

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

*Indexed & Listed at:*

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)].

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2151 Cities in 155 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

# CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	IMPACT OF INVENTORY MANAGEMENT ON THE PROFITABILITY OF SMES IN TANZANIA <i>DR. SRINIVAS MADISHETTI &amp; DEOGRATIAS KIBONA</i>	1
2.	CORPORATE GOVERNANCE AND AUDIT QUALITY IN NIGERIAN BANKS <i>OBARETIN OSASU &amp; DR. CHINWUBA OKAFOR</i>	6
3.	THE RELATIONSHIP BETWEEN TENURE WITH COST STICKY AND COST OF GOODS SOLD IN TEHRAN STOCK EXCHANGE <i>ROYA DARABI &amp; LEILA DARVISHI</i>	10
4.	AN ASSESSMENT OF THE CHALLENGES AND OPPORTUNITIES OF COOPERATIVE BANK OF OROMIYA, ARSI NEGELLE TOWN, ETHIOPIA, EAST AFRICA <i>DR. K. KANAGARAJ</i>	18
5.	INVESTIGATING THE RELATIONSHIP BETWEEN OVERVALUATION OF STOCKS AND STOCKHOLDERS' EQUITY AND PROFIT-SMOOTHING IN TSE CEMENT AND AUTOMOBILE INDUSTRIES <i>MOHAMMAD REZA ASGARI &amp; SHAHIN SAHRAEI</i>	25
6.	THE INFLUENCE OF MANAGEMENT ON SCHOOL CULTURE AND ITS EFFECTS ON ACADEMIC PERFORMANCE: A CASE OF ST. PATRICK'S HIGH SCHOOL ITEN <i>CHRISTINE KETER</i>	29
7.	DETERMINANTS OF LIFE INSURANCE IN ETHIOPIA <i>ADERAW GASHAYIE AYALIEW</i>	36
8.	COLLABORATION BETWEEN SALES AND MARKETING INCREASES THE BUSINESS PERFORMANCE: EVIDENCE FROM PAKISTANI EXPORT INDUSTRY <i>ARSLAN RAFI, YASIR SALEEM, JAVED IQBAL, ALI IFTIKHAR &amp; MUHAMMAD NAWAZ</i>	46
9.	EFFECT OF OUTSOURCING ON ORGANIZATIONAL PERFORMANCE IN BANKING INDUSTRY IN NIGERIA <i>OLUYEMI OLUWOLE OLUTOSIN</i>	51
10.	A STUDY ON ORGANISATIONAL SUPPORT AND ITS IMPACT ON WORK-LIFE BALANCE OF EMPLOYEES IN INSURANCE COMPANIES IN COIMBATORE <i>DR. SHRIPRIA. V</i>	59
11.	AN EMPIRICAL STUDY ON USER SATISFACTION IN CORPORATE HOSPITALS <i>DR. T. SREENIVAS &amp; DR. U. SRINIVASA RAO</i>	63
12.	EMPLOYER BRANDING IN INDIA: EMERGING DIMENSIONS <i>DR. M. K. SINGH &amp; DR. SONAL SHARMA</i>	70
13.	AN EMPIRICAL ANALYSIS ON FINANCIAL PERFORMANCE OF PUBLIC SECTOR HOUSING CORPORATION IN INDIA: A CASE STUDY OF HUDCO <i>CH. HARI GOVINDA RAO, DR. N. APPARAO &amp; B. VENKAT RAO</i>	76
14.	FACTORS INFLUENCING RETAIL INVESTORS IN INDIAN PRIMARY MARKET <i>DR. T. MANJUNATHA &amp; K. T. GOPI</i>	81
15.	A STUDY ON CUSTOMERS ATTITUDE TOWARDS PURCHASE OF MIDDLE SEGMENT CARS IN VELLORE CITY <i>S. SHRILATHA &amp; DR. A. ARULAPPAN</i>	87
16.	AN EMPIRICAL STUDY ON EXPLOITATION AND EXPLORATION OF BUSINESS OPPORTUNITIES FOR BSNL IN INDIAN TELECOM MARKET <i>K. ARUN PRASAD &amp; DR. S. V. DEVANATHAN</i>	91
17.	A COMPARATIVE STUDY ABOUT THE MANAGING OF STRESS BY WOMEN NURSES BOTH AT PRIVATE AND GOVERNMENT HOSPITALS AT KANCHIPURAM DISTRICT <i>T. THIRUMALESWARI &amp; DR. C. B. RAGOTHAMAN</i>	99
18.	A STUDY ON FRANCHISED RESTAURANTS AS A SUCCESSFUL BUSINESS MODEL FOR FRANCHISEES <i>USHA DINAKARAN</i>	107
19.	ATTITUDE OF MUTUAL FUND INVESTORS – AN EMPIRICAL STUDY <i>DR. SANYASI RAJU G.V.S.S.N</i>	112
20.	IMPACT ANALYSIS OF VARIOUS DEVELOPMENTAL SCHEMES IN JAMMU & KASHMIR STATE <i>AASIM MIR &amp; SHIV KUMAR GUPTA</i>	117
21.	PERFORMANCE OF FOREIGN BANKS IN INDIA: AN EVALUATION <i>DR. VIJAY KUMAR SHARMA &amp; ANUJ KUMAR</i>	120
22.	AN EVALUATION OF PERFORMANCE OF THE WEST BENGAL STATE CO-OPERATIVE BANK LTD. <i>TARASANKAR DAS</i>	131
23.	A STUDY OF CUSTOMERS' ATTITUDE AND BEHAVIOUR ON JEWELLERY PURCHASE IN SALEM DISTRICT <i>DR. S. DEEPA &amp; DR. M. NATARAJAN</i>	137
24.	CUSTOMERS PERCEPTION AND CHANGING WAVES IN INDIAN RETAILING: A CASE STUDY OF BELAGAVI, KARNATAKA STATE <i>DR. B. S. NAVI</i>	143
25.	ROLE OF CELEBRITY ENDORSEMENT ON PURCHASE BEHAVIOUR <i>PRIYANKA SHAH &amp; ANU GUPTA</i>	147
26.	STUDY OF THE PRODUCTS OF LAKME COMPANY LTD. WITH REFERENCE TO PUNE CITY <i>DR. G. SYAMALA</i>	150
27.	ROLE OF WORKING CAPITAL FINANCING IN SMOOTH RUNNING OF A BUSINESS: AN EVALUATIVE STUDY <i>DR. UTTAM PAUL</i>	155
28.	FINANCIAL INCLUSION – AN EMPIRICAL STUDY ON RURAL HOUSEHOLD'S AWARENESS: A STUDY WITH SPECIAL REFERENCE TO SELECTED VILLAGES IN MADURAI DISTRICT <i>DR. K. UMA &amp; S. RAMAN</i>	160
29.	PORTFOLIO EVALUATION OF MUTUAL FUNDS IN INDIA - AN EMPIRICAL STUDY OF EQUITY GROWTH SCHEMES OF SELECT FUNDS <i>B. USHA REKHA &amp; DR. K. RAJENDER</i>	164
30.	IMPULSE BUYING OF APPARELS <i>ANKITA NANDA</i>	170
	REQUEST FOR FEEDBACK	177

**CHIEF PATRON**

**PROF. K. K. AGGARWAL**

Chancellor, Lingaya's University, Delhi  
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

**FOUNDER PATRON**

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana  
Former Vice-President, Dadri Education Society, Charkhi Dadri  
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

**CO-ORDINATOR**

**DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

**ADVISORS**

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., HaryanaCollege of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), MaharajaAgrasenCollege, Jagadhri

**EDITOR**

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

**CO-EDITOR**

**DR. BHAVET**

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

**EDITORIAL ADVISORY BOARD**

**DR. RAJESH MODI**

Faculty, YanbuIndustrialCollege, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

UniversitySchool of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P.J.L.N.Government College, Faridabad

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

## ASSOCIATE EDITORS

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**PROF. N. SUNDARAM**

VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

## TECHNICAL ADVISOR

**AMITA**

Faculty, Government M. S., Mohali

## FINANCIAL ADVISORS

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

## LEGAL ADVISORS

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

## SUPERINTENDENT

**SURENDER KUMAR POONIA**

## CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

## GUIDELINES FOR SUBMISSION OF MANUSCRIPT

### 1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**  
IJRCM

**Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled ' \_\_\_\_\_ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

**NAME OF CORRESPONDING AUTHOR:**

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

**NOTES:**

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:  
**New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)**
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use (ed.) for one editor, and (ed.s) for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:****BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>



**EFFECT OF OUTSOURCING ON ORGANIZATIONAL PERFORMANCE IN BANKING INDUSTRY IN NIGERIA**

**OLUYEMI OLUWOLE OLUTOSIN**  
**STUDENT**  
**BUSINESS ADMINISTRATION DEPARTMENT**  
**LAGOS STATE UNIVERSITY**  
**LAGOS**

**ABSTRACT**

*This research project seeks to identify the effects of outsourcing on organizational performance, using Guaranty trust bank as a case study, it unravels the advantages of outsourcing in any organization. The development of outsourcing has always been a headache to employees, strategic partners and the organization. It is with this view that this research work was undertaken to find out whether outsourcing improves performance. In doing this, research questions were raised and hypotheses were tested using correlation, Z-test and Kendall's coefficient of concordance on the dependent and independent variables to ascertain the fact of whether a relationship exist between outsourcing and performance. Random technique was used to select some respondents using yaro yamani formula to ascertain the number of respondents in guaranty trust bank to represent the banking industry. A questionnaire was designed with twenty-eight questions respectively relating to the dependent and independent variables. The SPSS statistical tool was used to analyze the data collect from 119 respondents and the result got attested with so many works in the literatures. In conclusion recommendation were made like concern authority should provide robust and sincere dialogue about outsourcing intentions, purposes, and opportunities for alternative internal employment for those affected by outsourcing and exist strategy should also be planned.*

**KEYWORDS**

outsourcing, organizational performance, banking industry.

**INTRODUCTION**

The term outsourcing was introduced in the mid 1980s. However, the idea of hiring someone else to do some specific jobs or dividing labour had existed for hundreds of years in business, outsourcing can be found everywhere; whether big or small, simple or complex. During the pre 1990s, the outsourcing was primarily focused on labour intensive production tasks and business activities outside the company's core competitiveness, such as outsourcing printing press, food preparation and janitorial works, hiring the seasonal migrant farm workers and so on. In the industry society, outsourcing began with manufacturing. In order to reduce the cost after the great depression, manufacturers began to think of outsourcing complex production tasks instead of building core competencies through controlling the production process from end to end vertically (Lonsdale & Cox, 2000). Most large manufacturing firms had outsourcing relationships for decades ranging from the relationship of the automobile industry to many different producers of metal, glass, rubber and electrical products. At the end of 1930, Two-thirds of Ford production came from outside sources. As a result of global outsourcing in the post war economy, the cost saving and productivity benefit are achieved. Thus, many companies began turning over some or all their production processes to business partners, today contract manufacturing is a norm in industries ranging from electronics to telecommunications to technology and outsourcing of primary supply chain activities has been common in industries. The basic aim of outsourcing is to be cost effective and up to date in production process.

The market for providers of outsourced services of all types is growing rapidly in Nigeria and in today's world of ever increasing competition; organizations are forced to look for new ways to generate value. The world has embraced the phenomenon of outsourcing and companies have adopted its principles to help them expand into other markets (Bender 2001). Strategic management of outsourcing recently became the most powerful tool in management used in carrying out organizational functions in Nigeria. Outsourcing has increasingly played an important role in business and it has also been adopted rapidly in strategic areas (Nellore and Soderquist, 2000; Mazzawi, 2002) to compete in today's global business environment (McIvor, 2008). This is due to the fact that it is viewed as the contribution by external suppliers in the user's organization and that it relies on external sources for value-adding activities. Accordingly, firms execute outsourcing for benefits such as reducing operational costs, improving non-competitive cost structures, focusing on core competences, providing with greater capacity of flexibility, spreading and sharing risks of business in general, and increasing the performance of firms (Nellore and Soderquist, 2000; Quelin and Duhamel, 2003; Mol, 2007; Wu and Park, 2009). Therefore, not surprisingly, researchers and practitioners have supported the use of strategic outsourcing as an efficient way to increase profits, enhance new product success and performance (Rothaermel 2006; Weigelt, 2009), and speed to organizational competitiveness (Arnold, 2000; Jiang 2007). If you are a business executive, you may be feeling overwhelmed by the complexity of your company's resources, and you may be thinking about outsourcing. The decision-making process around outsourcing will include the assessment of a broad range of factors. These include identifying whether investment in a particular technology is the best decision, given how quickly it can become obsolete; how scalable the resources should be to support the demands placed on it; how effectively you can manage this resources to support corporate business objectives; and potential cost savings that can be realized through outsourcing. Potential cost savings associated with an outsourcing engagement depends on the size of the company and the scope of services involved, among other factors.

The concept of outsourcing is described as the operation of shifting a transaction previously governed internally to an external supplier (i.e. partners) through a long-term contract (Quelin and Duhamel, 2003). Therefore, outsourcing represents the fundamental decision to reject the internalization of an activity (Franceschini 2003); this is similar to the act of sourcing from outside (Busi, 2008). With the increase in outsourcing, in the context of today's increasing global competition, the view of outsourcing changes from the traditional concept to strategy (Nellore and Soderquist, 2000; Hoecht and Trott, 2006; Holcomb and Hitt, 2007; Busi, 2008). Strategic outsourcing is defined as organizing arrangement that emerges when firms rely on intermediate markets to provide specialized capabilities that supplement existing capabilities deployed along a firm's value chain (Holcomb and Hitt, 2007). Strategic outsourcing focuses on creating value to align with the business processes that are changed to be in line with strategic goals (Mazzawi, 2002). Consequently, firms focus on creating values by requiring specific competencies of partners, and outsource everything except those special activities when they want to gain the competitive advantage (McIvor, 2008). In other words, strategic outsourcing seems to be the collaboration strategy between firms for achieving goals. The collaboration with other firms has been provided the source of competitive advantage (Fontenay and Gans, 2008). This is due to the fact that during the collaboration of outsourcing, the firm is able to innovate, learn about outsourcing items, and build specific and valuable relationships with partners. Moreover, the collaboration through outsourcing is core competence resources that are fundamental to a firm's strategic position.

The global marketplace has placed a tremendous amount of pressure on companies to improve performance. Firms must improve performance to remain cost competitive. Outsourcing has been viewed as one way for producers to reduce costs. Outsourcing is defined as the substitution of external purchases for internal activities (Lieb and Randall, 2006). Cost reductions due to outsourcing result from focusing on core activities and key differentiators; reducing and controlling operating costs; releasing capacity and resources for core projects; gaining access to world-class capabilities; reducing time-to-market and cycle time; sharing operational risk; and improving management of functions that are difficult to manage or functions that are out of control. Business enterprise must often make the decision to outsource when internal capabilities are not cost efficient. The outsourcing of support functions, such as logistics, is one way to reduce costs. The contracting of logistics functions to an external supplier is referred to as third-party logistics. Partnering with a third-party logistics viable approach to develop, collaborate on, and leverage the capabilities that lead to enhanced performance (Stank 2003). Approximately sixty percent of Fortune 500 companies are reported to be having at least one contract with a third-party logistics provider (Lieb and Bentz, 2004). Outsourcing has evolved through deregulation and

controversy. Outsourcing has grown considerably over several years, largely due to competition. There is a potential impact on employees when firms consider the use of outside contractors for some important functions. Maloni and Carter (2006) suggest that examining the effect on worker morale and productivity is a viable research stream for the future. In many instances, one of the motivating factors for considering such action is the desire to reduce headcount; nevertheless, the potential negative impact on company morale cannot be ignored. This concern for employees must be balanced against a firm's ability to compete in the market. Limited empirical research has appeared on the information sharing- outsourcing performance relationship, despite its apparent practical importance. For example, previous research has examined the relationship between information exchange of such enterprise, as well as knowledge sharing and outsourcing success in the industry (Lee 2001).

In today's world of ever increasing competition, organizations are forced to look for new ways to generate value. The world has embraced the phenomenon of outsourcing and companies have adopted its principles to help them expand into other markets. Strategic management of outsourcing is perhaps the most powerful tool in management, and outsourcing of innovation is its frontier (Quinn 2000). Outsourcing is a management strategy by which an organization delegates major, non-core functions to specialized and efficient service providers, have more recently been replaced by productivity, flexibility, speed and innovation in developing business applications, and access to new technologies and skill. First of all, outsourcing usually reduces a company's control over how certain services are delivered, which in turn may raise the company's liability exposure.

Outsourcing can offer definite advantages but only if you do it right. Outsourcing is fraught with danger for the unwary executive or corporate counsel. Outsourcing, in its most succinct form, can be defined as the delegation to another party of the authority for the provision of services under a business contract that incorporates service-level agreements related to cost, quality, and the timeliness of deliverables. Given a diverse nature of business processes a firm has to manage today, it is nearly impossible for a firm to manage all of its processes by solely depending on its own expertise. Even if it is feasible, the firm may lose its focus and efficiency. Outsourcing some or all of non-core business processes can enable a firm to focus on core competencies, rather than services that fall outside of expertise. It will not only improve function effectiveness and flexibility by accessing a support network with highly qualified and specialized workforce, but also help firms control their costs and business risk by transforming high fixed costs to predictable expenditures.

Kim and Chung (2003) use relational exchange theory to develop and test a model of outsourcing success. Their results lead to the conclusion that using a supplier governance structure that emphasizes a cooperative long-term focus leads to an increase in outsourcing success. Gottschalk and Solli-Saether (2006) develop a multi-perspective model of outsourcing success to suggest that organizations need to develop in-house expertise in developing and maintaining alliances (partnership theory). Applying relational exchange theory, they suggest that organizations have to work towards developing a common set of cultural norms that are relevant to both the client and vendor. Gurung and Prater (2006) model outsourcing success as impacted by national cultural difference, psychic distance (to include organizational as well as individual differences), and relationship quality. They propose that large differences in national and organizational culture lead to lower success in outsourcing. Developing team structures that support a warmer relationship and cohesion would positively affect outsourcing success. Rai, Maruping, and Venkatesh (2009) apply the relational exchange view to study cultural differences between the client and vendor firm, concluding that differences in cultural norms impact project cost overruns and client satisfaction. In sum, this second stream of research takes a relational view of IT outsourcing and points to ways to develop and nurture long-term alliances with outsourcing partners.

While the above two streams address cultural and team differences at the macro, organizational levels, the next two streams of research study the interaction between client and vendor teams at the micro task, inter-team, and individual levels of interaction. The third stream of research focuses on dynamics between onsite and offshore teams as well as between collocated client and vendor teams as they work together towards the same goal. Metiu (2006) studied vendor and client teams that were distributed and collocated at different stages of the project. Her analysis points to the role of not just geographical distance, but also cultural distance (resulting in stereo typing) as well as status differences (as a result of resource ownership by the client) in leading to less than satisfactory performance. Mattarelli and Gupta (2009) studied the interaction between eight globally distributed teams to assess the impact of status differences between onsite and offshore vendor teams. They conclude the quality of interaction of the client with the onsite teams as well as the presence of liaisons (either formal or informal) is important in mitigating the difference in status. Vlaar, Fenema, and Tiwari (2008) focus on understanding the socio-cognitive tasks between the onsite and offsite subgroups that help each group to improve their understanding of the work. Their study points to the importance of the onsite group members in fostering a better understanding of the client's Communication between the subgroups helped both groups to reach a congruent understanding through feedback loops that includes confirmation of understanding as well as questioning of assumptions. Based on their study of large-scale outsourcing by one organization to captive centers and offshore vendors, Levina and Vaast (2008) conclude that the use of common practices helped clients and vendor's employees overcome their differences based on organizational and national boundaries. Gregory (2009) analyzed the case of outsourcing the conversion of a legacy system for a German client using interviews of client and vendor employees from India who worked together for about five years. They conclude that the application of cognitive and motivational dimensions of cultural intelligence leads to behavioral adoption those results in a negotiated culture between the two sets of employees. This stream of research identifies how groups and individuals negotiate common ground to overcome organizational and status differences over time and points to ways in which understanding of organizational culture and individual and group behaviors could be used to improve the outcomes of daily tasks and decisions.

## REVIEW OF LITERATURE

Global operations and the goals of organizational growth naturally put pressure on organizations to invest in human capital (Hasan & Abdullah, 2008; Leeuwen & Foldvari, 2008; Potkany, 2008). This is why many organizations make a decision to outsource some organizational activities. This is because they want to focus on their core competencies, and see how value in developing in-house activities outside of this core (Cooper, 2007; Potkany, 2008). Specifically, outsourcing activities can reduce the work load of existing staff, thereby allowing the organization to primarily focus on strategic decision making and developing core competencies (Hansen, 2009). Some scholars support the view that outsourcing activities can allow managers to pay attention to their core business rather than spend valuable time on activities that are becoming increasingly more complex and advanced.

Outsourcing is an increasingly important initiative being pursued by organizations to improve efficiency (Vining and Globerman, 2000). To be able to survive and be profitable in current globalization era, companies tend to use outsourcing in larger extent (Brannemo, 2006). In today business environment, companies considered outsourcing to empower business focus, mitigate risks, build sustainable competitive advantage, and extend technical capabilities and free resources for core business purposes. Some companies outsource their core activities on the value chain extensively and other companies in contrast are extensively outsourcing their secondary activities of their value chains such as information technology, accounting systems and distribution.

Outsourcing is the contracting of any service or activity to a third party, some scholars defined outsourcing as the replacement of inputs or value added previously created in-house by provisions by an external provider within a long-term contractual relationship within which only some of the expected mutual benefits and obligations are formally defined. It involves very high-level strategic decision answering the question 'what to make and what to buy' (Kakouris, Polychronopoulos and Binioris, 2006). According to Ellram, Tate and Billington (2007), outsourcing has implications for day-to-day management and performance, as well as strategic implications. Therefore, company must outsource intelligently. Outsourcing decisions may affect company's cost structures, long-term competitive situation and can also alter the nature of risks that the company must manage (Brannemo, 2006). Hence, it is crucial for company to understand and have a clear conceptual framework of the outsource decision and a company must also know the benefits and risks of outsourcing.

In order to stand up to the challenges posed by a robust and increasingly highly competitive environment, business organizations have, in the past decade or so, resorted to various strategic actions. These includes, among others, the adoption of the total quality management (TQM) philosophy to drive quality standards; business process reengineering (BPE), to streamline and optimize processes; and pertinent restructuring exercises to reduce costs and align resources.

Despite these actions however, there continues to exist a significant amount of resources devoted to routine and administrative functions. In view of this, and in an effort to address scarce resources and meeting the customers' unrelenting needs for quality, many entities have now ventured into various kinds of outsourcing exercises.



Outsourcing is becoming a norm among private and public organizations. The rationale for its adoption is simple and compelling. If outsourcing parts of the business activities or operations yields greater benefits to the organizations than performing them internally, it is a clear cut case for outsourcing. In addition to the immediate efficiency gains, organizations could also direct their efforts to other activities in which they can proficiently perform in house (Fill and Visser, 2000). In short, outsourcing, as a strategy, results in better deployment of business activities (Elmuti, 2003).

According to the existing literature, different types of outsourcing are distinguished depending on firm's strategies covering the degree of decision analysis, the range, the degree of integration, the property relationship, the level of administrative control and ownership (Espino-Rodriguez and Padron-Robaina, 2004). Varadarajan (2009) delineates the five sources about who to outsource to, including a firm's overseas subsidiaries, suppliers, customers, competitors, and strategic alliance partners. Varadarajan (2009) also points out that firms adopt numerous more specific potential avenues including co-outsourcing, micro-outsourcing, quasi-outsourcing, and reciprocal outsourcing based on the desperate need of each strategy. In regard to the potential impact of developed or new technology on international outsourcing, managers need to be sensitive about how technology can be leveraged to outsource an activity that is currently performed in-house. Besides, the managers also need to take the importance of how technology can be leveraged to perform in-house an activity that is currently outsourced, or automate and make redundant an outsourced activity under consideration.

The transaction cost theory introduced by Coase (1937) is the foundation for many of outsourcing theories that concern cost perspective. The transaction cost theory tries to explain how companies consider the relative cost of transaction using their own employees on the other hand and external parties on the other (Coase, 1937).

According to Klein (2005), transactions differ in the degree to which relationship specific assets are involved (asset specificity), the amount of uncertainty about the future (environmental uncertainty), the amount of uncertainty about other parties' actions (behavior uncertainty), and the frequency with which a given transaction occurs (Everaert, Sarens and Rommel, 2007). Previous studies provide evidence that asset specificity is a significant driver in the outsourcing decision. Meanwhile study carried out by Anderson and Gatignon (2005) explained that both asset specificity and behavioral uncertainty seemed significant in explaining the entry mode of outsourcing activity. Asset specificity has been found to be an important driver for outsourcing of IT (Wajtrakul, 2005; Barthelemy and Geyer, 2005). Meanwhile studies by Spekle (2007) found that both asset specificity and frequency is important driver for outsourcing of the internal audit function. These all studies concentrated on the outsourcing of production tasks (so-called backward integration). According to Vandaele (2007), to govern the outsourcing decision of business service, more emphasis should be placed on behavioral uncertainty, asset specificity (especially human asset), and trust. Klein (2005) suggests that alternative theories of the companies, based on capabilities, power, and trust could be potentially become important in explaining why companies outsourcing some of their activities. Furthermore, companies should also look from the strategic perspective, which focuses on further aspects to the outsourcing decisions besides costs.

Fill and Visser's (2000) outsourcing framework consists of three main components; contextual factors, strategy and structure and transaction costs. In the first part of the framework is to developed contextual factors should consider both quantifiable and non-quantifiable criteria of external and internal factors. Quantifiable criteria are costs, increased cover of fixed costs, investments and revenues (Brannemo, 2006).

Meanwhile, non-quantifiable criteria are strategic interest, confidentiality, linkage with operations, stability of employment, management and dependence on suppliers (Fill and Visser, 2000). The second part of the framework concerns with strategy and structure. This part is where companies should consider the structural aspects associated with the decision and help to focus on how integrated the company should be (Brannemo, 2006). The third part concerns with examine the transaction costs: production costs and transaction costs (Fill and Visser, 2000). Indeed, Pavlou (2001) noted that potential risk reduces individual intentions to conclude a deal. It is apparent that the individual perception towards outsourcing could either be positive or negative. Negative perceptions of outsourcing are often equated with risks of outsourcing, that is, the possibility of outsourcing failure. On the contrary, there also exist outsourcing advantages, which may be summarized as outsourcing benefits (Dibbern, 2004). In this paper, therefore, the risk-benefit framework is also applied to examine outsourcing decisions since the framework is in line with decision theory regarding decisions that involve risk or uncertainty (Tamura (2005).

The resource-based view, network theory, and contingency theory as the theoretical lens explain how strategic outsourcing capability affects firm performance. Firstly, resource-based view provides a theoretical foundation to explain the effectiveness and firm performance is a result of the capability and resource (Holcomb and Hitt, 2007). In this study, strategic outsourcing capability is assumed as firms' capability that affects firm performance. When the firm collaborates with partners (i.e. outsourcing), firm is provided with knowledge by working with partners. Accordingly, partners' knowledge is the capability that is the process embedded in firm, and it is related activity systems that have complementarities; a firm's potential that creates sustained competitive advantage is enhanced (Eisenhardt and Martin, 2000). Consequently, the firm with high strategic outsourcing capability tends to achieve its success by using partners' capabilities and effectiveness of operation, and lead to the access to a firm's performance.

Secondly, network theory explains how firms' collaboration can be influenced by viewing each event in network of relationships among communities or industry (Gulati 2000), among organizations or firms (Wilkinson and Young, 2002). In this research, network theory is applied to describe the relationship between strategic outsourcing capability and outsourcing success. When the firm has interacted with relationship by outsourcing some function with other firms (i.e. partners) in the network, it will gain various resources and capability with various partners that interlink firm's core activities (Tangpinyoputtikhun, 2009). Also, this relationship is a unique and inimitable asset (Gulati 2000). Moreover, capability of creating, managing and concluding important relationships is a core resource for a firm. Consequently, firm who has relationships allows it to occupy superior returns because of the access to better information and opportunities than those firms that are more peripheral. Accordingly, firm's ability makes connections to others within a network through working together (i.e. outsourcing) leading to firm's success of operation.

Finally, the contingency theory explains that there is not one best way to manage organizations or no solutions that can be universally applied to common organizational problems. In this research, contingency theory is applied to explain the moderator variables that have a significant moderating effect on the appropriateness of outsourcing strategy and the success. Based on this approach, strategic outsourcing capability and outsourcing success rely upon two factors; teamwork mindset and inter-organizational trust. In this view, the firm's teamwork mindset tends to increase the relationships between organizational factors and outsourcing capability, because a degree of strategic outsourcing capability depends on relevant moderating context factors, and various contingency variables may have a potential impact on the outsourcing strategy (Mol, 2005), as well as, when unforeseen contingencies arise, strength of inter-organizational trust tends to enhance the outsourcing capability outsourcing success relationships (Krishnan 2006).

## IMPORTANCE OF THE STUDY

This research paper was aimed at evaluating and appraising the contributions of outsourcings towards reduction of cost and effective performance, it properly defines performance criteria for an outsourcing engagement which are, objective, quantifiable, and collectible at a reasonable cost, and can be metrics which can be benchmarked against performance of other organizations. The study seeks to identify whether the effects of outsourcing projects on the morale and obstacles to outsourcing success. Keeping people informed at every step of the way and working out a deal perceived as fair for them is important because an organization may trade more than its physical assets to the vendor in any outsourcing arrangement and it may often gives away its people as well. This research will provide some relevant managerial implications. The results suggest when firms should implement outsourcing strategy for achievement of firm's success, effectiveness, and superior performance, firms' vision should focus on outsourcing collaboration, plan to scan partners' specific, and selecting partners match the firm's expectations.

This research provides understanding of the relationship between outsourcing capability (i.e., value partnership searching, external resource utility, potential competency integration, and unique operation setting), outsourcing success (i.e., corporate risk reduction, organizational competency fulfillment, and business practice creativity), organizational factors (i.e., strategic vision for collaboration, proactive-ness policy. The finding as well, indicates the effect of outsourcing on organizational performance. It will further guide managers with suggestions on the best methods and strategies to adopt including appropriate techniques for workforce, through the knowledge and implication of outsourcing towards effectiveness and efficiency in business organization.

Finally, this research work will help to generally contribute to existing literary work on outsourcing and form a basis for further research work regarding outsourcing and organizational performance.

## STATEMENT OF THE PROBLEM

The market for providers of outsourced services of all types is growing rapidly in Nigeria and in today's world of ever increasing competition; organizations are forced to look for new ways to generate value. The world has embraced the phenomenon of outsourcing and companies have adopted its principles to help them expand into other markets (Bender 2001). Strategic management of outsourcing is perhaps the most powerful tool in management used in carrying out organizational functions in Nigeria recently and obtaining satisfactory organizational resources is a constant problem for the organizations engaged with consultancies.

Why do organizations take the risk of outsourcing and its implications on their performance, the activities or the functions organizations outsourced; and the specific goal of the outsourcing companies? The top reasons for undertaking outsourcing projects identified by the survey results were to: reduce costs, improve quality, improve delivery and reliability, gain access to better materials, reduce the overall amount of specialized skills and knowledge needed for operations, make capital funds available for more profitable operations, and focus on core competencies of the corporation.(Quinn 2000) .

Another primary intent of this study is to examine the degree of success or failure of outsourcing strategy among organizations that have an outsourcing program in their establishments. Firms considered their outsourcing projects successful when the benefits generated by the outsourcing strategies were greater than the costs of developing the required resources and capabilities through internal development or acquisitions. On the other hand, firms considered their outsourcing projects unsuccessful or as failure, when the costs of managing the links between outsourcing partners were greater than the benefits generated by the outsourcing program.

## OBJECTIVES

The objective of this research is to identify risks involving outsourcing regarding organizational performance so as to create recommendations and guidelines for better engagement and improved risk identification.

The main objective of this study is to identify and measure the various outsourcing factors on performance in guaranty trust bank as a case study and to highlight the main findings by performing statistical techniques to judge the correlation and level of significance for the factors. The study, thus, the specific objectives are as follows:

- To investigate if value partnership searching will lead to corporate risk reduction.
- To ascertain the role of external resources utility on organization competency fulfillment.
- To examine the effect of potential competency integration on effectiveness and efficiency in organization.
- To investigate the impeding factors that usually leads to unique operational setting, customer loyalty and satisfaction.

## HYPOTHESES

On the basis of association between independent and dependent variables, the following hypotheses were tested in the study:

H<sub>1</sub>: External resource utility will not affect organization competency fulfillment.

H<sub>2</sub>: Potential competency integration will not lead to effectiveness and efficiency in organization.

H<sub>3</sub>: Unique operational setting will not lead to customer loyalty and satisfaction.

## RESEARCH METHODOLOGY

Research design is the program that guides the researcher in the process of collecting, analyzing and interpreting data and information (Osugwu, 2002). Survey research design was adopted for this study. This is because survey research design enables us to examine large and small populations (or universes) by selecting and studying samples chosen from the populations in order to discover the relative incidence, distribution and inter-relations of business, sociological, educational and psychological variables (Osugwu, 2006).

### POPULATION

The study population includes staff from Guaranty Trust Bank Plc.

Therefore, the entirety of the population under study cannot be studied comprehensively. Emphasis was placed on the headquarters because Study population is the numerical aggregate of subject chosen for the study coverage.

Also, the choice of this sampling method was informed by the fact that the population under study was geographically dispersed and cannot be reached due to time constraints. In determining the sample, yaro yamani formula was used.

Yaro yamani formula

$$n = \frac{N}{1 + N(e)^2}$$

Where n= sample size

N=Population of the study

e = Tolerable error (5%)

$$n = \frac{376}{1 + 376(0.05)^2}$$

$$n = \frac{376}{1 + 376(0.0025)}$$

$$n = \frac{376}{1 + 0.94}$$

$$n = \frac{376}{1.94}$$

$$n = 193.81$$

$$n = 193$$

The questionnaire method was used to collect the required data from the respondents. The questionnaire is appropriate because it enables large number of people over a relatively short period. The questionnaire was divided into eight (5) sections with Section A representing Socio-Demographic characteristic, Section B- External resource utility on organization competency fulfillment, Section C-potential competency integration on effectiveness and efficiency in organization, Section D- unique operational setting will not lead to customer loyalty and satisfaction, Section E-Recommendation.

The statistical instrument used for this research work is the Predictive Analytics Software (PASW) package formally known as the SPSS package which was used to test the reliability of the research hypotheses in relation to research questions. In analyzing the data, multi-related analysis was adopted these include: The Spearman's Rank Correlation Coefficient and the Kendall's Coefficient of Concordance were used to test the research questions. Also the Z-test was used to test the research hypothesis.

**RESULTS & DISCUSSION**

The broad objective of the study as earlier stated was to investigate the effect of outsourcing on organizational performance. The findings of the present study will be beneficial both for the organization and managers. The organization will benefit by knowing the importance of outsourcing to their performance, which will in turn lead to increased profit. For the managers, this research work indirectly helps them to convey their expectations regarding the nature of their job to the organization and what to search for in the outsourcing process.

Based on the gathered data, it is obvious that most of the employees have been with the organization for about 6-10 years, this shows that they are, if not extremely, accustomed to the organization's policies. The result also indicates that majority of the respondents are predominantly young, between 41 years and 50 years of age. This may be due to the nature of work involved in the organization, which requires energetic and vibrant personnel with technical know-how and adequate educational training and experience that demand considerable period of time.

In addition, the result of this research work indicates that 6 – 10 years poses the highest percentage of working experience. The interpretation is that employees are giving job security not coincide with beliefs that outsourcing leads to reduction of workers. Additionally, management oversees much of the execution of outsourcing process. So a decline in senior staff was noticed. Though hypothesis one was rejected, it however does not mean that outsourcing those not have effect on organizational performance. The alternative hypothesis was rejected (H1) and null hypothesis was accepted (H0) that, external resources utility will not affect organization competency fulfillment. The second and the third hypotheses were accepted that is, we reject null hypothesis (H0) and accept alternative hypothesis (H1) that, potential competency integration would lead to effectiveness and efficiency and the last one which is we reject the null hypothesis (H0) and accept the alternative hypothesis (Hi) that unique operational efficiency would lead to customer loyalty and satisfaction.

**FINDINGS**

This section presents the test of hypotheses formulated in chapter one, and the essence of this is to demonstrate whether there exists a relationship between the independent and dependent variables used in this study. The three hypotheses that were raised are tested in this section using appropriate statistical tests. The hypothesis one was tested using Spearman Rank Correlation Coefficient at 5 percent level of significance. The data for variables, i.e. External Resources Utility (ER) and Efficiency (EF), were obtained from the questionnaires administered.

**Hypothesis I**

**H<sub>0</sub>:** External resources utility will not affect organization competency fulfillment.

**H<sub>1</sub>:** External resources utility will affect organization competency fulfillment

The Spearman Rank Correlation Coefficient and Z test were used to test the hypothesis at the 5 percent level of significance. PASW program was employed to analyze the data. The result is presented on Table 4.12 below;

**TABLE 4.12: SPEARMAN RANK CORRELATION BETWEEN EXTERNAL RESOURCES AND ORGANIZATIONAL COMPETENCY**

**Correlations**

			The use of external resources enhances organizational competency	Usage of external resources ensures distinctive competence
Spearman's rho	The use of external resources enhances organizational competency	Correlation Coefficient	1.000	-.144
		Sig. (2-tailed)	.	.320
		N	191	191
	Usage of external resources ensures distinctive competence	Correlation Coefficient	-.144	1.000
		Sig. (2-tailed)	.320	.
		N	191	191

Source: PASW 19.0 for windows

Table 4.12 reveals that there is a negative relationship between external resources utility and organization competency fulfillment. Table 4.12 shows the Spearman's Rank Correlation coefficient for perceived external resources utility and organizational competency variables to be -0.144 with p = 0.320, implying that perceived external resources utility will not affect organization competency fulfillment. That is, we reject alternative hypothesis (H1) and accept null hypothesis (H0) that, external resources utility will not affect organization competency fulfillment.

**Hypothesis II**

**H<sub>0</sub>:** Potential competency integration will not lead to effectiveness and efficiency in organization.

**H<sub>1</sub>:** Potential competency integration would lead to effectiveness and efficiency in organization.

The Kendall's Coefficient of Concordance was used to test the hypothesis at 5 percent level of significance. PASW program was employed to analyze the data. The result is presented on Table 4.13 below;

**TABLE 4.13: KENDALL'S COEFFICIENT OF CONCORDANCE BETWEEN COMPETENCY INTEGRATION AND ORGANIZATIONAL EFFICIENCY**

**Correlations**

			Competency integration influences our organizational performance	Competency integration influences both effectiveness and efficiency
Kendall's tau_b	Competency integration influences our organizational performance	Correlation Coefficient	1.000	.001
		Sig. (2-tailed)	.	.992
		N	191	191
	Competency integration influences both effectiveness and efficiency	Correlation Coefficient	.001	1.000
		Sig. (2-tailed)	.992	.
		N	191	191

Source: PASW 19.0 for windows

Table 4.13 shows that there is a positive relationship between competency integration and organization effectiveness and efficiency. Table 4.13 reveals the Kendall's Coefficient of Concordance for perceived competency integration and organizational performance variables to be 0.001 with p = 0.992, implying that perceived potential competency integration would lead to effectiveness and efficiency. That is, we reject null hypothesis (H0) and accept alternative hypothesis (H1) that, potential competency integration would lead to effectiveness and efficiency.

**Hypothesis III**

**H<sub>0</sub>:** Unique operational efficiency will not lead to customer loyalty and satisfaction.

**H<sub>1</sub>:** Unique operational efficiency would lead to customer loyalty and satisfaction.

The Z test was used to test the hypothesis at the 5 percent level of significance. PASW program was employed to analyze the data. The decision rule is if computed R is greater or equal to R at N=191 and  $p = 0.05$  which is equal to 0.500, we reject the null hypothesis. To test for the significance of R, Z test is used, the decision rule is if the computed Z falls within the critical Z value (i.e. 1.95 at 0.05), we accept the null hypothesis otherwise we reject the null hypothesis. The result is presented on Table 4.14 below;

**TABLE 4.14: Z- TEST OF UNIQUE OPERATIONAL EFFICIENCY AND CUSTOMER LOYALTY/SATISFACTION**

Computed Rc	Table R* at 0.05 Confidence	Computed Z	Coefficient
0.610	0.000	8.638	+1.96

*Source:* PASW 19.0 for windows

In order to test the hypothesis, the Z ( $Z = r\sqrt{n-1}$ ) test is used. In this study, the Z test result reveals that perceived unique operational efficiency positively affects the customer satisfaction, ( $Z = 0.783\sqrt{191-1} = 8.638$ ). Since the Z computed (i.e. 8.638) is greater than the critical value (1.96), we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis ( $H_1$ ) that unique operational efficiency would lead to customer loyalty and satisfaction.

## RECOMMENDATIONS/SUGGESTIONS

In view of the observations and findings achieved from the research work, the following suggestions are hoped to help improve the level of outsourcing in the future:

- The concerned authorities should make surveys on Variety of companies before concluding on the organization to partner with.
- Manager should Benchmark vendor capabilities to ensure technical excellence.
- The concerned authorities should always use performance appraisal for organization they partner with in other to check mate the activities of the companies.
- The sourcing competencies need to be assessed, in order be sure the organization has the right competencies available for the sourcing attempts.
- Manager should give clear and validated definition of objectives for sourcing needs to be promoted.
- The concerned authorities should provide robust and sincere dialogue about outsourcing intentions, purposes, and opportunities for alternative internal employment for those affected by outsourcing.
- The concerned authorities should make sure they don't lose control over the outsourced activities.
- The concerned authorities should always plan an exit strategy and Managers should properly organize their team.
- The concerned authorities should develop and negotiate an appropriate and effective outsourcing agreement and provide mechanisms to administer, maintain, and monitor the contract and to resolve the inevitable problems.
- Managers should achieve necessary management commitment and properly defined their own corporate needs, objectives, and priorities to their vendors.
- Authorities concern should identify appropriate alternatives and evaluated the risks and benefits involve.

## CONCLUSIONS

This research provides understanding of the relationship between strategic outsourcing capability (i.e., value partnership searching, external resource utility, potential competency integration, and unique operation setting), outsourcing success (i.e., corporate risk reduction, organizational competency fulfillment, and business practice creativity). This research found that unique operation setting has a positive effect on three dimensions of outsourcing success. Potential competency integration has a positive effect on organizational competency fulfillment and business practice creativity. Moreover, value partnership searching has a positive effect on corporate risk reduction.

Outsourcing has been subject of great interest among scholars in organizational studies and Human research management researchers over period of time. A number of organizational, individual, and psychological factors have been identified to enhance performance level. However, these factors have been revisited overtime and again and outsourcing determinants information is still inconclusive based on organization differences, the fact that a particular factor cannot accurately determine an organization level of performance. Therefore, every organization should give importance to their performance and take options to help them give better satisfaction, as it has been observed that "success" is a significant factor in the management of an organization, with reference to Guaranty Trust Bank plc. However, this success can only be feasible if the organization pays more attention to the factors that affect its performance.

For managers, supervisors, and owners of various organizations who are concerned with outsourcing process, the research work provides a few important suggestions. Some of the macro-level features of the organization have a greater effect on the outsourcing process within that organization than some may realize. If outsourcing process is defaulted it may be beneficial to take aims to improve the conditions of outsourcing and/or to evaluate current management practices. At the same time it may also help to promote greater social cohesion between organizations by allowing them to work together towards some common goal(s).

Even with the presence turnover, the researcher was able to find the factors of leadership, teamwork, awareness of advancement opportunities and effective communication to have significant chances of improving how organization respond to evaluating their work. Thus, even in the face of great challenges to organization morale, the most effective changes that can be made would be to improve management practices, improve the conditions of integration, and allow organization to work together to accomplish shared goals and/or voice concerns.

## SCOPE FOR FURTHER RESEARCH

This research has some limitations that should be mentioned and should be considered in future researches. Firstly, this research was conducted as a snapshot without considering the dynamic nature of outsourcing collaboration. Therefore, a longitudinal study that tracks outsourcing collaboration overtime is needed. Secondly, this research uses the questionnaires for collecting data from a bank in Nigeria; the evidences may be affected from cultural response bias. Finally, all constructs in the conceptual model are developed from new scales based on the definition of each construct.

This research examined only one industry (i.e. bank) due to time and financial constraint there is a need to test the theoretical model in other business settings to establish the generalizability of our findings. According to the results of this research, the moderating effects of strategic outsourcing capability and outsourcing success are partially statistical significant. As a result, the need for future research is to seek other more moderating variables to enhance success and performance such as degree of outsourcing and prior experience related outsourcing activities.

Finally, while we measured strategic outsourcing capability in terms of searching, utility, integration, and settings, such outsourcing capability has been operationalized in different ways. For example, understanding the trends of outsourcing activities, blueprints of outsourcing strategy, and continuously updating outsourcing strategy for fully understanding are in the dimensions of strategic outsourcing capability that affect outsourcing success, operational effectiveness, and firm performance.

Future research should compare successful and unsuccessful outsourcing attempts to determine what those successful companies did differently from unsuccessful ones. Those differences will then constitute critical factors, the research should then go further to determine how much each of those factors contributes to outsourcing success.

## REFERENCES

1. Armstrong, J.S. and Overton, T.S. (1977). "Estimating nonresponse bias in mail surveys." *Journal of Marketing Research*, (14:3), pp. 396-402.
2. Barney, J. (1991). "Firm Resources and Sustained Competitive Advantage." *Journal of Management*, Vol. 17 Issue 1, p 99-121.



3. Boyson, S., Corsi, T., Dresner, T., and Rabinovich, E. (1999). "Managing Effective Third Party Logistics Relationships: What Does It Take," *Journal of Business Logistics*, Vol. 20 No. 1, pp. 73-100.
4. Chen, F., Drezner, Z., Ryan, J.K., and Simchi-Levi, D. (2000). "Quantifying the Bullwhip Effect in a Simple Supply Chain: The Impact of Forecasting, Lead Times, and Information." *Management Science*, Vol. 46 Issue 3, pp. 436-444.
5. Clinton, S. and Closs, D., (1997). "Logistic Strategy: Does It Exist?" *Journal of Business Logistics*, Vol. 18 Issue 1, pp. 19-44.
6. Cohen, J. and Cohen, P. (1983). "Applied Multiple Regression Correlation Analysis for the Behavioral Sciences", 2nd ed, H.IIlsdale, NJ: Erlbaum.
7. Cohen, W. M., and Levinthal, D.A. (1990). "Absorptive Capacity: A New Perspective on Learning and Innovation." *Administrative Science Quarterly*, Vol. 35, pp. 128-152.
8. Daugherty, P. J., Myers, M.B. and Autry, C.W. (1999). "Automatic Replenishment Programs: An Empirical Examination." *Journal of Business Logistics*, Vol. 20, Issue 2, p 63-82.
9. Deeter-Schmelz, D. (1997). "Applying Teams to Logistics Processes: Information Acquisition and the Impact of Team Role Clarity and Norms," *Journal of Business Logistics*, Vol. 18 No. 1, pp. 159-178.
10. Droge, C., Germain, R. and Stock, J. (1991). "Dimensions Underlying Retail Logistics and Their Relationship to Supplier Evaluation Criteria." *International Journal of Logistics Management*, Vol. 2, Issue 1, pp. 19-25.
11. Forza, C. (1996). "Achieving superior operating performance from integrated pipeline management: An empirical study." *International Journal of Physical Distribution & Logistics Management*, Vol. 26 Issue 9, pp. 36-64.
12. Germain, R. and Droge, C. (1995). "Just-in-time and context." *International Journal of Physical Distribution & Logistics Management*, Vol. 25 Issue 1, pp. 18-34.
13. Holmbeck, G. N. (1997). "Toward Terminological, Conceptual, and Statistical Clarity in the Study of Mediators and Moderators: Examples from the Child-Clinical and Pediatric Psychology Literatures." *Journal of Consulting and Clinical Psychology*, Vol. 65, No. 4, pp. 599-610.
14. Kerlinger, F.N.(1973) "Foundations of Behavioral Research". 2nd ed. New York: Holt, Rinehart and Winston.
15. Lee, H.L. and Whang, S. (2000). "Information sharing in a supply chain." *International Journal of Technology Management*, Vol. 20 Issue 3/4, pp. 373-385.
16. Lee, Hau L., Padmanabhan, V., Wang, S. (1997). "The Bullwhip Effect in Supply Chains." *Sloan Management Review*, Spring 97, Vol. 38 Issue 3, p 93-102.
17. Lee, J. (2001). "The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success." *Information & Management*, Vol. 38, pp. 323-335.
18. Lee, J. and Kim, Y. (1999). "Effect of Partnership Quality on IS Outsourcing Success: Conceptual Framework and Empirical Validation." *Journal of Management Information Systems*, Vol. 15 No. 4, pp. 29-61
19. Lieb, R and Bentz, B.A. (2004). "The Use of Third-Party Logistics Services by Large American Manufacturers: The 2003 Survey." *Transportation Journal*, Vol. 44 Issue 2, pp. 5-15.
20. Lieb, R. and Randall, H. (1992). "CEO Perspectives on the Current Status and Future Prospects of the Third-Party Logistics Industry in the United States." *Transport Logistics*, Vol. 1 No. 1, pp. 51-66.
21. Mackay, D., and Rosier, M. (1996). "Measuring organizational benefits of EDI diffusion." *International Journal of Physical Distribution & Logistics Management*, Vol. 26 Issue 10, pp. 60-79.
22. Maloni, M. J. and Carter, C.R. (2006). "Opportunities for Research in Third-Party Logistics." *Transportation Journal*, Spring 2006, pp. 23-38.
23. Metters, R. (1997). "Quantifying the bullwhip effect in supply chains." *Journal of Operations Management*, Vol. 15 Issue 2, p89-100.
24. Noordewier, T., John, G. and Nevin, J. (1990). "Performance outcomes of purchasing arrangements in industrial buyer-vendor relationships." *Journal of Marketing*, Vol. 54 Issue 4, pp. 80-94.
25. Peters, M., Lieb, R. and Randall, H. (1998). "The use of third-party logistics services by European industry," *Transport Logistics*, Vol. 1 No. 3, pp. 167-179.
26. Rhea, M. and Shrock, D. (2000). "Measuring the Effectiveness of Physical Distribution Customer Service Programs." *Journal of Business Logistics*, Vol. 8 No. 1, pp. 31-45.
27. Sallant, P. and Dillman, D.A. (1994). "How to conduct your own survey." John Wiley & Sons: New York.
28. Sanders, N. and Premus, R. (2005). "Modeling the relationship between firm IT capability, collaboration and performance." *Journal of Business Logistics*, Vol. 26 No. 1, pp. 1-23.
29. Semeijn, J. (1995). "Service Priorities in International Logistics." *International Journal of Logistics Management*, Vol. 6 Issue 1, pp. 27-36.
30. Sinkovics, R. and Roath, A. (2004). "Strategic orientation, capabilities, and performance in manufacture-3PL relationships." *Journal of Business Logistics*, Vol. 25 Issue 2, pp. 43-64.
31. Skjoett-Larsen, T. (2000). "Third Party Logistics--From an Interorganizational Point of View," *International Journal of Physical Distribution & Logistics Management*, Vol. 30 No. 2, pp. 112-117.
32. Spencer, M., Rogers, D. and Daugherty, P. (1994). "JIT Systems and External Logistics Suppliers." *International Journal of Operations and Production Management*, Volume 14 Issue 6, pp. 60-74.
33. Stank, T. and Crum, M. (1997). "Just-In-Time Management and Transportation Service Performance in a Cross-Border Setting." *Transportation Journal*, Vol. 36 Issue 3, pp. 31-42.
34. Stank, T. and Lackey, C. (1997). "Enhancing performance through logistical capabilities in Mexican maquiladora firms." *Journal of Business Logistics*, Vol. 18 Issue 1, pp. 91-123.
35. Stank, T. P., Goldsby, T. J., Vickery, S.K.; Savitskie, K. (2003). "Logistics Service Performance: Estimating Its Influence On Market Share." *Journal of Business Logistics*, Vol. 24 Issue 1, p 27-55.
36. Stank, T., Emmelhainz, P. and Daugherty, P. (1996). "The Impact of Information on supplier Performance." *Journal of Marketing Theory and Practice*, Fall, pp. 94-105.
37. Waller, M., Johnson, M.E., Davis, T. (1999). "Vendor-Managed Inventory In The Retail Supply Chain." *Journal of Business Logistics*, Vol. 20 Issue 1, pp. 183-203.
38. Whipple, J., Frankel, R. and Daugherty, P. (2002). "Information Support for Alliances: Performance Implications." *Journal of Business Logistics*, Vol. 23 No. 2, pp. 67-82.
39. Williams, L.R.; Magee, G.D.; Suzuki, Y. (1998). "A Multidimensional View Of EDI: Testing The Value Of Edi Participation To Firms." *Journal of Business Logistics*, Vol. 19 Issue 2, pp. 73-87.

**APPENDIX/ANNEXURE**

**QUESTIONNAIRE**

**Effect of Outsourcing on Organizational Performance**

Dear Respondent,

This questionnaire is designed to elicit information on the above research instrument. All information given will be for the purpose of this research only and shall be treated in strict confidence.

Kindly respond to each of the statement as it is given to you. Your honest response will be appreciated.

Thanks for your Co-operation

**OLUYEMI OLUWOLE**

**SECTION A**

Please Tick the Relevant Answer Where Applicable

- 1. Sex: Male ( ) Female ( )
- 2. Age: 20 – 30 yrs ( ) 31 - 40 yrs ( ) 41 – 50 yrs ( ) 51 years & above ( )
- 3. Marital status: Single ( ) Married ( )
- 4. Academic Qualification: OND/NCE ( ) HND/B.sc ( ) MSC/MBA ( )  
PHD ( )
- 5. Position held in the Company: Senior staff ( ) Junior staff ( )
- 6. How long have you been in the service: 1 – 5 yrs ( ) 6 – 10 yrs ( ) 11 – 15yrs ( ) 16 – 20 yrs ( )  
21 – 25 yrs ( ) 26 yrs & above ( )
- 7. How long have you been in your present department: 1 – 5yrs ( ) 6 – 10 yrs ( ) 11 – 15 yrs ( ) 16 yrs & above ( )

**SECTION B**

For each of the statement below, indicate your level of agreement or disagree ticking (✓) the appropriate column

KEY: SA = STRONGLY AGREED, A = AGREE, UN = UNDECIDED, D = DISAGREE, SD = STRONGLY DISAGREE

S/N	External Resources Utility and Efficiency	SA	A	UD	D	SD
8	Our organization has been using external resources.					
9	Organizations that outsource part of their resources are more effective.					
10	Effectiveness or efficiency is the rationales for external resources.					
11	The use of external resources enhance organizational competency.					
12	Usage of external resources ensures distinction competence.					
S/N	Organization Competency Integration and Effectiveness	SA	A	UD	D	SD
13	We perform better by outsourcing some of our functions.					
14	Competency integration influences Efficiency in our organization.					
15	Effectiveness is achieved with the use of competency integration.					
16	Competency integration influences our organization performance.					
17	Competency integration influences both Effectiveness and Efficiency.					
S/N	Unique Operational Efficiency and Customer Satisfaction	SA	A	UD	D	SD
18	Unique operational efficiency enhances organization performances.					
19	Customer satisfaction is influenced by unique operational efficiency.					
20	Operational settings in an organization affect staff performance.					
21	Loyalty of customers depends on unique operational efficiency.					
22	Customer satisfaction depends on an organizations product line.					
S/N	Value Partnership Searching and Corporate Risk Reduction	SA	A	UD	D	SD
23	Our organization goes into partnership with competent organization.					
24	We benchmark before performing with other organization.					
25	Our Organization outsources to bear parts of our variable cost.					
26	Risk within our organization is shared with organization we partners with					
27	Value partnership searching is important in achieving organization performance.					

**SECTION C**

**RECOMMENDATION**

28. What is your opinion on giving out some of the duties of the organization to specialist?

.....

.....

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

