International Journal of Innovative Finance and Economics Research 9(3):16-28, July-Sept., 2021

 www.seahipaj.org ISSN: 2360-896X

Outsourcing Management Strategies And Organizational Performance In Manufacturing Firms In South East Nigeria

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ABSTRACT

This study examined the effect of outsourcing strategies on organizational performance on organizational performance of plastic manufacturing firms in Anambra State, Nigeria. The main aim o the study is investigates the effect of employee competence and cost reduction on organizational performance. The study adopted the quantitative research design. The research instrument used in this study was structured questionnaire with 5 Likert rating scale response options. The population for this study is made up of 300 employees, of the plastic manufacturing firms in Anambra State. The simple size was 300 using the entire population. The researcher made use of frequency distribution table, Likert scale and simple percentage in analyzing the data collected; the hypotheses for the study were tested using of multiple regression analysis in testing hypotheses, where applicable. The result from the findings revealed that ooutsourcing for employee competence has a significant effect on organizational performance of manufacturing firms in Anambra State and outsourcing for cost reduction has positive significant effect on organizational performance of manufacturing firms in Anambra State, Nigeria. The study concludes that outsources strategies had a positive significant effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria. The study recommends that outsourcing strategy employee competence, plastic manufacturing firms should offer better terms of service and proper training to help improve employee competence and reduce costs of outsourcing its human resources functions for better performance. Plastic manufacturing firms should endeavour to provide more frameworks for selecting outsourcing vendors that will benefit the organizations in the area of need to avoid financial crisis.

Keywords: human resources, outsourcing, vendors, manufacturing firms

INTRODUCTION

Firms have always sought ways to gain a competitive advantage over their competitors; however, with the increased movement towards a single globalized economy, this desire is even more prevalent for businesses today. One avenue that firms have pursued to improve their competitive position in this new business environment is through outsourcing, and organizations have always seeking for ways to achieve a competitive edge over their potential (Akewushola & Elegbede, 2013). Organizations are increasingly turning to outsourcing strategy in an attempt to enhance their competitiveness and organizational performance. Outsourcing is a common practice among both private and public organizations and is a major element in business strategy. Nevertheless, every organization engages in one form of outsourcing or the other, be it manufacturing services, information technology, management services, product engineering, and research process or marketing services.

Due to globalization competition among companies both domestic and international has shifted them from the traditional method of doing business to Outsourcing with the aim of improvement and profit maximization (Richtner and Rognes, 2013). Outsourcing is a management strategy through which a company assigns some non-core functions to more specialized, more effective and more efficient service providers such that the organization can be left to perform and concentrate with the core business activities. Outsourcing activities have existed for centuries. The earliest outsourcing activities were found in the prehistoric Roman Empire (Kakabadse & Kakabadse, 2012) where tax collection was done through outsourcing. In the history of America, it used to outsource the production of wagon covers to Scotland, and the raw materials for production process was imported from India, (Kelly,2012). Driven by globalization pressures resulting from an urge to deal with both opportunities and threats brought about by global competition, firms from different corners of the world started looking for more affordable resources available in different offshore locations.

Outsourcing can improve organizational performance when applied as an organizational strategy. Outsourcing one's business processes can improve one's competitive edge. The reason behind this is that outsourcing reduces business costs (Bardhan, Whitaker & Mithas, 2016). Organizations may choose to outsource with certain business aims in mind. The aim might be the need to improve on financial performance. Most time, such organizations are aware that outsourcing firms my offer them an opportunity to work cheaply through efficient technology and economies of scale (Brown & Wilson, 2015). By minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance (Dess, Rasheed, McLaughlin & Priem, 2005). Consequently, the extra amount that would have been passed to the consumers in the form of higher prices for the goods and services now becomes irrelevant as consumers pay less for their commodities (Kotabe & Murray, 2010),. This allows businesses to compete favorably based on price thus giving them a competitive edge (Kotabe & Murray, 2010).

Organization performance on the order hand is the reconciliation of production input with the output (Azad, Zahir & Hossain, 2010). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Futhermore, Azad, Zahir and Hossain (2010) stated that firm or organizational performance is the measure of the relative amount of input needed to secure a given amount of output" it is frequently expressed mathematically as the ratio of the quantity of output to the quantity of input. He expressed production input as such factors of production like "finance, raw materials, machinery and equipment, information, time or management." Outputs are the products and services. According to Richard (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment.); product market performance (sales, market share); and shareholder return (total shareholder return, economic value added.

Nevertheless the drive to satisfy customers by creating enabling environment to take market leadership as a result of competition necessitated the adoption of various outsourcing strategies, all because the organization want to keep fit and be relevant in the business environment. This study explored the effects of outsourcing management strategies on organization performance in manufacturing sector in Nigeria.

Statement of the Problem

The world-wide trend in globalization has led many organizations to outsource their non-core activities to service providers and focus on their core competence. It is being argued that due to the diverse nature of contemporary business processes in organizations, it is nearly impossible for an organization to manage all of its business processes by solely depending on its own expertise. Even if it is feasible, the organization may lose its focus and efficiency. The issue of combining many business processes that they cannot manage alone, is a great challenge in the manufacturing industry. The principal reason for outsourcing is to gain a win- win by all, according to the set down concepts. But this is not achieved with ways companies not been insensitive to the welfare of the outsourced workers, which demoralize them and affect their performances. The Aim of outsourcing is said to be achieved when there is an improvement in the employees relationship as result of shifting their responsibility to a third party (Zappala 2010). Rosheen and Hummayoun (2013) argue that human resource outsourcing will have a negative effect on the human resource because the contracting agencies are not familiar with the organizational practices and culture, and will not have the commitment and loyalty of the employees.

The problem of dissatisfaction from the customers on the business and loss incurred on rejected dishes, due to poor service delivery and uncompetitive cost is another area that needs to be addressed (Bettis, Bradley & Hamel 2013). They argue that outsourcing may reduce organizational innovation, may switch knowledge to the outside service provider, and may reduce control over organization's functions or activities. The afore-mentioned problems may either affect the growth and business outlet expansion of the organization positively or negatively. The inability to properly coordinate and manage their business processes affects the quality of products produced or services delivery (Okeke-Ezeanyanwu 2017). So we see a need to look into the problems and try to bridge the gap, which is the main reason of this thesis. It will also look at ways to enhanced employment relationship through outsourcing. This has created some academic degree of uncertainty and the need to conduct a study on the effect of outsourcing strategies on organizational performance in manufacturing firms in South East Nigeria.

Objectives of Study

The main objective of this study is to examine the effect of outsourcing management strategies on organizational performance in manufacturing firms in South East Nigeria. The specific objectives are to:

1. Determine the effect of outsourcing for employee competence on organizational sales volume of manufacturing firms in South East Nigeria.
2. Ascertain the effect of outsourcing for cost reduction on organizational shareholders return of manufacturing firms in South East Nigeria.

Research Questions

The following research questions will guide the study:

1. To what extent does outsourcing for employee competence affect organizational sales volume of manufacturing firms in South East Nigeria?
2. To what extent does outsourcing for cost reduction affect organizational shareholders return of manufacturing firms in South East Nigeria?

Hypotheses

The following null hypotheses will be tested at 0.05 level of significance:

H_{01}: Outsourcing for employee competence has no significant effect on sales volume of selected manufacturing firms in South East Nigeria.

H_{02}: Outsourcing for cost reduction has no significant effect on shareholders return of manufacturing firms in South East Nigeria.

REVIEW OF RELATED LITERATURE

Outsourcing Strategies

The term outsourcing has been defined by many researchers in much different ways. According to Brown and Wilson (2015) outsourcing can be simply seen as provision of services from an outside source. According to Abraham and Taylor (2006) outsourcing can be defined as the use by one company of another business to do particular tasks because it can do them more cheaply or effectively. Cote and Bruce (2014) defines outsourcing as the management strategy by which an organization select specialist organizations in a competitive bidding and assign them to provide services which are non-core functions of the host organization. Mehta (2010) Transferring of the responsibility of a specific business function or a set of related business functions to an external agent is known as Outsourcing.

Outsourcing is defined by Fiona (2016) as a business strategy that occurs when a business purchases services or products from another or when a business pays another company to provide services that the business might otherwise have employed its own staff to perform. Outsourcing decision has gone beyond the manufacturing of physical products to embrace the delivery of services. Outsourcing is an increasingly important initiative being pursued by organizations to improve efficiency (Vining and Globerman, 2010). To be able to survive and be profitable in current globalization era, companies tend to use outsourcing in larger extent (Brannemo, 2016).

Momme and Hvolby (2012) defined outsourcing as the process of establishing and managing a contractual relationship with an external supplier or service provider for the provision of capacity that has previously been provided in-house in order to achieve objectives. The worldwide trend in globalization has led many organizations to outsource their non-core activities to service providers and focus on their core competence. Zack (2015) posits that in adopting outsourcing strategy, the outsourcing decision must be broken down into two key sub-decisions that address whether or not to outsource an activity (sourcing governance), and what geographic or location arrangements for sourcing (sourcing proximity). Outsourcing can be defined as the process of one company contracting with another company to provide services that might otherwise be performed by in-house employees

(Sako, 2016). Outsourcing is the process of entrusting non-core activities or operations from internal production within a business to an external entity that specializes in that particular operation. George and Jones (2014) opined that outsourcing is the process of employing other organizations, to perform specific jobs or type of work activities that used to be performed by the organization itself. Smith, Vozikis and Varaksina (2016) defined outsourcing as turning over to a supplier those activities outside the organization's core competencies.

Organizational Performance

The extent to which organizations achieve their intended goals is referred to as organizational performance. Alwanga (2015) defines organizational performance as the ability of an organization to fulfill its mission through sound management, strong governance and persistent rededication to achieving results. Organizational performance is the achievement of an organization's stated goals and how organizations have been able to achieve their targets of efficiency and effectiveness (Gibson *et al.*, 2010). Organizational performance is also viewed in terms of how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Performance lies at the heart of any managerial process and organizational construct and is therefore considered a critical concept in management. Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target (Johnson & Scholes, 2006).

Upadhaya, Munir, and Blount, (2014) view performance as the analysis of a company as compared to goals and objectives within corporate organization in three basic outcomes: financial performance, market performance, valued added performance and in some cases production performance. Richard, Devinney, George, and Johnson (2009) assert that organizational performance covers three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment), product market performance (sales turnover, market share) and shareholders return (total shareholders return, economic value added). In border sense, performance refers to the accomplishment of a given task measured against pre-set standards of accuracy, completeness, cost, and speed. In other words, it refers to the degree to which an achievement is being or has been accomplished.

Dess (2006) point out that it is essential to recognize the multidimensional nature of the performance construct. Thus, research that only considers a single dimension or a narrow range of the performance construct (for example, multiple indicators of profitability) may result in misleading descriptive and normative theory building. Research should include multiple performance measures. Such measures could include traditional accounting measures such as sales growth, market share, and profitability. In addition, factors such as overall satisfaction and non-financial goals of the owners are also very important in evaluating performance, especially among privately held firms. This is consistent with the view of Grossman and Elhanan Helpmay (2015) that both financial and non-financial measures should be used to assess organizational performance. Chong They declares that there are four main approaches to measure the performance of organizations. These are the goal approach, system resource approach, stakeholder approach and competitive value approach. The goal approach measures the extent an organization attains its goals while the system resource approach assesses the ability of an organization obtaining its resources. For the stakeholder approach and the competitive value approach, these evaluate performance of an organization based on its ability to meet the needs and expectations of the external stakeholders including the customers, suppliers, competitors. Among these, goal approach is most commonly used method due to its simplicity, clarity and internally focused. Information is easily accessible by the owner's managers for the evaluation process. According to Richard (2009), the goal approach directs the owners-managers to focus their attentions on the financial (objective) and non-financial measures (subjective). Financial measures include profits, revenues, returns on investment (ROI), returns on sales and returns on equity, sales growth, and profitability growth. Non-financial measures include overall performance of the firm relative to competitors, employment of additional employees, customer satisfaction, employee satisfaction, customer loyalty, brand awareness and owners' satisfaction with way the business is progressing

Theoretical Framework

This is anchored on Resource-Based View theory**.** This study employed the Resource-Based View theory as proposed by Barney (1991). The core premise of the resource-based view is that resources and capabilities can vary significantly across firms, and that these differences can be stable. This theory has two assumptions, first, firm's resources are heterogeneous in nature and secondly resources are not perfectly mobile. This means that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Also, resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets).

The theory argues that a firm has the ability to achieve and sustain competitive advantage if it possesses resources that are valuable, rare, imperfectly imitable and non-substitutable. Not all resources are strategically relevant within an organization. The goal of an organization is to ensure it has access to and control of valuable resources by developing and securing all the relevant resources either internally or externally. If a firm possesses critical resources that have strategic value, it is better to retain the activity in-house. On the contrary, if the strategic value of target activities is low and no internal resources are available to perform such activities, it is beneficial for the company to outsource them. For the sustainable competitive advantages firms are forced to rely on a multitude of outside suppliers for parts, software, knowhow and sales and in doing so gain access to valuable resources and external capabilities (Langlois 1990). The argument here fits with the need and factors that lead to outsourcing decisions in fast foods industry, whether they are cost reduction, new product/services introduction, focus on core competencies or labour flexibility and how they improve organizational effectiveness.

In a nutshell, Outsourcing is about acquiring resources from other organizations (service providers). Fast foods industry in South East Nigeria that lack valuable, rare, inimitable and organized resources and capabilities shall seek for an external provider in order to overcome that weakness. In this view, this theory is in line with this study as it advocate for seeking external competence in other to remain in business which is an outsourcing strategy. Fast foods industry as an organization whose business processes are properly organized and managed effectively tends to achieve growth. Once resources and capabilities are properly managed, growth and expansion is inevitable because organizations compete based on having or controlling valuable, rare and hard-to-imitate resources.

The Resource-based View of Outsourcing is related to this study in the core premise of the resource-based view is that resources and capabilities can vary significantly across firms, and that these differences can be stable (Barney and Hesterly, 2006). If resources and capabilities of a firm are mixed and deployed in a proper way they can create competitive advantage for the firm. The resource-based view in outsourcing builds from a proposition that an organisation that lacks valuable, rare, inimitable and organised resources and capabilities, shall seek for an external provider in order to overcome that weakness. Therefore the most prominent use of the theory is in the Preparation phase of the outsourcing process for defining the decision making framework and in the vendor selection phase for selecting an appropriate vendor. The theory has been also used to explain some of the key issues of the Managing relationship and Reconsideration phases (Barney and Hesterly, 2006).

Empirical Review

Adudu, Asenge and Torough (2020) examined the effect of outsourcing strategies on the performance in Deposit Money Banks (DMBs) in Nigeria. The study specifically examines the effect of three outsourcing strategies (contracting, comprehensive and selective strategy) on profitability and operational efficiency of deposit money banks in Nigeria. Structured questionnaire was used as the instrument for collection of primary data. A sample size of 261 was determined from a population of 752 employees of four deposit money banks in Nigeria (First Bank of Nigeria Plc, United Bank for Africa Plc, Guaranty Trust Bank Plc and Zenith Bank Plc) Validity and reliability of instrument were determined using Cronbach Alpha and Factor Analysis respectively. Descriptive statistical tools such as table and simple percentages were used for data presentation while multiple regression analysis was used to determine the effect of the independent variables on the dependent variables. Results of tested hypotheses revealed that all the dimensions of outsourcing strategies (contracting, comprehensive and selective strategy) have positive significant effect on performance on deposit money banks in Nigeria. The study concluded that outsourcing as a strategy has become a useful weapon for corporate organizations most especially the banking industry where there is stiff competition. The study recommends among others that managers of deposit money banks in Nigeria should ensure that banks continue to benefit from the positive significant effect through selective outsourcing of functions as it contribute more to the profitability level and operational efficiency in the banking industry.

Iheriohanma, Egole and Ifeyinwa (2020). Outsourcing and employment trends: An exploratory discourse. Outsourcing can be said to be the response of organisations to the costs and disadvantages of the traditional work arrangement. In recent times, as organisations seek strategies to enable them focus on their core businesses in the bid to gain competitive advantage as well as reduce transaction costs to the barest minimum, they use outsourced workers as flexible buffer to absorb changes in employment trends. Contemporary employment trends involve work flexibility (which enables workers to choose where, when and how they want to work) and are facilitated by advancement in technology. This study seeks to find out the effects of outsourcing on employment trends and vice versa. The study is a library research involving analytical discussion of secondary data. The study observes that a major strategy used by organisations to mitigate the negative effects resulting from new trends in employment and application of technology includes work flexibility and outsourcing policy of organizations. With the aid of technology, this makes it possible for organisations to beat the employee work skill deterioration and specific shortage through outsourcing while still saving cost and performing optimally. It is recommended that there is need to put policiesin place to cushion the negative effects of losses of firm-specific human capital provisions resulting from work flexibility and outsourcing.

Ezekwesili and Okoye (2019) examined the effect of outsourcing supporting activities on the financial performance of Hotel industry in Nigeria. Specific objectives of the study are; determine whether outsourcing of transportation services affect the financial performance of Hotel industry in Nigeria; assess whether outsourcing of advertising services affect financial performance of Hotel industry in Nigeria; find out whether outsourcing of legal services affects organization financial performance of Hotel industry in Nigeria and establish whether outsourcing of technology services affects organization financial performance of Hotel industry in Nigeria. Ex post facto research design was adopted for the study. Data were collected from annual accounts of these three hotels and the four formulated hypotheses were tested using regression analysis and Pearson coefficient correlation with aid of SPSS version 20.0. The study revealed that outsourcing of transportation services has negative significant effects on the financial performance of Hotel industry in Nigeria. Also outsourcing of advertising services has positive significant effect on the financial performance of Hotel industry in Nigeria. The result also shows that outsourcing legal services has negative significant effect on the financial performance of Hotel industry in Nigeria

Uwamahoro (2019) investigated the effect of outsourcing on the organizational performance (cost efficiency, productivity and profitability) in Rwanda. Three sample companies have been selected from Telecom and manufacturing Industry of Rwanda. The results of study were based on a sample of 111 staffs selected by using convenient and purposive sampling; source of data was obtained using primary and secondary source of data and collected using questionnaire and documentation. Data has been treated with Statistical Package for the Social Sciences (SPSS)'s software and presented in tables. The findings of the study were presented and analyzed in detail following the objectives of the study. The results have shown that organizations in Rwanda outsource in order to access special expertise as shown by all respondents at rate of 100% and to reduce costs as shown by respondents at rate of 96%. Furthermore, the findings shown that outsourcing activities contributed to the organizational performance as revealed by respondents regarding their views on effect of outsourcing on cost efficiency, productivity and profitability.

Jaturong (2019) conducted a study on understanding the impact of outsourcing Human resource activities on employee attitudes and behaviors. This research employed a modified Delphi technique to assess the impact of outsourcing decisions. The research findings indicated that organizations typically undertake outsourcing of the HR function in order to gain competitive advantage, (2) there is a relationship between the decision making process of outsourcing and employee attitudes, and (3) organizational policies, including effective communication, being aware of the knowledge perspective of the outsourcing decision, and employee involvement in the decision, can minimum negative 81 emotions, attitudes and behaviour towards the outsourcing decision. The study recommended that organizations should outsource the strategic areas of their weakness

Akewushola and Wale (2018) examined the axiomatic relationship between outsourcing strategy and organizational performance in Nigeria manufacturing sector. The study adopted a stratified sampling technique to arrive at 120 sample elements for the study. Some of the top and middle level managers of Cadbury Nigeria Plc and Nestle Foods Plc were interviewed to further elicit information on the key variables. Copies of the questionnaire were administered and the data obtained were analyzed using Regression analysis. The findings reveal that firms that outsource experience reduce average cost, increased sales turnover and profitability, enhance expertise, improve service quality, reduce staff strength, streamline the production process, reduced administrative burden and save time for core activities.

Gabriel, Otaroghene and Nwaeke (2018) conducted a study on outsourcing and organisational performance of beverage manufacturing companies in Port Harcourt, Nigeria. The study was a cross sectional survey and the population comprised employees of the affected companies which totalled 172 from which a sample size was drawn using the Taro Yamen sample size determination formula to arrive at a sample size of 120 employees. The paper gathered data through questionnaire and the data were analysed with the Spearman's Rank Order Correlation Coefficient with the aid of the Statistical Package for Social Sciences (SPSS) and the result reflected a significant positive relationship in all six hypotheses tested. The study concluded that outsourcing is positively associated with organisational performance and recommended that organizations should continue to engage in knowledge process outsourcing for improved services, growth and efficiency and organisations should continue to outsource information technology services for better performance, growth and efficiency.

Kivuva (2018) assess the effects of outsourcing on organizational performance of oil marketing companies in Kenya. Descriptive research design was employed in this study. Data analysis was done using Microsoft excel and statistical packages for social sciences (SPSS). The study findings were that outsourcing influences organization performance even though to a small extent.

METHODOLOGY

This study adopted descriptive survey research design. The study was carried out in Anambra State of Nigeria. Primary data was employed for the study. Primary data is the data which is collected by researcher for the specific research purpose. The population of the study comprises 300 employees of all the plastic manufacturing firms in Anambra State. The simple size was 300 representing the entire population. For the purpose of data collection, the researcher makes use of a structured questionnaire. In the structured questionnaire, participants were required to respond to options which range from Strongly Agree (5), Agree (4), Undecided (3), Disagree (2) Strongly Disagree (1). The questionnaire contains two sections. The research instrument was questionnaire, which was subjected to face and content validity procedures. The reliability of the questionnaire was established through the test- retest method.

The analysis of data was performed using statistical package for the social sciences, (SPSS). The utilization of structured grids allows specific responses to be located with relative ease and facilitate the identification of emerging patterns. Also, descriptive, statistical and content analyses techniques was used in the analysis of the data collected. The study made use of multiple regression analysis test for hypotheses 1 and 2 since they are measuring significance and effects and not relationship between variables which makes use of correlation analysis. All tests were conducted at 0.05 level of significance.

DATA ANALYSIS AND PRESENTATION

The research questionnaire was administered to three hundred (300) employees, which is the sample size, representing the study population of the manufacturing firms selected in Anambra State Nigeria. Of this lot, two hundred and fifty six (256) questionnaires representing 85.3% were returned, and forty-four (44) questionnaires representing 14.7% were not returned. The table below shows the details at a glance.

Research Question one: *To what extent does outsourcing for employee competence affect organizational sales volume of manufacturing firms in Anambra State, Nigeria?*

Table 1: Respondents opinions on effect of outsourcing for employee competence affect organizational sales volume of manufacturing firms

		Frequency	Percentage
Valid	Strongly disagree	39	15.2
	Disagree	21	8.2
	Undecided	19	7.4
	Agree	139	54.3
	Strongly agree	38	14.8
	Total	**256**	**100**

Source: Field Survey, 2021

Table 1 classifies the opinion of the respondents on the effect of outsourcing for employee competence affect organizational sales volume of plastic manufacturing firms. It shows that majority of the respondents 139 (54.3%) agree, 39 (15.2%) strongly disagree, 21 (8.2%) disagree, 19 (7.4%) are undecided and 38 (14.8%) strongly agree. This implies that outsourcing for employee competence affects organizational sales volume of plastic manufacturing firms.

Research Two: *To what extent does outsourcing for cost reduction affect organizational shareholders return of manufacturing firms in South East Nigeria?*

Table 2: Respondents opinions on the effects of outsourcing for cost reduction affect organizational shareholders return of manufacturing firms

		Frequency	Percentage
Valid	Strongly disagree	8	3.1
	Disagree	29	11.3
	Undecided	26	10.2
	Agree	149	58.2
	Strongly agree	44	17.2
	Total	**256**	**100**

Source: Field Survey, 2021

Table 2 classifies the opinion of the respondents on whether outsourcing for cost reduction affect organizational shareholders return of plastic manufacturing firms. It shows that majority of the respondents 149 (58.2%) agree, 8 (3.1%) strongly disagree, 29 (11.3%) disagree, 26 (10.2%) are undecided and 44 (17.2%) strongly agree. This is an indication that outsourcing for cost reduction does not affect organizational shareholders return of plastic manufacturing firms.

Hypothesis One

H_0: Outsourcing for employee competence has no significant positive effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria

H_1: Outsourcing for employee competence has significant positive effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria

All tests were conducted at 0.05 level of significance.

Table 3 Regression Model Summary for Hypotheses 1

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.828[a]	.685	.684	.44946

a. Predictors: (Constant), Organizational Performance (EC)

Table 4 Coefficients(a) (for hypothesis 1)

Model	Unstandardized Coefficient B	Unstandardized Coefficient Std. Error	Standardized Coefficients Beta	T	Sig.
1 (Constant)	.167	.154		1.084	
EC	.971	.041	.828	23.490	.000

. Predictors: (Constant): employee competence (EC)

b. Dependent Variable: Organizational Performance (OP)

The coefficient table 4.40 shows the simple model that expresses the extent to which outsourcing for employee competence affects organizational performance. The model is shown mathematically as follows;

Y = a+bx where y is organizational performance and x is employee competence, ‘a’ is a constant factor and b is the value of coefficient. From this table therefore, organizational performance (OP) = 0.167 +0.971 EC. This means that for every 100% change in organizational performance, outsourcing for employee competence is responsible for 97.1% of the change.

Decision

The significance level below 0.05 implies a statistical confidence of above 99%. This implies that outsourcing for employee competence has a significant effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria. Thus, the decision would be to reject the null hypothesis (H_0), and accept the alternative hypothesis (H_1). Therefore, we state that outsourcing for employee competence has significant positive effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria

Hypothesis Two

H_0: Outsourcing for cost reduction has no significant effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria

H_1: Outsourcing for cost reduction has significant effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria

All tests were conducted at 0.05 level of significance.

Table 4 Regression Model Summary for Hypotheses 2

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the estimate**
1	.887[a]	.787	.785	.32636

a. Predictors: (Constant), Cost reduction(Cred)

Table 5 Coefficients(a) (for hypothesis two)

Model	Unstandardized Coefficient B	Std. Error	Standardized Coefficients Beta	T	Sig.
1 (Constant)	-2.315	.324		2.152	0.00
CR	.547	.050	.459	23.490	.000

. Predictors: (Constant):Cost reduction(CR)

b. Dependent Variable: Organizational Performance (OP)

The coefficient table 4 shows the simple model that expresses the extent to which Outsourcing for cost reduction affect organizational performance of manufacturing firms in Anambra State, Nigeria. The model is shown mathematically as follows;

Y = a+bx where y is organizational performance and x is cost reduction, ‘a’ is a constant factor and b is the value of coefficient. From this table therefore, organizational performance (OP) = -2.315 + 0.547CRD. This model shows the level of contribution (coefficient) of outsourcing for cost reduction has on organizational performance of manufacturing firms in Anambra State, Nigeria

Decision

The significance level below 0.01 implies a statistical confidence of above 99%. This implies that outsourcing for cost reduction has significant effect on organizational performance of manufacturing firms in Anambra State, Nigeria. Thus, the decision would be to reject the null hypothesis (H_0), and accept the alternative hypothesis (H_1). Therefore, we can conclude that outsourcing for cost reduction has significant positive effect on organizational performance of manufacturing firms in Anambra State, Nigeria

DISCUSSION OF FINDINGS

The five hypotheses were subjected to statistical test using statistical tools which include: analysis of variance (ANOVA), correlation efficient and regression analysis in testing the result The result reveals that outsourcing for employee competence has a significant effect on organizational performance of manufacturing firms in Anambra State, Nigeria(Fcal = 551.782, Sig. F< 0.05). In support of these findings, Uddin (2015) stated that companies need to focus on and specialize in core functions to remain competitive. In agreement with the above ascertain, Uddin (2015) noted that the most often cited strategic reason for outsourcing is to allow the organization to better focus on its core competencies. Seminary, Harrison and Kelley (2013) revealed that focuses on core competencies affects organizational performance.

Hypothesis two was tested in order to ascertain the effect of outsourcing for cost reduction on organizational performance of manufacturing firms in Anambra State, Nigeria. The result showed that outsourcing for cost reduction has significant effect on organizational performance of manufacturing firms in Anambra State, Nigeria (Fcal = 310.851, Sig. F< 0.05).This finding is consistent with the findings of other researchers. Quinn (2015) mentioned that part of the outsourcing decision was driven by the need to improve long term performance in form of profits, sales, product innovation and overall firm growth. Kavan *et al* (2009) had mentioned that outsourcing was helpful in improving long term performance as it reduced cost while improving the overall operations of the firm. Wright (2017) had argued that a major factor that firms consider before any major outsourcing decision is the need to reduce costs and consequently improve profits and maintain firm competitiveness and performance. From the findings and responses of respondent it can be considered that cost reduction has a positive significant effect on organizational performance.

Summary of Findings

The findings at the end of this study are summarized as follows:

1. Outsourcing for employee competence has a significant effect on organizational performance of manufacturing firms in Anambra State, Nigeria (Fcal = 551.782, Sig. F< 0.05).
2. Outsourcing for cost reduction has significant effect on organizational performance of manufacturing firms in Anambra State, Nigeria (Fcal = 310.851, Sig. F< 0.05).

CONCLUSION

The examine the effect of outsources outsources strategies on organizational performance in plastic manufacturing firms in Anambra State. Data was obtain from primary sources was subjected to multiple analysis the result shows that outsourcing for employee competence, and outsourcing for cost reduction has positive significant effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria. The study therefore concludes that outsources strategies had a positive significant effect on organizational performance of plastic manufacturing firms in Anambra State, Nigeria.

RECOMMENDATIONS

Based on the findings of this study and the conclusions drawn there-from, the following recommendations were made:

1. Based on the first objective on outsourcing strategy employee competence, plastic manufacturing firms should offer better terms of service and proper training to help improve employee competence and reduce costs of outsourcing its human resources functions for better performance.
2. Based on the second objective on adopt Since it has been reflected in this study that business process outsourcing assists plastic manufacturing firms to reduce cost of operation in business. Plastic manufacturing firms should endeavour to provide more frameworks for selecting outsourcing vendors that will benefit the organizations in the area of need to avoid financial crisis.

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