

Determinants of Outsourcing Warehouse Operations in Sri Lankan Ceramic  
Industry: A Case study

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## ABSTRACT

The company selected for the case study King Ceramics is the dominant market leader in Sri Lankan tile industry with the expanding their business to 16 various countries worldwide. Having an efficient distribution network comprised of 60 showrooms and 11 warehouses are the attractive capabilities of King Ceramics. Currently, more than 50% of the total group revenue is generated by tiles and associate products. Warehouse operations are playing a pivotal role in the supply chain management process since they allow purchasers to obtain the most appropriate products at a reasonable price and at the place where the purchasers can accommodate easily. Existing conditions in King Ceramics, the purpose of this study is to cater the problem of “What are the factors influencing manufacturing companies to outsource warehousing facilities in Sri Lanka?”. Identifying the factors influencing the manufacturing companies to outsource warehousing facilities in Sri Lanka is designed as the primary objective of the research. Here, data collection is primarily based on a questionnaire.

Based on the analysis conducted referring to the gathered responses, cost associated with in-house warehousing operations, customer satisfaction and capability to focus on company core-competencies variables are identified as factors with a positive relationship with effective outsourcing of warehouse operations in Sri Lanka. However, the risk associated with outsourcing of warehouse operations has a negative relationship with the effective outsourcing of warehouse operations in Sri Lanka. Impact on customer satisfaction has the highest impact compared to the other three independent variables. The cost associated with in-house warehouse operations shown the second priority and the company’s capability of focusing on its core competencies is the third prioritized factor towards the effective implementation of outsourcing of warehouse operations. According to the research findings, risk related to in-house warehouse operations on the effective implementation of outsourced warehouse operations has shown the lowest level of impact. Therefore, as a manufacturing company, King Ceramics should focus on improving and streamlining its processes to develop a seamless flow in-between outsourced operations and in-house operations to deliver maximum satisfaction to customers and to have the maximum cost saving.

**Keywords:** Supply Chain Management, Outsourced warehouse