

Saudi firms urged to outsource logistics

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Despite being affected by a skills shortage, many Saudi Arabian companies are still keeping their logistics operations inhouse rather than outsourcing to a specialist 3PL firm, according to research by Hala Supply Chain Services.

The consultancy firm has published its Saudi Arabian Supply Chain Intelligence Report (SCIR), which suggests that a significant cultural change is needed before companies can experience an improvement in their operations.

"Logistics activities are characterised by low levels of outsourcing," the report said. "This goes against international trends, where an increasing amount of partnerships are being formed between companies with limited supply chain skills and 3PL firms with the experience to manage these new challenges. Such an approach has shown its value in alleviating the challenge of a skills shortage by elevating the resources available to companies and operators on both the regional and the global level."

Saudi Arabia has followed a similar path to its smaller neighbour, the United Arab Emirates, by diversifying its economy away from traditional oil revenues. Several major projects are currently in the pipeline, such as King Abdullah Economic City and Rakisa Economic City. However, the report warned that companies would struggle with increased cargo volumes, which can be overcome through partnerships with regional or international 3PL companies.

"New approaches are required in order to revolutionise the supply chain in Saudi Arabia and meet future levels of growth that have been predicted for the Kingdom," the report stated.

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