

1 **THE IMPACT OF COST- DRIVEN STRATEGIC OUTSOURCING ON THE**
2 **ORGANIZATIONAL PERFORMANCE OF MANUFACTURING COMPANIES IN**
3 **NIGERIA.**

4
5
6 **Abstract**

7 *The pivotal roles of the manufacturing sector in economic growth and sustainable development*
8 *in both developed and developing countries have been documented in the literature. However,*
9 *the highly competitive environment along with customers' demands for tailored products and*
10 *services have forced manufacturing companies, especially in Nigeria to experience slow growth.*
11 *This study, therefore, sought to determine the impact of cost drive outsourcing strategy on*
12 *organizational performance of manufacturing companies in Nigeria. The questionnaires were*
13 *administered among the one hundred and twenty (120) management staff members of the sixty*
14 *selected manufacturing companies in Nigeria through a purposive sampling method, and this*
15 *was done personally by the researcher. Linear regression was used to analyzed and interpret the*
16 *data used in this research. The study reveals that cost-driven is a major strategy that helps an*
17 *organization in achieving its stated objectives in the global competitive environment. The*
18 *findings further show that cost-driven has a significant impact on the organizational*
19 *performance of the manufacturing sector in Nigeria. Subsequently, the study recommends that*
20 *the management of manufacturing companies should adopt strategic and well thought out*
21 *outsourcing partnerships in order to continuously reduce operating costs for growth.*

22 **Keywords:** Cost-Driven, Outsourcing, Competitive Environment, Performance, Manufacturing

23
24 **Introduction**

25 *The pivotal roles of manufacturing sector in economic growth and sustainable development in*
26 *both developed and developing countries have been acknowledged by scholars, professionals and*
27 *economists, and the sector is the major determinant of the level of industrialization and the real*
28 *growth of any economy by providing intermediate inputs, finished goods, increasing foreign*
29 *exchange earnings, positive spillover effects and employment opportunities. However, the*
30 *highly competitive environment along with customers' demands for tailored products and*
31 *services have forced manufacturing companies, especially in Nigeria to experience slow growth.*

32 This is evidenced by the Manufacturing Association of Nigeria (2016) that 30percent of the
33 manufacturing firms are moribund, 60 per cent were classified as ailing while only 10 per cent
34 were classified as operating at a sustainable level. In another report, National Bureau of
35 Statistics (2017) also revealed that manufacturing sector's contribution to the economy has
36 dropped from N8.97tn as of the end of December 2015 to N8.89tn as of the end of December
37 2016.

38 Outsourcing is a management strategy through which a company assigns some non-core
39 functions to more specialized, more effective and more efficient service providers such that the
40 organization can be left to perform and concentrate with the core business activities. Outsourcing
41 activities have existed for centuries. The earliest outsourcing activities were found in the
42 prehistoric Roman Empire (Kakabadse & Kakabadse, 2002) where tax collection was done
43 through outsourcing. In the history of America, it used to outsource the production of wagon
44 covers to Scotland, and the raw materials for the production process were imported from India,
45 (Kelly, 2002). Driven by globalization pressures resulting from an urge to deal with both
46 opportunities and threats brought about by global competition, firms from different corners of the
47 world started looking for more affordable resources available in different offshore locations
48 Strategic outsourcing has been recognized by the researchers and managers as one of the
49 managerial tools that keep a business competitive in this century. Nyangau, Mburu and Ogollah
50 (2014) acknowledge that the world has embraced the phenomenon of outsourcing and companies
51 have adopted this principle to help them expand into other markets. According to Maku and
52 Iravo (2013), outsourcing focuses on the achievement of the overall business benefits, whether
53 enhancing an organization's competitive position in the marketplace or improving shareholder
54 returns. A study by International Business Machine (IBM) (2010) also posits that outsourcing is
55 a strategic business decision that is likely to boost a company's performance. Outsourcing is the
56 replacing of in-house provided activities by subcontracting it out to external agents. Agburu,
57 Anza and Iyortsuun (2017) observe that outsourcing avails organizations the opportunity to
58 concentrate her core competencies on definable preeminence business area and provides a unique
59 value for customers.

60 In spite of the increasing trend in outsourcing arrangements, there are inadequate studies
61 on how outsourcing activities affect organization performance in the manufacturing sector in
62 Nigeria. In order to bridge that gap, this research seeks to study the effect of strategic
63 outsourcing on organization performance in manufacturing companies in Nigerian.

64

65 **Research Objectives**

66 The general objective of the study is to determine the impact of cost-driven outsourcing strategy
67 on the performance of the manufacturing sector in Nigeria.

68

69 **The specific objective of the study**

70 i. To determine the impact of cost-driven outsourcing strategy on organizational
71 performance of the manufacturing sector in Nigeria.

72 **Research Hypothesis**

73 The following hypotheses were tested and formulated in a null form.

74 **H₀₁:** Cost-driven outsourcing has no significant effect on organizational performance of the
75 manufacturing sector in Nigeria.

76 .

77 **Justification of the study**

78 This study justifies the needs for detail to enable the management of Nigerian manufacturing
79 sector to understand how the outsourcing strategy would influence the performance of the
80 company, and further shed more light on how they can optimize on it to gain and retain a
81 competitive advantage in today's turbulent business environment. The study would also
82 contribute to the existing literature in the field of strategic management for the manufacturing
83 industry in Nigeria. It should also act as a stimulus for further research to refine and extend the
84 present study especially in Nigeria

85

86 **Literature Review**

87 **Concept of Strategic Outsourcing**

88 The concept of strategic outsourcing is not new, especially in developed countries. According to
89 Karam, Fariba, and Arash (2014), strategic outsourcing originated way back in the 1960s and
90 1970 and is deeply rooted in the history of the growth of the modern business enterprise.
91 Strategic outsourcing has led many enterprises to review the core activities and concentrate on
92 their core competencies, i.e. what the organization believe they do best (Lysons, 2014). Lacey
93 and Blumberg (2005) defined outsourcing as “reliance on external sources for manufacturing
94 components and other value-adding activities”. Some focus on international sourcing of
95 components, sub-systems and completed products (Kamuri, 2010). Outsourcing involves

96 performing a function or process such as manufacturing operation and other value-additions
97 activities with reliance on external sources, a third-party or supplier, so as to attain business-level
98 benefits (Lei & Hitt, 1995). Strategic outsourcing includes “make-or-buy” (Chanzu, 2002)
99 decision which produces the company's product internally or subcontracts to other service
100 providers. Some researchers focus on international sourcing of components, sub-systems and
101 completed products (Feenstra & Hanson, 1996). According to Sako (2006), outsourcing can be
102 defined as the act of one company contracting with another company to provide services that
103 might otherwise be performed by in-house employees. It was further described as a contract
104 service agreement in which an organization hires out all or part of its operations to an external
105 company. The major characteristics of outsourcing are; the activities initially performed in-house
106 are transferred to an external party, the assets, knowledge and in some cases, people; there will
107 be an external relationship between the parties involved over a long period of time, that in
108 transferring the activity to the external party the buyer is exposed to a cost and a risk profile,
109 both of which are new to the companies involved (Maku & Iravo, 2013).

110

111 **Concept of Organizational Performance**

112 According to Pitt and Tucker (2008), organizational performance is defined as “a vital
113 sign of the organization, showing how well activities within a process or the outputs of a process
114 achieve a specific goal”. It is also defined as “a process of assessing progress towards achieving
115 pre-determined goals, including information on the efficiency by which resources are
116 transformed into goods and services, the quality of these outputs and outcomes, and the
117 effectiveness of organizational objectives” (Amartunga & Baldry, 2003). Rosenzweig (2007)
118 also describes the organizational performance as the actual output or results of an organization as
119 measured against its intended outputs (or goals and objectives). Pierre, Timothy, George, and
120 Gerry (2009), however, define organizational performance as the ability of an organization to
121 fulfil its mission through sound management, strong governance and a persistent rededication to
122 achieving results. Effective nonprofits are mission-driven, adaptable, customer-focused,
123 entrepreneurial, outcomes-oriented and sustainable.

124 An organizations performance can be measured through organizational financial results
125 however; there are other measures that can be used. These measures include customer
126 satisfaction/dissatisfaction, customer retention/behaviour, product and service quality, waste,

127 flexibility, organizational capabilities and yield/ productivity. These measures, however, have to
128 be in tandem with the organization's mission and goals.

129

130 **Theoretical Framework**

131 This study anchor on Core competency theory because the theory is relevant to this study. Core
132 competency theory explains how to coordinate diverse production skills and integrate multiple
133 streams of technologies for organizations in order to have a competitive advantage in the global
134 competitive environment. This theory suggests that firm activities should either be performed in
135 house or by external service providers. It is based on make or buys decision. Non-core activities
136 should be considered for outsourcing to the best-suited service providers who are experts in that
137 field.

138 However, some few non-core activities which have a big impact on competitive
139 advantage should be retained in the house (Chandra & Kumar, 2000). According to Akinbola,
140 Ogunnaike and Ojo (2013), core competency can take various forms, including technical/subject
141 matter know-how, a reliable process and/or close relationships with customers and suppliers. It
142 may also include product development or culture, such as employee dedication, best human
143 resource management (HRM), good market coverage etc. Core competencies are particular
144 strengths relative to other organizations in the industry which provide the fundamental basis for
145 the provision of added value. Core competencies refer to the collective knowledge of the
146 production system concerned in particular knowledge of procedures and how to best integrate
147 and optimize them (Simchi-Levi, Keminisky&Simchi-Levi, 2004).

148

149

150 **2.1 Cost-Driven Outsourcing and Organizational Performance**

151 The past few decades have witnessed a boom of outsourcing in which firms transfer their
152 non-core business activities to third-party service providers. Functions that have seen substantial
153 outsourcing include information technology management, support services, manufacturing,
154 logistics, and customer support. The biggest motivation for such outsourcing has been to
155 maintain a competitive edge by reducing costs and focusing on core competencies (Zhao, Xue &
156 Zhang, 2014).

157 Today, outsourcing has become a strategic lever in the global economy and it is widely
158 expected that this trend will continue in the near future. Kenyon and Meixell (2011) found out

159 that outsourcing works better for international markets where labour and cost of doing business
160 are lower. However, as Insinga and Werle (2000) point out, outsourcing at the operational level
161 can easily lead to the development of dependencies that create unforeseen strategic
162 vulnerabilities.

163 The fact that outsourcing can be strategic is in no doubt. However, the most important
164 thing is a foremost recognition of the strategic value that outsourcing can generate to any
165 organization if handled correctly. As Insinga and Werle (2000) note, the real risk is in losing the
166 strategic intent of outsourcing in the day-to-day hustle and bustle of the organization's
167 operations. "At this level," they point out, "the dominant success metric of outsourcing becomes
168 a lower cost, period." (p. 58). They further argue that in order to avoid losing sight of the
169 strategic intent, firms must institutionalize a robust decision-making process to govern the
170 outsourcing relationship in such a way that hard-wires the operations to the strategic.

171 Mella and Pellicelli (2012) emphasized on the strategic concept of outsourcing and the
172 growing demand for offshore outsourcing and contract manufacturing in lower-cost countries
173 such as India and China, fueled by these countries' comparative advantage. Their work clearly
174 advocates for a strategic approach to outsourcing in foreign countries

175

176 **Empirical Review**

177 Prior studies reveal that outsourcing offers numerous advantages and the potential benefits
178 include cost savings, efficiency gains, improved flexibility, access to world-class expertise and
179 focus on core competencies. However, outsourcing also poses numerous risks that must be
180 managed in order for outsourcing to be successful. For example, Kamanga and Ismail (2016)
181 study the effects of outsourcing on organization performance in the manufacturing sector in
182 Kenyan firms. The population of the study consist of 42 management staff from three major
183 departments namely: Production, transport and agriculture, Engineering. The data were
184 quantitatively analyzed based on research objectives. Both correlation and regression analysis
185 were used to analyse the data. The results reviewed that cost, quality, technology adaption has a
186 significant effect on organization performance.

187 Jirawuttinunt (2015) also verify the relationships among human resource outsourcing of
188 four activities such as recruitment activities, training administration, payroll management, and
189 human resource information system and organizational performance through HR cost efficiency,
190 effective HR development and HR flexibility. The model is tested by using data collected from

191 the mail survey questionnaires of 165 multinational firms and using a questionnaire as the
192 instrument. The results of OLS regression analysis show that HRM outsourcing has a significant
193 impact on organizational performance both direct and indirect via HR cost efficiency, effective
194 HR development and HR flexibility. Vivian and Christopher (2015) also examine the effect of
195 Information Technology Outsourcing (ITO) practices on the performance of banking sector in
196 Kenyan. Balance Scorecard was used to measure performance as it considers both financial and
197 non-financial aspects. The study took the form of a descriptive survey design with a target
198 population of 14 commercial banks operating in Kenya. Primary data was collected from
199 structured questionnaires and secondary data was collected from the banks past financial records.
200 Results revealed that connectivity and Help desk support were the most outsourced IT functions
201 in commercial banks. The study also revealed the two main drivers for ITO were strategic focus
202 and cost reduction. The study further revealed that ITO has a positive and significant effect on
203 financial performance, learning and growth, customer satisfaction and internal processes.

204 Akinbola, Ogunnaike and Ojo (2013) also examine the effect of enterprise outsourcing strategies
205 on marketing performance of the fast food industry in Lagos State, Nigeria. Copies of the
206 questionnaire were distributed purposively to ten fast food outlets in Lagos, Nigeria. Two
207 hypotheses were developed and were subjected to descriptive and regression analysis. Results
208 reveal that outsourcing contributed to the increase in marketing performance. Dapper (2013)
209 carries out to study personnel outsourcing and corporate performance. In carrying out this study,
210 the researcher used AGIP Oil Company in Port Harcourt as a case study. A total number of fifty-
211 one (51) questionnaires were administered to employees in the personnel department of the
212 company. Yaro Yemen's formula was adopted during the determination of the sample size.
213 Hypotheses were also formulated and t tested using the chi-square statistical/mathematical
214 technique. The researcher uncovered that there is a significant effect of personnel outsourcing on
215 corporate performance. Kenyon and Meixell (2011) find out that outsourcing works better for
216 international markets where labour and cost of doing business are lower. Nordin (2008) also
217 asserts that outsourcing of some value chain activities can generate operational efficiency by
218 reducing capital investment and commitment as well as ensuring maximum utilization of the
219 existing resources in a way that generates maximum value from the least possible inputs

220 However, as Insinga and Werle (2000) point out, outsourcing at the operational level can
221 easily lead to the development of dependencies that create unforeseen strategic vulnerabilities. In
222 the same vein, Yeboah (2013) examines the relationship between outsourcing and organizational

223 performance in the services sector. The result reveals that outsourcing has no significant effect
224 on organizational performance.

225 **Methodology**

226 **Research Design:** The study adopted a quantitative research design. The quantitative research
227 design was employed because is an efficient way of gathering data to help address a research
228 question and one can collect unbiased data and develop sensible decision based on analyzed
229 results (Van de van, 2007).

230 **Sampling Method and Sample Size:** Purposive random sampling technique was used to select
231 two management staff each from the sixty (60) selected manufacturing companies in Nigeria
232 totalling one hundred and twenty (120) respondents as a sample size for the study.

233

234 **Data Collection Instruments:** A structured questionnaire was used to collect relevant
235 information from the study's participants.

236

237 **Data analysis**

238 Data analysis is the process of data to make meaningful information (Saunders, Lewis &
239 Thornhill, 2009) defined data as a mechanism for reducing and organizing data to produce
240 findings that require interpretation by the researcher. According to Hyndman (2008), data
241 processing involves translating the answers on a questionnaire into a form that can be
242 manipulated to produce statistics. This involves coding, editing, data entry, and monitoring the
243 whole data processing procedure. Data collected was analyzed by the use of statistical package
244 for social sciences (SPSS) version 20.0 computer software. Thus any mean score up to 3 and
245 above was interpreted as acceptable by respondents while 2.99 and below is adjudged rejected by
246 the respondents. Regression Analysis was used to test the hypotheses.

247 **Regression Model**

$$248 \quad YI = \alpha + \beta_1 X_1 + \mu$$

249 where the variables are defined as:

250 *YI*- Organizational Performance

251 *XI* - Cost driven outsourcing

252 α = Regression output (constant)

253 μ - Error term.

254

255 **Validity and Reliability of Research Instruments:** The instruments used in this study were
256 submitted to a panel of experts for validation. The panel carried out a content analysis of each of
257 the questionnaires and eliminated items found to be irrelevant to the research problem. After
258 necessary modifications, the panel of experts recommended the use of the instruments for the
259 study. The scales were subjected to further item analysis as to determine their psychometric
260 soundness as indicated in Table1 below:

261 Table 1: Summary of Results of the Measurement Instruments Validation

Scale	No of Items	Meaning Bartlett	KMO	The eigenvalue of the principal Component	% of the Variance	α of Cronbach
Cost-driven Outsourcing Questionnaire	7	p = .000 (significant)	0.734	3.107	76.19%	0.77

262 Source: Field Report, 2019

263 From Table 2 above, factor loads of all the indicators are higher than 0.5 which shows that the
264 questions highly explain the variance of their variables so we can say that the measurement
265 model has high factor validity.

266

267

268

269

270

271

272 Results and Discussion

273 **Table 2: Distribution of respondents by the effect of cost-driven outsourcing on**
274 **organizational performance**

Statement	Mean	Rank
Outsourcing has reduced costs (overheads and fixed costs) in the organization	4.04	Accepted
Outsourcing has reduced the risk of doing business	3.98	Accepted

The cost of outsourcing has been lower than the cost of acquiring more resources to do work internally	4.01	Accepted
Since we started outsourcing, we have seen a great improvement in efficiency	3.88	Accepted
Outsourcing has created better short term performance	3.87	Accepted
Outsourcing has created better long term performance	4.03	Accepted
Outsourcing has created better intellectual value in the long run	4.05	Accepted
Grand mean	3.97	

275 **Source:** Field report, 2019

276 In Table 2, the grand mean of 3.97 which is above the criterion mean of 3 shows that
 277 respondents agreed that cost-driven outsourcing has a significant effect on organizational
 278 performance. Furthermore, respondents believe that outsourcing has created better intellectual
 279 value in the long run, Outsourcing has reduced costs (overheads and fixed costs) in the
 280 organization, outsourcing has created better long term performance, the cost of outsourcing has
 281 been lower than the cost of acquiring more resources to do work internally and outsourcing has
 282 reduced the risk of doing business with mean values of 4.05, 4.04, 4.03, 4.01 and 3.98
 283 respectively. The result is similar to the study of Musau, (2016) that cost-driven outsourcing is a
 284 major determinant of organizational performance.

285

286 **Table 3: Impact of Cost-Driven Outsourcing on Organizational Performance**

Model	R	R ²	Adjusted R ²		Std error of the estimate	
1	0.688	0.473	0.445		0.352	
Explanatory variable	B	Std error	t – value	p-value	Remarks	
Constant	17.693	0.464	15.105	0.000		
Cost-driven outsourcing	0.260	0.125	0.233	0.017	S	

287 **Source:** Field report, 2019

288 Table 3 above it indicated that cost-driven outsourcing ($\beta = 0.26$; $t = 0.233$ $P < .05$) has a
 289 positive and significant impact on organizational performance. Result also indicated that cost-

290 driven outsourcing has 37.2% decisive influence on organizational performance. This means that
291 cost-driven outsourcing has a strong impact on organizational performance. The study conforms
292 to Kamanga and Ismail (2016) and Jirawuttinunt, (2015) that cost-driven outsourcing is a strong
293 predictor of organizational performance

294 Therefore, the null hypothesis which states that cost-driven outsourcing has no impact
295 organizational performance is rejected, while the alternative was accepted.

296 **Conclusion and Recommendation**

297 Core competency theory explains how to coordinate diverse production skills and integrate
298 multiple streams of technologies for organizations in order to have a competitive advantage in
299 the global competitive environment. This study justifies the needs for detail to enable the
300 management of Nigerian manufacturing sector to understand how the outsourcing strategy would
301 influence the performance of the company, and further shed more light on how they can optimize
302 on it to gain and retain a competitive advantage in today's turbulent business environment. This
303 study examines the impact of cost-driven strategic outsourcing on organizational performance.
304 The study reveals that cost-driven is a major strategy that helps an organization in achieving its
305 stated objectives in the global competitive environment. The findings further show that cost-
306 driven has a significant impact on the organizational performance of the manufacturing sector in
307 Nigeria. Subsequently, the study recommends that the management of manufacturing companies
308 should adopt strategic and well thought out outsourcing partnerships in order to continuously
309 reduce operating costs for growth.

310

311

312 **References**

313 Agburu, J. I., Anza, N. C. and Iyortsuun, A. S., (2017), "Effect of outsourcing strategies on the
314 performance of small and medium scale enterprises (SMEs)", *Journal of Global*
315 *Entrepreneurship Research*, 7(26), DOI 10.1186/s40497-017-0084-0.

316

317 Akinbola, O.A., Ogunnaike, O.O., &Ojo, O.A. (2013). Enterprise outsourcing strategies and
318 marketing performance of fast food industry in Lagos state, Nigeria. *Global Journal of Business,*
319 *Management and Accounting*, Vol. 3(1) 22-33 .

320

321 Amaratunga, D., &Baldry, D. (2003), A conceptual framework to measure facilities

322 management performance, *Property Management*, 21(2), 171-189.

323

324 Chandra, C. and Kumar, S. (2000), "Supply chain management in theory and practice: a passing
325 fad or a fundamental change?" *Industrial Management & Data Systems*, Vol. 100 No. 3, pp.100-
326 13.

327

328 Chanzu, M. (2002). *A survey of business outsourcing practices amongst private manufacturing*
329 *companies in Nairobi*. Unpublished MBA Research Paper University of Nairobi.

330

331 Dapper, E. M. (2013). Personnel Outsourcing and Corporate Performance. *European Journal of*
332 *Business and Management*, Vol. 5, No. 26, pp. 150-155.

333

334 Feenstra, R. & Hanson, G. (1996) 'Globalisation, Outsourcing, And Wage Inequality'. *NBER*
335 *Working Paper Series*, pp. 1-11.

336

337 Insinga, R., C. and Werle, M., J. (2000). "Linking outsourcing to business strategy." *Academy*
338 *of Management Executive* 14(4): 58-70.

339

340 Jirawuttinunt, S. (2015).The effect of HRM outsourcing on performance of multinational firms
341 inThailand.*Journal of Business and Retail Management Research*, 116-126.

342

343 Kamuri, N. (2010). *The Challenges Facing the Implementation of Outsourcing Strategy at the*
344 *Kenyatta National Hospital*. Unpublished MBA Project, University of Nairobi.

345

346 Karam, K., Fariba, A., and Arash, A. (2014). Investigating the relationship between outsourcing
347 and performance based on Balanced Score Card. *Journal of Data Envelopment Analysis and*
348 *Decision Science*, 2(1) 1-11

349

350 Kenyon, G.N.N., Meixell, M.J.J., & Westfall, P.H.H. (2016). Production Economics Production
351 outsourcing and operational performance : An empirical study using secondary data.
352 *International Journal of Production Economics*, 171, 336-349.

353

354 Lacey, K. & Blumberg, D. (2005). Improving Business Performance with Outsourcing, *Journal*
355 *of Medical Marketing*, 5(1), 15-18.

356

357 Lei, D., & Hitt, M. (1995). Strategic restructuring and outsourcing: The effect of mergers and
358 acquisitions and LBOs on building firm skills and capabilities. *Journal of Management*, 21 (5),
359 835-859.

360

361 Lyons, L. B. (2014). A Typology and Meta-Analysis of Outsourcing Relationship Frameworks.
362 *Strategic Outsourcing. An International Journal*, 7 (2), 135-172.

363

364 Maku, J. K., and Iravo, M. A. (2013). Effects of Outsourcing on Organizational Performance at
365 Delmonte Kenya limited. *International Journal of Social Sciences and Entrepreneurship*, 104-
366 117.

367

368 Manufacturing Association of Nigeria (MAN) (2016). Manufacturing sector groans under
369 recession weight. Available at [https://www.vanguardngr.com/2017/01/2016-review-](https://www.vanguardngr.com/2017/01/2016-review-manufacturing-sector-groans-recession-weight/)
370 [manufacturing-sector-groans-recession-weight/](https://www.vanguardngr.com/2017/01/2016-review-manufacturing-sector-groans-recession-weight/)

371

372 National Bureau of Statistics (2017). Revenue: Manufacturers Suffer N30bn Decline In
373 3Months available at [https://economicconfidential.com/financial/revenue-manufacturers-suffer-](https://economicconfidential.com/financial/revenue-manufacturers-suffer-n30bn-decline-3months/)
374 [n30bn-decline-3months/](https://economicconfidential.com/financial/revenue-manufacturers-suffer-n30bn-decline-3months/)

375

376 Nordin, F. (2008). Linkages between service sourcing decisions and competitive advantage: a
377 review, propositions, and illustrating cases. *International Journal of Production*
378 *Economics*(114(1)), 40-55.

379

380 Nyangau, K., Mburu, K. and Ogollah, K. (2014). Effects of outsourcing strategy on procurement
381 performance among universities in Kenya; *International Journal of Economics, Commerce and*
382 *Management United Kingdom Vol. II, Issue 11*.

383 Pitt, M. & Tucker, M. (2008) Performance measurement in facilities management: driving

384 innovation? *Property Management*, 26, 241-254.

385

386 Pierre J. R, Timothy M. D, George S. Y., and Gerry, J (2009). Measuring Organizational
387 Performance: Towards Methodological Best Practice. *Journal of Management*, Vol. 35 No. 3,
388 718-804

389 Rosenzweig, P. (2007). Misunderstanding the nature of company performance: The halo effect
390 and other businessdelusions. *California Management Review*, 49: 6-20.

391

392 Sako, M. (2006). Outsourcing and Offshoring: Implications for Productivity of Business
393 Services, *Oxford Review of Economic Policy*, Vol. 22 (4), 499-512.

394 Simchi-Levi, D., Ph. Kaminsky, & E. Simchi-Levi, (2004), *Managing the Supply Chain: The*
395 *Definitive Guide for the Business Professional*, New York: McGraw-Hill.

396

397 Vivian, W.M and Christopher, M. (2015). Effect of Information Technology Outsourcing on
398 the Performance of Banks in Kenya: Application of the Balanced Scorecard. *Journal of Business*
399 *and Management. Volume 17, Issue 3.Ver. II (Mar. 2015), PP 83-89.*

400

401 Yeboah, A. (2013).The relationship between outsourcing and organizational performance.
402 *European Journal of Business and Management*, 5(2), 1-13.