the most to the least influential on service delivery performance as expressed by the respondents. This was done by comparing the regression coefficients of the independent variables. The study established that respondents considered fleet employee management outsourcing and fleet technology outsourcing to be the most influential on service delivery performance, as shown in table 5.
Table 5. Ranking on Service Delivery Performance

<table>
<thead>
<tr>
<th>Rank</th>
<th>Independent Variable</th>
<th>Regression Coefficients (Standardized Coefficients (r))</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Employee Management Outsourcing</td>
<td>0.821</td>
</tr>
<tr>
<td>2.</td>
<td>Fleet Technology Outsourcing</td>
<td>0.801</td>
</tr>
<tr>
<td>3.</td>
<td>Fleet Acquisition Outsourcing</td>
<td>0.755</td>
</tr>
<tr>
<td>4.</td>
<td>Fleet Maintenance Outsourcing</td>
<td>0.678</td>
</tr>
</tbody>
</table>

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The objective of the study was to establish the influence of fleet management outsourcing on service delivery performance at Nairobi Bottlers Limited. The study has established that acquisition of new fleet positively impacts on operational efficiency besides boosting employee morale which has a subsequent contribution on service delivery performance. In addition, when the maintenance of fleet is outsourced, service delivery performance is enhanced through timely delivery of products. The study concludes that indeed fleet acquisition outsourcing does influence service delivery performance, and is consistent with the theory of core competencies as argued by Yang (2015). Yang explains that core competencies aim to attain three things in a firm. That is, give a firm the capability to access a large market, add value to the final product that a customer will perceive as beneficial, and offer resources/skills that are not easily duplicated or imitated.

5.2. Recommendations

The study has established that fleet maintenance outsourcing does not necessarily improve service delivery through cost efficiencies, except through the freeing up of internal labour for perhaps more competing demands. The study recommends that NBL can consider establishing a semi-autonomous subsidiary company for fleet management. This has the potential for multiple benefits to NBL’s business enterprise.

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