# Outsourcing Services as a Strategic Tool for Organizational Performance: An Exploratory Study of Nigerian Food, Beverage, and Tobacco Industry

**Rajee, Femi Suraju**
Associate Lecturer
Department of Business Administration & Management Technology
Lagos State University External System
Ojo, Lagos, Nigeria.

**Akinlabi Babatunde Hamed**
Department of Transport Operations and Management
Lagos State University School of Transport
Ojo, Nigeria
+234-0802-353-6944

## Abstract

*Outsourcing is a management strategy by which an organization delegates major or non-core business functions to specialized and efficient service providers. Economic of globalization and liberalization facilitate the process of searching for opportunities on the open global market to outsource some of organization's activities instead of performing them internally. The paper examines outsourcing service as a strategic tool for organizational performance using data generated from fifteen (15) companies in the Nigeria food, beverage, and tobacco industry, within the period 2000-2010. Statistical methods developed by Rubin (1974) and extended by Janod and Saint Martin (2003). However, the results show that the more an organization outsourced, the higher its organizational growth, and organizational productivity are positively correlated to the amelioration of competitive advantage of labor productivity and average production cost. The paper also revealed that outsourcing is beneficial to organizational performance, and enhances firm's financial economies and competitive advantage in the market place. Therefore, Organization should develop a comprehensive plan to clarify strategic outsourcing objectives, expectations, and requirements towards their outsourcing function.*

**Keywords:** Business function, competitive advantage, management strategy, organizational performance, outsourcing

## *1. Introduction*

During the last two decades, Nigerian business enterprises came under pressure to restructure and improve their competitiveness in the domestic and international marketplace, as organizations face increasingly complex, dynamic, turbulent, and threatening business environments (poor infrastructural facilities). Quite a number of Government policies and initiatives were put in place to encourage and assist Nigerian companies achieve higher productivity and superior performance (Public Private Partnership Program; Consumption of Made-in-Nigeria Goods Initiative; and Taxes Reduction for Infant and Local Industries etc.). This quest for efficiency and improved productivity led to a more strategic approach to outsourcing business operations, processes, and management practices.

Outsourcing is a management strategy by which an organization delegates major, non-core business functions to specialized and efficient service providers (Corbett, 1999). Outsourcing business operations and processes usually inevitable in instances where a specific firm has no knowledge or skills for performing the task within the organization. Besides, company can also outsourced in order to minimize workload, attain financial economies, increase ability to focus on core competencies and strategic issues, access to technology and specialized expertise, ability to demand measurable and improved service levels, and achieve competitive advantage. The traditional outsourcing service emphasis on tactical benefits like cost reduction (for example, cheaper labor cost in low-cost countries), have more recently been replaced by productivity, flexibility, speed, and innovation in developing business applications, and access to new technologies and skills (Greer et al, 1999).

However, organizations have always seeking for ways to achieve a competitive edge over their potential competitors, however, with contemporary highly competitive environment in which today's businesses operate acts as a strong stimulus for organizations to outsource. The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes mean that organizations must focus on their core competencies and capabilities (McIvor, 2008). One avenue that organizations have pursued to improve their competitive position in this new business environment has been to increase the role of outsourcing in their operations, which has been found to provide a competitive advantage to these organizations (Monczka and Trent, 1991; Quinn and Hilmer, 1994). In addition, economic of globalization and liberalization facilitate the process of searching for opportunities on the open global market to outsource some of organization's activities instead of performing them internally. Because of diverse nature of business processes an organization has to manage today, it is nearly impossible for an organization to manage all of its processes by solely depending on its own expertise. Even if it is feasible, the organization may lose its focus and efficiency. Outsourcing some or all of non-core business processes can enable an organization to focus on core competencies, rather than services that fall outside of expertise. It will not only enhance function effectiveness and flexibility by accessing a support network with highly qualified and specialized workforce, but also help organizations control their costs and business risk by transforming high fixed costs to predictable expenditures.

Nevertheless, every organization engages in one form of outsourcing or other, be it manufacturing services, information technology, management services, product engineering, and research process or marketing services. The choice of what functions to outsource and which to keep in-house is based on the need to develop skills, invest in resources, and stay abreast of evolving technology in any areas kept in-house (Harris, 2003). Based on the background, the aim of this study is to examine outsourcing services as a strategic tool for organizational performance in the Nigerian food, beverage, and tobacco industry.

## *2. Literature Review*

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, 1999). Strategic management of outsourcing is perhaps the most powerful tool in management, and outsourcing of innovation is its frontier (Quinn, 2000).

Outsourcing, in its most succinct form, is 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 (Domberger, 1998).

Finlay and King, (1999) are of the opinion that outsourcing is the transfer of a function previously performed internally to an external provider. Yang et al., (2007) and McIvor, (2008) asserted that outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers. Lee and Kim, (2010) have argued that outsourcing allows firms to focus on their own core competences by relocating limited resources to strengthen their core product or service and strategically use outside vendors to perform service activities that traditionally have been internal functions. Outsourcing can also involve the transfer of both people and physical assets to the supplier (McIvor, 2008).

Most corporations believe that in order to compete globally, they have to look at efficiency and cost containment rather than relying strictly on revenue increases (Conner and Prahalad, 1996). Frayer et al., (2000) have suggested that companies are increasingly viewing outsourcing strategies as a means of reducing costs, increasing quality, and enhancing a firms overall competitive position. It also improves operating efficiency and reduces service costs. As companies seek to enhance their competitive positions in an increasingly global marketplace, they are discovering that they can cut costs and maintain quality by relying more on outside service providers for activities viewed as supplementary to their core businesses.

Kotabe, (1998) has suggested that there could be negative long-term consequences of outsourcing resulting from a company's dependence on independent suppliers. Such reliance on outsourcing may make it inherently difficult for the company to sustain its long-term competitive advantages without engaging in the developmental activities of the constantly evolving design and engineering technologies. Similar other researches have examined the outcomes of technology-sourcing partnerships from the sourcing firms point of view (Mowery et al., 1996; Steensma et al., 2000) found that; in general, equity-based alliances were more effective than contract-based outsourcing. Steensma et al., (2000) contend that the outcomes from technology partnerships for sourcing firms depend on the interaction between technology attributes and the interdependence between source and sourcing firms.

Lau and Hurley, (1997); Laabs, (1998); and Foster, (1999) have suggested that obstacles such as poor choices of sourcing partners, inadequate planning and training and skills needed to manage outsourcing activities and poor organizational communication have also been identified as impacting the success of outsourcing projects. Similar other researchers have also focused on outsourcing performance measures (Malhorta, 1997; Carney, 1997; Kotabe et al., 1998; and Goldstein, 1999). Kotabe et al., (1998) identifies three types of performance measures as necessary components in any outsourcing performance measurement system: strategic measures; financial measures; and quality measures. Other studies use additional dimensions of market performance such as costs savings, cycle time, customer satisfaction, and productivity to measure the effectiveness of outsourcing strategy (Malhorta, 1997; Carney, 1997; and Goldstein, 1999).

There have been several key advantages of outsourcing identified in literature. These include cost savings (Bettis et al., 1992; Lacity and Hirschheim, 1993; Quinn, 2000; Verhoef, 2005; Bardhan et al., 2006; and Nayak, et al., 2007); reduced capital investment within the firm (McFarlan and Nolan, 1995; Gilley and Rasheed, 2000); improved responsiveness to changes in the business environment (Dess et al., 1995); an increased focus on core competencies (Kotabe and Murray, 1990; Saunders et al., 1997); increased competition among suppliers ensuring higher quality goods and services in the future (Kotabe and Murray, 1990); and a reduced risk of changing technology (Quinn, 1992).

Consequently, the disadvantages of outsourcing identified in literature include: increased transit times due to spatial separation; larger inventories due to greater uncertainty; cultural differences; issues pertaining to the safety, security, and stability of a country; inadequate infrastructure within the vendor's home country; product or service quality issues; the possibility of the loss of competencies within the focal company; currency devaluation of the outsourcing country; job loss in the outsourcing country; and intellectual property rights issues (Levy, 1995; Russell and Taylor, 2008).

## *3. Outsourcing and Organizational Performance*

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. 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. By minimizing costs, organizations can achieve their economic related goals and this enhances their organizational performance. 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. This allows businesses to compete favorably based on price thus giving them a competitive edge.

Organizations that do everything on their own may be exposed to greater levels of risk than those who outsource their business functions. Most time, the former mentioned organizations may face difficulties trying to balance between choosing the right alternatives, training their employees in that area of interest, increasing reliability, and maximizing efficiency. By doing everything on its own, an organization may have a difficult time trying to eliminate risks, and usually run the risk of spending too much on infrastructural capital. Consequently, this eats into their profitability and reduces their chances of growing their organization’s businesses. However, through outsourcing, organizations can minimize their risks with regard to huge infrastructural expenditures and the overall result of this issue is that more investors will be attracted to such organizations.

Outsourcing is good for business because there are certain situations that can be avoided through it. For instance, organizations that perform all their business functions may have to spend huge amounts on replacing obsolete technology. However, when that business function is outsourced, then organizations will not even the feel the pinch. This means that organizations can dedicate their resources to productive activities alone and thus enhance their effectiveness and efficiency (Frayer et al., 2000). Successful implementation of an outsourcing strategy has been credited with helping to cut cost (Gupta and Zeheuder, 1994; Greer et al., 1999), increase capacity, improve capacity, improve quality (Lau and Hurley, 1997; Kotabe et al., 1998), increase profitability and productivity (Sinderman, 1995; Casale, 1996), improve financial performance (Crane, 1999), lower innovation costs and risks (Quinn, 2000), and improve organizational competitiveness (Lever, 1997; Sharpe, 1997; Steensma and Corley, 2000). Nevertheless, outsourcing does generate some problems, as outsourcing usually reduces an organization’s control over how certain services are delivered, which in turn may raise the organization’s liability exposure.

## *4. Achieving Success or Failure of Outsourcing Strategy*

Another primary intent of this study was to examine the degree of success or failure of outsourcing strategy among organizations that have an outsourcing program in their operations and processes.

Organization 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. Meanwhile, organizations considered their outsourcing projects unsuccessful or failures, when the costs of managing the links between outsourcing partners were greater than the benefits generated by the outsourcing program. This finding is consistent with previous studies on alliances success and failure (Heywood, 1996; Laabs, 1998; and Foster, 1999).

Successful firms identified the clear objectives and expectations of outsourcing activities as the most useful and contributing factors to their outsourcing effort. Outsourcing must be done carefully, systematically, and with explicit goals and expectations. Sensible reasons to consider outsourcing include both strategic and tactical concerns on both a department and organizational level (Casale, 1996; Corbett, 1999). A good choice of outsourcing partners was the most useful and contributing factor among successful organizations. Outsourcing partners should be selected based on their expertise in the operation being outsourced and their cultural fit with the organization. Another factor is providing adequate training skills needed to manage outsourcing activities and to negotiate a sound contract. Providing managers with skills that will enable them to adapt to other cultures and work with other managers may be very important to ensure the success of outsourcing (Sinderman, 1995). Developing a comprehensive plan outlining detailed expectations, requirements, and expected benefits during all phases of outsourcing activities may be the key to successful sourcing efforts (Guterl, 1996).

Effective communication among cross-functional areas reduces the negative effects of outsourcing projects on the morale and performance of the remaining employees. Management must step in and rebuild trust among the workers, and jobs may need to be evaluated and expanded or changed to fit the new organization. This can be achieved through support and involvement of top management and by providing incentives to employees and vendors who meet and exceed the contracted performance expectations (Jones, 1997; Foster, 1999). Another factor is to acquire the right people, with the right skills involved in all phases of outsourcing activities. Early in the evaluation, persons must be identified as to who will take leadership responsibility, perform the analysis, and make the decisions. Adequate supporting infrastructures, commitment by top management, and development of objective performance criteria were among the factors contributed to successful outsourcing projects. Properly defined performance criteria for an outsourcing engagement are objective, quantifiable, and collectible at a reasonable cost, and should be metrics, which can be benchmarked against performance of other organizations and providers (Ramarapu et al., 1997; Kleepes and Jones, 1999). Other factors identified among the top priorities in successful firms include adequate performance feedback, emphasis on both short and long-term benefits, anticipation of change for both good and bad times and accommodation of cycles of demand that require an adjustment in services.

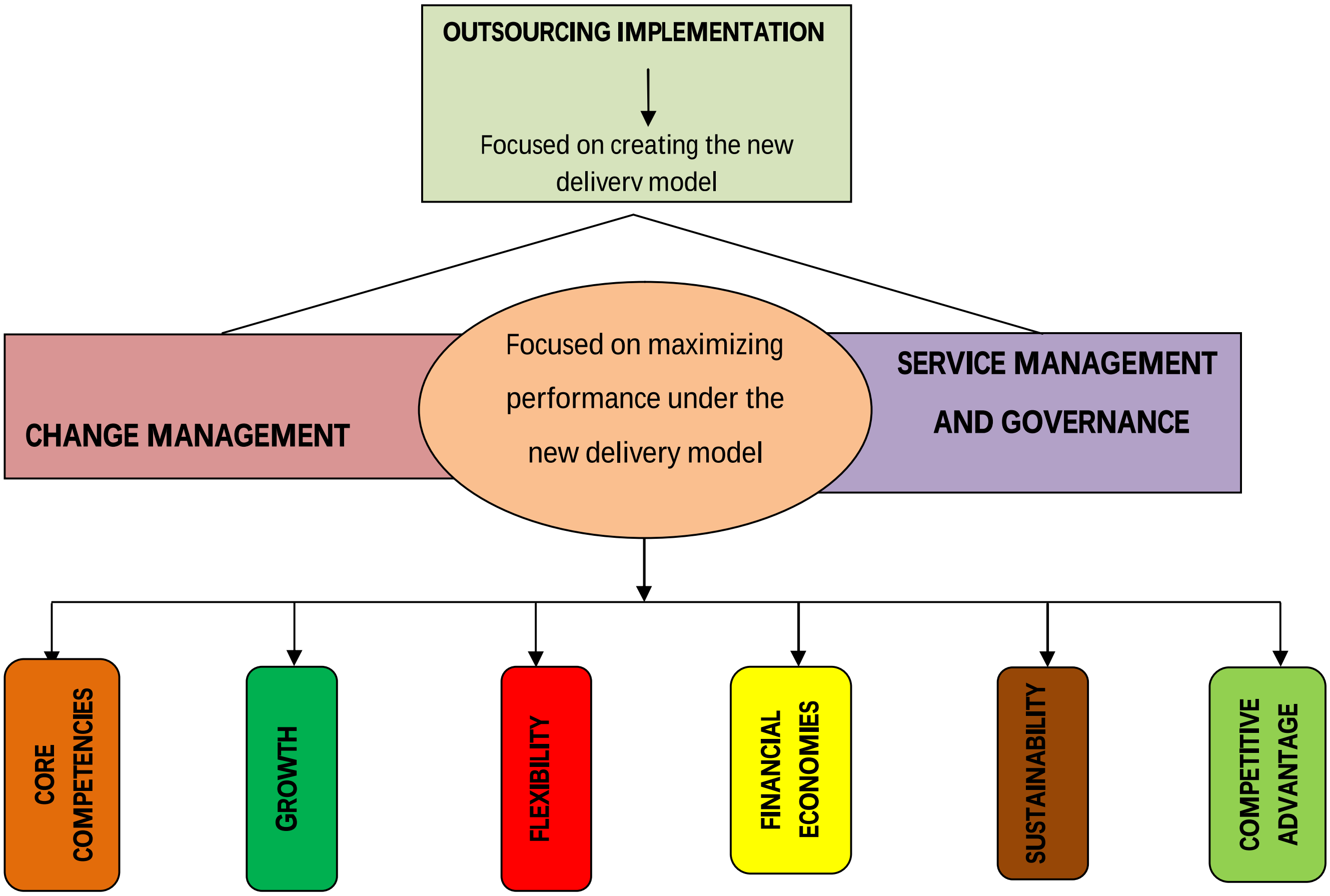
Nevertheless, unsuccessful firms identified the fear of change, including fear of job loss as the most serious problem facing their outsourcing efforts. Dealing with these fears through communication and honesty is important to managing this factor (Jones, 1997; Quinn, 2000). A poor choice of outsourcing partners was the second most serious problem facing unsuccessful organizations. Establishing strategic supplier alliances and adoption of the philosophy that the firm is a partner with the suppler may help alleviate this problem (Lau and Hurley, 1997). The third factor was not providing enough training/skills needed to manage outsourcing activities. The individuals responsible for managing the outsourcing relationship should receive specific training that includes a complete understanding of the business goals of the contract, the specific performance criteria agree to, and individual roles. This training and communication can also help reduce resentment or resistance (Foster, 1999).

Inadequate comprehensive plans outlining detailed expectations, requirements, and expected benefits of outsourcing efforts was the fourth factor identified by unsuccessful firms in their outsourcing projects. Somewhat surprisingly, given the nature of outsourcing activities, the following obstacles were ranked lower than other problems in respondents outsourcing efforts: inadequate control systems over how certain services are delivered, which in turn may raise the company's liability exposures (Guterl, 1996), and hidden costs and risks such as travel costs, license transfer fees, exchange rates, and foreign taxes on products and services (Ramarapu et al., 1997). In addition, significant was that unsuccessful organizations did not generally consider lack of high-level management support to be a serious problem, which probably means there was support and involvement by top management in these organizations. Companies that outsource should continue to monitor the contractors' activities and establish constant communication (Guterl, 1996). Another big problem with outsourcing comes from the workers themselves, as they fear loss of jobs (Malhorta, 1997). According to a recent survey, 55 percent of outsourcing relationships fail in the first five years. Of these that do manage to stay together, 12 percent are unhappy with their arrangement and regret ever making the deal (Foster, 1999). Other problems identified including poor organizational communication, cross functional political problems, unclear expectations, lack of flexibility, keeping contracts short, and taking a tactical rather than an strategic approach to outsourcing activities (Mullin, 1996; Grant, 1996; and Laabs, 1998).

## *5. Methodology of Research*

After the review of different relevant literature and based on findings from these authors, this study proposes a conceptual framework of studying outsourcing services as a strategic tool for organizational performance. This research framework is developed to establish the inter-relationship between factors like core competencies, growth, flexibility, financial economies, sustainability, and competitive advantage towards maximizing performance under new delivery model. The schematic diagram is presented below;

**Figure 1: conceptual framework for the study**




**Source:** Constructed by the author, May, 2013.

***Data Collection and Method of Estimation***

To measure outsourcing services as a strategic tool for organizational performance, we used data of activities or functions outsourced. These data were obtained from the questionnaires administered for period of two weeks to cross-sections of 15 companies in food, beverage, and tobacco industry in Nigeria, as well as secondary data extracted from the files of statistical and fiscal declarations of these companies contained in the fact-book of Nigeria Stock Exchange (NSE) for the period of 2000-2010. The relevance of this sample frame is that majority of industrial enterprises in Nigeria are concentrated in food, beverage, and tobacco industry. Two estimators: naïve estimator and the weighted estimator proposed by Dehejia et Wahba (1995) and modified by Nanfosso and Mbassi (2011) were used for the analysis.

## *6. Data Analysis and Discussion*

This section contains two principal articulations: The first provides the relationship between major variables through a statistical analysis, the second implements the preceding analyses with the help of econometrical tools.

The procedure adopted here consists presenting the characteristics of companies from the point of view of outsourced functions in these companies, and their impact on organizational performance.

### *Organizational Growth and Outsourced Functions*

Table 1 below illustrates the correlation between the level of organizational growth and outsourced functions conducted by the Chi-two test. The result of analysis revealed existence of a positive relationship between the outsourced functions and organizational growth as indicated in Tables 1 and 2.

**Table 1: The Relationship between Organizational Growth and Outsourced Functions**

| | Low Organizational Growth | Average Organizational Growth | High Organizational Growth |
|---|---|---|---|
| Least Outsourced | 22.2 | 0.0 | 12.7 |
| Averagely Outsourced | 36.0 | 33.3 | 29.8 |
| Most Outsourced | 41.8 | 66.7 | 57.5 |
| Total | 100 | 100 | 100 |

**Source:** Computed by the author, May 2013.

**Table 2: Relationship between Organizational Growth and Outsourced Functions: Chi-two test**

| | Value | dd1 | Asymptotic meaning (bilateral meaning) |
|---|---|---|---|
| Chi-two value | 4.472 | 4 | 0.103 |
| Likelihood relation | 5.938 | 4 | 0.166 |

**Source:** Computed by the author, May 2013.

The results in Tables 1 and 2 show that outsourcing influenced firm performance and organizational performance. Observations from the cross-section of companies investigated revealed that outsourcing was adopted as a strategic element in market differentiation strategies to gain further competitive advantage in the industry. This is tandem with the previous studies though few. For instance, Görzig and Stephan (2002) analyze the impact of outsourcing on the firm level performance of German manufacturing firms in the period between 1992 and 2000 using a large dataset of 43,000 firm-year observations. They use three proxies to capture the degree of outsourcing of the firms: material inputs over labor cost, representing the “make or buy”-type of outsourcing, external contract work over labor costs as proxy for the outsourcing of production functions, and external services over labor costs. Their findings show that all three types of outsourcing can lead to better performance in terms of return per employee. On the other hand, only increased material input has a positive influence on overall firm performance measured as return over sales while services outsourcing has a negative effects.

***Econometrical Analysis:*** Econometric results may show that an organization who moves from least outsourced status to most outsourced one, sees the growth rate of her organizational productivity increase by 0.88%. In addition, her growth rate relative to labor productivity increases by 0.66% and that relative to production cost increase by 0.24% (see Table 3).

**Table 3: Calculation of the Naïve Estimator for the whole Companies**

| | Average when T=1 | t-stat | Bilateral sign | Average when T=0 | Naïve estimates |
|---|---|---|---|---|---|
| OGOF | 1.33 | 5.66 | 0.00 | 0.45 | 0.88 |
| CCFE | 1.11 | 3.59 | 0.01 | 0.45 | 0.66 |
| OPCA | 1.33 | 8.00 | 0.00 | 1.09 | 0.24 |

**Source:** Computed by the author, May 2013.

*Where: OGOF is Organizational Growth and Outsourced Functions, CCFE is Core Competencies, and OPCA is Organizational Productivity and Competitive Advantage.* By orientating the analysis towards organization that effectively pass from least outsourced status to most outsourced one, the following results appeared. For the weighted estimator, we noticed that an organization, which effectively passes from least outsourced status to most outsourced one, sees the growth rate of her organizational productivity increase by 2.17% and by 1.87% for organizational productivity, while the increase of the growth rate of average production cost is of 2.81% (Table 4).

**Table 4: Calculation of the Weighted Estimation for Most Outsourced Companies**

| | Weighted Estimates | t-stat | Bilateral sign |
|---|---|---|---|
| OGOF1 | 2.17 | 3.47 | 0.01 |
| CCFE | 1.87 | 2.78 | 0.02 |
| OPCA1 | 2.81 | 3.37 | 0.01 |

**Source:** Computed by the author, May 2013.

*Where: OGOF is Organizational Growth and Outsourced Functions, CCFE is Core Competencies, and OPCA is Organizational Productivity and Competitive Advantage.*

However, it results from the above analyses that outsourcing of business functions enhances organizational performance and competitive advantage. In fact, the organizational productivity witnesses an increase unveiled by positive and significant results of two estimators. This establishes a better dynamism of productivity of companies, and huge contribution to overall organizational performance in the years following the adoption of outsourcing arrangements.

## *7. Findings and Discussion*

The results presented in this study provide support for the claims of outsourcing proponents that outsourcing allows companies to enhance expertise, improve service quality, reduce staff, streamline the process, lower costs and reduce the administrative burden and saving time. The finding is consistent with Casale, (1996); Crane, (1999); and Quinn, (2000) that outsourcing is beneficial to organizational performance and enhances firm's competitive advantage in the market place. In addition, this study identified current outsourcing strategy trends and practices for food, beverage, and tobacco industry in Nigeria. One of the important contributions of this study is the revelation that organizations generally considered themselves successful at outsourcing. However, while they achieved significant improvement in organizational performance, they have not reached the magnitude of improvements ascribed to outsourcing strategies .i.e. strategic outsourcing goals.

## *8. Conclusion and Recommendations*

Strategic outsourcing goal can either improve or impede organizational effectiveness, and decisions of organization to outsource involve price, quality, and product innovation. Ways in which outsourcing can improve organizational effectiveness include; providing career opportunities to employees in specialized outsourcing firms, improving achievement of organizational strategy, instituting operational flexibility and by minimizing business risks. The indirect benefits generated by the outsourcing programs were greater than the costs of developing the required resources and capabilities through internal development. Outsourcing strategies were believed to help improve performance, increase access to international markets and leading edge technologies, enhance responsiveness to customer needs, and contribute to organizational goals of increased productivity, efficiency, reduced costs, reduced cycle time, and improved quality of the goods and services in their organizations.

A number of organizational strategies were also identified as key contributors to outsourcing success. These included strategies with clear objectives, right outsourcing partners, adequate skills, adequate planning, effective communication, and cooperation and collaboration throughout the organization. These strategies are thought to improve quality, deliver, and performance. However, outsourcing can also impede organizational effectiveness through: creating an attitude of mistrust among employees, creating organizational change among the workforce that may be difficult to deal with, creating a need to change management structures, creating a situation in which a company depends on the outsourcing partner. It may also cause a change in property rights and it may reduce business' strategic flexibility.

Based on findings of this study and role being play by outsourcing services as a strategic tool for organizational performance, in order to use outsourcing strategy to achieve competitive advantage in global market, firms should consider major risk factors. They should develop a comprehensive plan to clarify expectations, objectives, and requirements towards their outsourcing function. They should select suitable outsourcing partners based on their expertise and organizational structure and culture. In addition, they should develop effective communication channels to share views with their employees, management, and partners. The increasing use of outsourcing arrangements, as well as the unfamiliar complexity, suggest the need to know more about how to effectively utilize this business strategy. Hence, more information is needed to understand successful outsourcing and problems encountered in outsourcing activities and its effects on overall organizational performance. For outsourcing of jobs to work for any organization, there is a need for consistent communication between the parties involved, and organizations need to establish long-term relationships in order to maximize the benefits of this business approach.

## *9. Limitations of the Study*

This exploratory empirical investigation into outsourcing strategy provides tentative avenues for increasing the probability of success of outsourcing business functions and raises many issues for further study of the outsourcing phenomenon. This study is limited by its small sample across a wide range of business sectors and organizations sizes. In addition, a survey methodology was also used, which is susceptible to both misinterpretation and common method variance. Despite these limitations, the research contributes to developing an understanding of outsourcing in identifying areas that need further research. Thus, the study depicts that in some instances, one of the primary risks to organizations is the effect of outsourcing on employee morale and performance. Nevertheless, more must be learn about the specific changes made to human resources functions, how these were successfully implemented, and how they contributed to the outsourcing achievements.

Similarly, the study found that organizations with different levels of success at outsourcing identified different factors as problems in the outsourcing project. These factors need to be explored in more depth to identify those that must be managed to ensure the highest level of success of an outsourcing project.

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## *Appendix I: Types of Activities and Functions Outsourced*

| FUNCTIONS TYPES OF | ACTIVITIES TYPES |
|---|---|
| **Information Technology** | • Application, Development, and Support<br>• Contract Programming<br>• Data Entry and Processing |
| **Marketing Services** | • Post Sales Services<br>• Sales of Products or Services<br>• Purchasing of Components for Production<br>• Distribution of Products or Services |
| **Manufacturing Operations** | • Production of Components for Final Product<br>• Manufacturing of the Final Product<br>• Technical Support |
| **Product Engineering** | • Product Design<br>• Product packaging<br>• Product Range and Size<br>• Product Quality |
| **Management Services** | • Customer Relationship and Care<br>• Payroll and Payment Services<br>• Inventory and Data Base Functions<br>• Human Resources Functions<br>• Content Development<br>• Accounting, Finance, and Auditing<br>• Health Care<br>• Training and Development |
| **Research and Development** | • Research Process<br>• Logistics<br>• Training and Support of Organizational Cultural and Structure |

## *Appendix Ii: Food, Beverage, and Tobacco Companies in Nigeria, 2012.*

| # | COMPANY | PRODUCT/SERVICE |
|---|---|---|
| **1** | Seven-up Bottling Company PLC. | Bottlers and marketers of 7UP and other minerals |
| **2** | Beverages West Africa PLC. | Marketing beverages |
| **3** | Cadbury Nigeria PLC. | Manufacture and marketing of beverages, confectionery, etc. |
| **4** | Ferdinand Oil Mills PLC. | Palm plantations development, processing of vegetable oil, etc. |
| **5** | Flour Mills Nigeria PLC. | Flour milling, bulk cement handling, etc. |
| **6** | Foremost Dairies PLC. | Dairies products |
| **7** | North Nigeria Flour Mill PLC. | Flour milling. |
| **8** | National Salt Co. Nig. PLC. | Salt processing and production. |
| **9** | Nestle Foods Nigeria PLC. | Manufacturing, marketing and distribution of food products |
| **10** | Nigerian Bottling Company PLC. | Bottlers of the world famous Coca-cola soft drink and others |
| **11** | Nigerian Tobacco Company PLC. | Manufacture and marketing of cigarettes |
| **12** | P.S. Mandarines & Co. PLC. | Manufacturing and distribution of vegetable oils, animal feeds, etc. |
| **13** | Tate Industries PLC. | Packaging and cubing of granulated sugar, cornflakes, plastic pipes, etc. |
| **14** | Union Dicon Salt PLC. | Processing of crude salt |
| **15** | Dangote Group of Companies PLC | Manufacturing, marketing and distribution of food products |