

## IMPACT OF OUTSOURCING ON ORGANIZATIONAL PERFORMANCE OF LISTED FOOD AND BEVERAGES FIRMS IN NIGERIA

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### Abstract

*The study examines the impact of outsourcing on organizational performance of listed food and beverage firms in Nigeria. In spite of the rapid drift in outsourcing, there are limited published sources of literature related to outsourcing in Nigeria, and also previous studies shows contradictory results. The study uses a correlation design, and used secondary data as the main instrument of data collected from the financial statements of the firms contained in the fact-book of the Nigeria Stock Exchange (NSE). The population and sample of the study includes all the eighteen (18) food and beverages firms listed on the floor of the Nigeria stock exchange between 2007-2016. Ordinary Least square (OLS) regression analysis using statistical package for social science (SPSS) was employed to analyze the data and test the hypotheses. The findings reveal that both business process outsourcing and knowledge process outsourcing have a positive and significant impact on organizational performance of listed food and beverage firms in Nigeria. The study concludes that business process outsourcing and knowledge process outsourcing have significantly impacted on the organizational performance which is profitability and competitive advantage of the listed food and beverages firms in Nigeria. The study recommends that the management of these firms should engage in outsourcing strategy in decision making by outsourcing its business processes and knowledge processes in order to increase their profit and achieve performance.*

**Keywords:** Business process, Information technology, Knowledge process, Organizational performance, Outsourcing.

### 1. Introduction

Increasingly, with rapid wealth growth of emerging global economics, the basis of competitive advantage is changing from internal capacities to network capabilities which now make business organizations to look outside the window rather than looking in the mirror to achieve its goals and objectives (Abdel 2013). In this highly competitive global and turbulent business environment of today, organizations need to adopt varieties of management philosophies and tactics in order to compete favourably and achieve performance. Outsourcing as one of such management philosophies used by organizations to adapt to and compete in the face of scarce resources is more than a tool for functional value extension but strategic priority practice for organizations to achieve performance (Felix & Shale, 2016).

The advance of technology, the sophistication of business operations, the increase in customer demand for quality product, satisfaction and quality service delivery, and the need for constant growth of the business are circumstances that suggest a focus on functional core competence. As companies struggle to adapt to and keep up with the demands of customers and shareholders alike, the focus on core competences may suggest outsourcing as a potential tactic for organizational performance by gaining competitive advantage, cost efficiency and increase in profit as outsourcing may increase organization's operating flexibility and allows the transfer of operational risks to another party (Lilian & Namusonge, 2015).

In the views of Asher and Nandy (2007), the potentials for outsourcing has moved on from these activities that are normally seen as unimportant or none-core, such as cleaning, catering and security, to include core and critical areas such as design, manufacture, marketing, distribution and information system, with almost the entire value chain open to the use of outside supply. Also, in a situation where an organization discovered that it can not curtail some of its operations by its self, outsourcing becomes the best option. In order to ensure organizational performance through effectiveness and efficiency in the organization, sub-contracting operations to professionals becomes inevitable as this will go a long way in sustaining the organization's fortune. Such outsourcing options open to organizations to aid them achieve organizational performance includes business process outsourcing, knowledge process outsourcing, information technology outsourcing, amongst others.

Business process outsourcing reduces operation costs and free up asset (Harland and Knight, 2005). In the early 1980s, companies started outsourcing non- core activities to suppliers for the purpose of securing specialized expertise and lower costs. Firms have moved their internal manufacturing and operations to lower cost countries to seek competitive advantage and organizational performance. Reasons for such outsourcing practices include low cost achievement, proximity to cheap and required labour, proximity to available markets and easy access to innovative capabilities amongst others. In recent years, outsourcing is associated with attaining firm's performance and competitive advantages. Though outsourcing firms can also gain access to external technologies and increase operational flexibility and concentrate more on core business activities and innovative projects through its human resources, which is knowledge processes, can also help to achieve performance (Harland and Knight, 2005).

Knowledge process outsourcing as a pertinent issue of consideration in outsourcing to note is that, outsourcing practice concerns mainly with hiring functional experts to handle business units that are outside of their firm's core businesses. More importantly, outsourcing initiatives in organizations begin with a strong foundation, executive support, a well paced and comprehensive and a vision for success that serves all stakeholders. Outsourcing helps to free up cash, thereby allowing more investments on activities along the value chain, improves company focus, provide management with more time to make decision and reduces staff costs as well as giving more flexibility to the company and leads to over all performance of the organization (Kenneth 2006).

Outsourcing is mainly concerned with the option of subletting, or sub-contracting of business units to functional experts who can perform such functions better and at a lower cost to help the organization gain profit and achieve its objectives. While organizations are constantly in pursue of organizational effectiveness, lower cost, production efficiency, large market share, quality service delivery, customer loyalty, amongst others are some of the reasons organizations has to blend its information technology resources, business processes as well as knowledge processes to brings about sustainable competitive advantage which later translate to organizational performance.

While studies suggest that strategic outsourcing have a positive impact on organizational performance and can increase shareholder equity, (Orogbu, Onyeizugbe & Alanza 2015, Lilian & Namusonge 2015, Prince, Irene, osie & Anita 2014), other empirical evidence shows contradictory results, (Wekesa & Were 2014, Awino & Mutua 2014, Luca & Guilio 2013, Irefin, Abdel 2013, Asiamah 2013). This study also intends to fill a gap in previous literatures by adding new variables different from the ones used by precious studies. This study also combined two independent variables(knowledge process outsourcing and business process outsourcing) to test its impact on organizational performance. There also exists a clear indication some time/period gap regarding outsourcing and organizational performance relationship as most studies were conducted before now. The need to explore new data/information as it pertains to outsourcing and organizational performance to help ascertain its current position is therefore necessary. This study, thus seeks to address these gaps by examining current data and the degree of impact of outsourcing and the relationship between outsourcing and the financial performance of food and beverages firms in Nigeria.

The objective of the study is to examine the impact of intranet on operational performance of selected Micro-finance banks in Kaduna metropolis. The specific objectives of the study are to:

- i. examine the impact of Business Process Outsourcing on organizational performance.
- ii. determine whether Knowledge Process Outsourcing has any impact on organizational performance.

The following null hypotheses were formulated in concordance with the above set out specific objective:

**Ho<sub>1</sub>:** Business Process Outsourcing does not have significant impact on organizational performance.

**Ho<sub>2</sub>:** Knowledge Process Outsourcing does not have significant impact on organizational performance.

This study examined in totality outsourcing as a tool for ascertaining performance, through business process outsourcing, knowledge process outsourcing and information technology outsourcing. And for the purpose of this study, only listed food and beverages firms on the Nigeria stock exchange between 2007-2016 would be considered. And for this reason, the scope will be limited to data collected from the listed food and beverages firms on the flour of the Nigeria stock exchange between 2007-2016.

## **2. Literature Review**

Outsourcing has become an important tool for a sustainable competitive advantage due to the fact that the market environment is becoming more challenging and difficult and that form required to compete beyond low cost and cost reduction measure. As a result, manufacturing firms (food and beverages companies) need to consistently enhance their core capabilities while balancing the needs for the outsourcing and in sourcing their sustainable competitive advantages. The realistic option is for bottling companies to move towards high premium value goods and services.

Outsourcing according to Rothman (2003) involves the transfer of the management and or day-to-day execution of an entire business function to an external service provider. Here, the client organization and the supplier enter into contractual agreement that defines the services to be performed. Under this agreement, the supplier acquires the means of production in the form of a transfer of people asset and other resources from the client. The client agrees to procure the services from the supplier for the term of the contract. Business segments typically outsourced include information technology, human resources, facilities, real estate management and accounting. Many companies also outsourced customer support and call centre function like tele-marketing, designing, web development, content writing, ghost writing and engineering.

According to Dominguez (2006), outsourcing is the practice of hiring functional experts to handle business units that are outside of your company's core business. It is a method of staff argumentation without adding to head count. Off shoring or outsourcing offshore is the practice of hiring experts in other countries to handle business processes that may be outside of your core business focus, or to reduce costs, enhance quality and improve productivity. The world of outsourcing (on shore or off shore) may simply be described as delegating an internal company level rather than an intra-company level. This means that outsourcing is the practice of 'subcontracting work to an outside vendor.

To ensure adequacy and proper functionality of outsourcing decisions, management must fully support and ensure adequate control of all the processes in order not to lead to job losses, as posited by Ghodeswar and Vaidyanathan (2008). Most employees of several organizations whose organizations outsource their business units or functions and services do sometimes experience similar problems to those employees that have undergone rightsizing, as it is now called. While organizations claim that the basis for outsourcing is to control waste, increase business efficiency, increase profit and also gain competitive edge over rivals, some other organizations are yet to implement outsourcing strategies in their operations and this can be done through business process outsourcing and knowledge process outsourcing to gain performance (Asher & Nandy, 2007).

Business Process Outsourcing (BPO) which includes activities and services such as call centres, pay roll, finance function and activities, e-publishing and operation system platforms, book keeping services, accounting, human resources, is mainly concerned with the daily working or operations of the organization through its human resources (HR). Human resources outsourcing is the contracting out of parts or the whole of the functions of HR to external service providers to another firm who has the technical and managerial know-how to perform such functions better and cheaper (Adler, 2003). HR outsourcing ranges from simply transferring non-core activities such as payroll, finance function and activities, e-publishing and operation system platforms, book keeping services, accounting, to the outsourcing of recruitment, training and even HR strategic planning. HR managers are expected to be more flexible, proactive, and efficient than personnel managers of old, and to contribute to the stated objectives of their organizations. In response to this paradigm shift, many HR managers are considering outsourcing strategies as a way of meeting their organizational goals (Grauman & Paul, 2005).

Knowledge Process Outsourcing (KPO) has to do with outsourcing of core business activities which often are competitively important. They include; processes that demand advanced information search, analytical, interpretation and technical skills judgment and decision-making, information on industry leaders, product planning and development, marketing research, advertisement and allied services. The concept of knowledge process outsourcing refers to special depository of knowledge in a specific line of business and it is information driven. This means that it is a continuous process of creation of genuine ideas and dissemination of information to units of the organization, by bringing together the information as regards industry leaders to create knowledge in an industry whose areas of involvement includes new product development, human resource planning, marketing, advertising and allied services, etc (Agarwal & Nisa, 2009).

Outsourcing brings about the use of functional expertise in an organization, access to operational best practices that would be too difficult or time consuming to develop in house. Outsourcing also enhances innovative

capacities as companies increasingly use external knowledge service providers to supplement Limited in-house capacity for product innovation. Toyota motors outsourced its facility management functions and IT, GE money outsource its documents managements as well as cheque printing and tax filing among others, Watt Nart outsource accounting functions etc.

In order to improve organization performance, firms outsource others who have the capability and technical know-how to carry out these activities that are none-core to the firm. With this, the firm is able to improve critical areas of the business which leads to improved organizational performance. Also when non- core business areas are outsourced the firm is able to focus on its core business activities which helps to improve turn around time, resource efficiency and organizational performance too (Smith & McKeen, 2004).

Organizational performance simply explains the extent to which an organization achieves its goals and objectives as stated in its vision and mission. This performance can be measured, or viewed in terms of production output, profitability, sales turnover, market share, amongst others. The most common performance drivers include: customer experience, team performance, carrier management, and strategic focus on all aspect of the value chain. These are achieved through, proper planning, implementation and resource allocation, control and close monitoring as well as evaluation and re-implementing. The critical success factors for organization performance consist of access to right knowledge and skills, proper planning and implementation, innovation and organizational flexibility.

### **Theoretical Framework**

For the meaningful analysis of outsourcing, three important theoretical insights are helpful: Transaction Cost Economics (TCE), Resource Based Theory (RBT) and Core Competency Theory (CCT).

The Transaction Cost Economics (TCE) theory is relevant of note in this study as it provides a base for allocating costs as it regards to outsourcing strategies. This means that when an organization strategically outsources areas of its business unit or function, cost of such functions are reduced, and allocated to the outsourced company to bear. And this will further help to achieve performance in the organization. The resource base view (RBT) argues that a firm has the ability to achieve if it sustains competitive advantage if it posses resources that are valuable, rare, imperfectly imitable and non- sustainable(Barney, 1991). Not all resources are strategically relevant within an organization. The goal of an organization is to ensure it has access to and control of valuable resources by developing and securing all the relevant resources either internally or externally (Das & Teng, 2000). Prahalad and Hamel (1990) originally developed the core competency theory (CCT) and in their view defined core competency as the collective learning in the organization on how to coordinate diverse production skills and integrate multiple streams of technologies. This theory suggests that organizational functions should be performed either in house or by external service providers who have the necessary expertise to deliver quality at the lowest cost. The principle of core competency is based on the premise of ‘make or buy’ decision. Non-core activities should be considered for outsourcing to the best fitted service providers who are best in class in such areas to do the job.

In general, the Transaction Cost Economics (TCE) and Core Competence Theory (CCT) offers more explanation to the relationship between outsourcing and organizational performance. The two (TCE and CCT) would be adopted in this study as they provide a theoretical basis for the study. The theories uses cost factors in driving bargaining influence and also economic models of human and organization repertoires to determine under which conditions organizational resources are more efficient and effective methods of achieving maximum performance. Thus, these (TCE and CCT) management models is a useful tool for analysis of outsourcing decision because of close linkage between purchasing and outsourcing, that is buy or make decision (Caniels & Gelderman, 2005).

A recent study conducted by Felix and Shale (2016) indicates a negative relationship between outsourcing and organizational performance. The study examined the effects of outsourcing on organization performance in manufacturing sector in Kenya: a case of Del Monte Kenya limited. The study had a sample of 42 management staff of the organization with a primary source of data, used descriptive statistics to analyse the data collected. The result from the analysis shows that there was an insignificant positive weak relationship between risks and organizational performance. The study thus recommended that organizations should not fully outsource any of its business activities or function to other services providers as it leads to poor performance of the firm. The administration of questionnaires in the study to respondents makes it subjective and also lack merit in terms of the respondents selected for the study.

Available recent literature also exists, and confirms the existence of significant and positive relationship between outsourcing and organizational performance. The study by Charles, Chumba and Chepkwony (2016) examined the effects of outsourcing of services on performance of manufacturing companies in Eldoret and Nandi Hills, Kenya. This study which was conducted in Kenya with a sample size of 81 respondents from the private sector manufacturing companies, data were collected from primary source and both descriptive and inferential statistics was used in analysing the data collected. Explanatory research design was used in the study and the result shows that outsourced human resources activities has significant effects on firm performance. Nonetheless, outsourced finance and accounts activities have no significant effect on firm performance. However, the study employed the use of subjective data through self-report questionnaire which can be highly distorted. Also, the relationship between outsourcing of human resources, finance and account functions and organizational performance could likely be influenced by other variables (moderating and mediating) like organization's value system, business process outsourcing, knowledge process outsourcing, etc.

Orogbu, Onyeizugbe and Alanza (2015) examined the impact of outsourcing strategy and organizational growth of selected fast food firms in South - South, Nigeria. The study employed the use of primary data and non-parametric tools of analysis to analyse the data collected. With a total population of 324 employees, a sample of 78 employees was used in the study. While observing the absolute change of the performance measures and the development relative to a control group without outsourcing, the study find out that there is a positive relationship between business processes and outlet expansion. They study therefore recommends that outsourcing of business processes will enable firms to improve quality and enhance customers' satisfaction. This study fails short of appropriate sampling and measurement tools as the organizational performance measures were measured merely by frequencies and percentages which are inadequate to uncover the relationship between outsourcing and organizational growth and performance.

Lilian and Namusonge (2015) examined the "Determinants of Outsourcing as a Competitive Strategy in Supply Chain Management of Manufacturing Companies in Kenya (A Case Study of East African Breweries Limited)". This study focuses on the determinants of outsourcing as a competitive strategy in manufacturing companies in Kenya where stratified sampling technique and questionnaire was used to seek for information needed for the study. Frequent distribution tables, measure of central tendency, measure of variability and chi-square analysis were used to analyse the data sourced. The outcome shows that firms that outsource their operation do enjoy improvements in their operations and leads to increase sales turnover and profitability and save time for core competencies. The study recommends that management of East African Breweries limited in Kenya should adopt outsourcing as a strategic initiative to enhance competitiveness, performance and responsiveness of the various processes. The study is also limited in terms of its methodology and tools of analysis as they are inadequate for objective results.

There exist also empirical evidence that confirms the existence of significant and positive relationship between outsourcing and organizational performance. The study by Prince, Irene, Osie and Anita (2014) examined the impact of outsourcing non-core functions in the hotel industry. This study which was conducted in Ghana with a total population of three hotels used all the three hotels as its sample. Data were collected both from primary and secondary sources and both descriptive and inferential statistics were used in analysing the data collected. The result shows that outsourcing of non-core functions of the hotel industry has a positive impact on their performance. However, the study employed the use of subjective data through self-report questionnaire which can be highly distorted. Also, the relationship between outsourcing of non-core functions and organizational performance could likely be influenced by other variables (moderating and mediating) like organization's value system, business process outsourcing, knowledge process outsourcing, etc.

### **3. Methodology**

This study adopts correlation research design because correlation shows the association and relationship that exists between one variable and the other, in this case (outsourcing and organizational performance). The correlation research design approach adopted shows strength or level of relationship of the independent variables on the dependent variable, and it is aimed at achieving a detailed and well-organized research work.

The population of this study therefore consists of all the eighteen (18) food and beverages firms listed on the Nigeria stock exchange as at 31<sup>st</sup> December 2016. These are:

S/N	Company Names
1	Cadbury Nigeria plc
2	Dangote flour mills plc
3	Dangote sugar refinery plc
4	Flour mills Nigeria plc
5	International breweries plc
6	Northern Nigeria flour mills plc
7	Nestle Nigeria plc,
8	UTC Nigeria plc
9	Union DICON SALT
10	Guinness Nigeria plc
11	Seven-Up Bottling Company plc
12	Nigeria Brewery plc.
13	P.S. Mandries & Co. Plc
14	Multy-Trex Integrated Plc
15	Champion Breweries Plc
16	National Salt Company
17	Jos International Breweries Plc
18	Big Treat Plc

Census sampling technique was used in this study to select the sample. And the sample size of this study is the same as the population of the study which is eighteen (18). This is because the total population is of a bearable number and as such can be accommodated and comfortably studied as adopted by Kothari and Garg (2014). And data were collected from a secondary source (extracted from the files of statistical and fiscal declarations of these firms contained in the fact-book of Nigeria Stock Exchange (NSE) for the period of 2007-2016).

The variables for the study include organizational performance, business process outsourcing, knowledge process outsourcing and information technology outsourcing and they are measured as shown below.

S/N	Variables	Measurement
1.	Organizational performance (Return on Asset)	Profit before interest and tax divided by capital employed (Total assets less total liabilities) x 100% (Supo & Wale, 2013).
2.	Business Process Outsourcing	Total cost of External labour (Markus & Kim, 2006)
3.	Knowledge Process Outsourcing	Total cost of marketing research, new product development and advertisement and allied services (Akinbola, Ogunnaike, &Ojo, 2013)

The model specification or regression model proposed for this study is stated as follows:

$$OP_{it} = f(\beta_1 BPO_{it}, \beta_2 KPO_{it}, \beta_3 ITO_{it}) \dots \dots \dots 1$$

$$OP_{it} = \alpha + \beta_1 BPO_{it} + \beta_2 KPO_{it} + \beta_3 ITO_{it} + \mu \dots \dots \dots 2$$

Where: OP = Organizational performance

$\alpha$  = the intercept

$\beta_1, \beta_2, \beta_3$  = the various slope coefficients

BPO = Business process outsourcing

KPO = Knowledge process outsourcing

ITO = Information technology outsourcing

$\mu$  = error term

**4. Results and Discussion**

The descriptive statistics of the data collected for the study is presented and discussed in this section. The summary of the descriptive statistics of the data collected is presented in Table 4.1 as follows:

**Table 4.1:** Regression Result (Model summary) between business process outsourcing and organizational performance of listed food and beverages firms in Nigeria.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.491 <sup>b</sup>	.241	.240	0.60031

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	29.589	1	29.589	82.030	.000 <sup>b</sup>
1 Residual	91.574	251	.361		
Total	121.162	254			

a. Dependent Variable: Organizational performance

b. Predictor: (Constant), Business process outsourcing

**Source: STATA Output**

The result in table 4.1 above indicates that business process outsourcing account for 24% (adjusted r= 0.240) change in organizational performance of food and beverage firms in Nigeria. The implication is that only about 24% of the organizational performance can be explained by the variable (business process outsourcing), while the remaining 76% cannot be explained by other factors outside the model. Also indicates relationship between the variables (r=0.491). The F statistics is significant at 1% (F=82.030) indicating the fitness of the model. The regression results of the models of the study are presented and interpreted. The hypotheses formulated for the study are also tested from the results as presented in Table 4.2 below;

**Table 4.2 Summary of Regression Result**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.521	.251		6.050	.000
1	Business process outsourcing	.590	.063	.491	9.054	.000

Dependent variable: Organizational performance

The Table 4.4 present the regression results of OLS model.

Business process outsourcing is found to have positively and significantly impacted on the Organizational performance of listed food and beverages firms in Nigeria at one percent level of significance. From table 4.2, it is clearly seen that the t-value of Business process outsourcing (BPO) is 9.054 and a coefficient value of 0.491 with a significant value of 0.000 (at 1% significance level). This signifies that business process outsourcing is positively and significantly impacting on the organizational performance of listed food and beverages firms in Nigeria. Therefore, business process outsourcing values can improve organizational performance. This is in line with both priori expectation and reality as business process outsourcing makes contribution to the organizational

performance more glaring. This result is anchored with the study of Orogbu, Onyeizugbe and Alanza (2015) and Awino and Mutua (2014) and contrary to the study of Felix and Shale (2016) and Abdel (2013). With this, the null hypothesis is therefore rejected and the alternate hypothesis is accepted.

**Table 4.4:** Regression Result (Model summary) between knowledge process outsourcing and organizational performance of listed food and beverages firms in Nigeria.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.825 <sup>b</sup>	.681	.680	.44906

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	111.468	1	111.468	551.775	.000 <sup>b</sup>
1 Residual	51.321	250	.201		
Total	162.780	254			

- a. Dependent Variable: Organizational performance
- b. Predictor: (Constant), Knowledge process outsourcing

The result in table 4.4 above indicates that knowledge process outsourcing account for 68% (adjusted  $r = 0.681$ ) change in organizational performance of food and beverages firms in Nigeria. The implication is that about 68% of the organizational performance can be explained by the variable (knowledge process outsourcing), while the remaining 22% cannot be explained by other factors outside the model. Also indicates relationship between the variables ( $r = 0.825$ ). The F statistics is significant at 1% ( $F = 551.775$ ) indicating the fitness of the model. The regression results of the models of the study are presented and interpreted. The hypotheses formulated for the study are also tested from the results as presented in Table 4.5 below;

**Table 4.5.** Summary of Regression Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.665	.154		1.084	.279
1 Knowledge process outsourcing	.965	.041	.825	23.458	.000

Dependent variable: Organizational performance

The second measure of outsourcing is knowledge process outsourcing. It is found in this study to be statistically positive and significant. Based on the regression result in table 4.5, knowledge process outsourcing has significant impact on organizational performance of listed food and beverages firms in Nigeria. It has a coefficient value of 0.825, t-value of 23.458 and a significance value of 0.000. This implies that knowledge process outsourcing positively and significantly influence the organizational performance of listed food and beverages companies in Nigeria. This is in line with the expectation as well as results from some existing studies. This result shows that there is a positive and significant relationship between business process outsourcing and organizational performance. This corroborates the findings of Prince, Irene, osie and Anita (2014), Wekesa and Were (2014), Lilian and Namusonge (2015) and Akinbola, Ogunnaike and Ojo (2013). But, it contradicts the study of Asiamah (2013), Joyce (2012) and Kotabe and Michael (2009).



### Discussion of Research Findings

Business process outsourcing has been found to have positive influence on the organizational performance of listed food and beverage firms in Nigeria. Firstly, considering the nature of the variable, it may not be surprising that firms that incur high cost on business process outsourcing tend to contribute more to organizational performance simply because they have more edge over competitors that do not engage in such ventures and this to a large extent give their firms good standing. Business process outsourcing brings about improved productivity, frees up assets and reduction in operational risks which translate to reduced cost of operations and leads to organizational performance. It is therefore pertinent for managers to pursue business outsourcing options/strategies in their operations to achieve performance.

Knowledge process outsourcing has been found to have positive and statistical influence on organizational performance of listed food and beverages firms in Nigeria. This result is not surprising considering the nature of the variable, because Knowledge which leads to adequate information for effective decision making is worth investing into. Investing hugely on advertisement and allied services, new and improved product development, marketing research, etc which is though a cost centre, but also a value chain has proved to be of utmost benefit to food and beverages firms and business firms in general.

### 5. Conclusion and Recommendation

The study investigates the impact of outsourcing on the organizational performance of listed food and beverage firms in Nigeria. The study is premised on the fact that outsourcing is a serious issue that deserves attention in the academia, business environments, amongst others. Hence, the study seeks to investigate the factors that influence and determine outsourcing and the organizational performance of listed food and beverages firms in Nigeria.

The result shows that there is positive and significant impact of Business Process Outsourcing on organizational performance of listed food and beverage firms in Nigeria. Knowledge Process Outsourcing has a positive and significant influence on the organizational performance of listed food and beverages firms in Nigeria and lastly Information Technology Outsourcing has a positive and significant impact on organizational performance of listed food and beverages firms in Nigeria.

Based on the findings of this study, the study thus makes recommendations that are directed towards those individuals and organizations that are involved in effective and efficient outsourcing of listed food and beverages firms in Nigeria.

- i. Board of Directors or managers of food and beverages firms in Nigeria should include business process outsourcing strategies in their operations in order to achieve performance. Since business process outsourcing helps to reduce operation costs and frees up organizational assets as well as transferring operation risks to a third party, business owners or managers should outsource their human resource unit and other part of their business processes to help achieve financial performance and over all organizational performance.
- ii. Board of Directors of food and beverages firms in Nigeria can enhance organizational performance by deciding to outsource the knowledge processes within and outside the organization through effective and fully functional information dissemination to internal and external customers since it leads to financial and organizational performance. Furthermore, the financial performance can be increased if they maintain a strategic decision of outsourcing their knowledge processes, activities and units of advertisement, new product development, and marketing research amongst others.

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