T.C.
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Importance of Outsourcing Services on Organizational Performance and a Research on the Oil and Gas Sector in Nigeria

Master Thesis

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Habeeb Ademola Amoo

DEDICATION

This research thesis is dedicated to Almighty ALLAH (S.W.H) the creator of my life, who has guided my academical pursuit to this great citadel of learning with contribution to this research beyond doubt. Also, my mother ALHAJA Rashidat Olabisi Amoo for her tireless efforts and immense financial and moral supports toward the completion of this thesis.

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ÖZET

Dış Kaynak Kullanımı Hizmetlerinin Organizasyonel Performans Üzerindeki Önemi ve Nijerya Petrol ve Gaz Sektörü Üzerine Bir Araştırma

Yüksek Lisans Tez

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Şubat 2024, xii+84

Son zamanlarda kuruluşlar, performansı artırmaya yönelik bir strateji olarak dış kaynak hizmetlerini benimsemeye başlıyor. Bu çalışma, Nijerya'nın petrol ve gaz sektöründe dış kaynak hizmetlerinin organizasyonel performans üzerindeki etkisini araştırmaktadır. Çalışmanın amaçları, Nijerya'daki petrol ve gaz sektöründe dış kaynak hizmetlerinin organizasyonel performans üzerindeki etkisini incelemek ve müşteri memnuniyeti ile hizmet kullanıcısı güveninin organizasyonel performans üzerindeki etkisini değerlendirmekti.

Çalışma, dış kaynak hizmetleri ve organizasyonel performansı ölçmek için dört hipotez formüle etti. Çalışma verileri ikincil kaynaklardan elde edilmiş ve çalışma hedeflerine uygun şekilde analiz edilmiştir. Araştırmanın bulguları, kuruluşların verimliliği, müşteri memnuniyetini, üretkenliği, hizmet kullanıcı güvenini ve kurumsal performansı artırmak için sonsuz hizmet sağlayıcıların uzmanlaşması için kritik olmayan hizmetleri dış kaynak olarak kullanması gerektiğini ve bu sayede rekabetçi pazarda kazanmalarını sağlayacağını ortaya koydu. Çalışma, kuruluşların temel yetkinliklerine odaklanmalarına, müşteri memnuniyetini sağlamalarına ve hizmet kullanıcılarının güvenini oluşturmalarına olanak sağlamak için bazı operasyonlarını dış kaynaklardan sağlamaları gerektiği sonucuna varmıştır. Öneriler, kuruluşların dış kaynak hizmetleri yoluyla performansı nasıl artırabileceği, müşteri memnuniyetini nasıl elde edebileceği ve hizmet kullanıcılarının güvenini nasıl oluşturabileceğine dayanıyordu.

Anahtar Kelimeler: *Dış Kaynak Kullanımı; Kurumsal Performans; Hizmet Kullanıcısının Güveni; Nijerya*

ABSTRACT

Importance of Outsourcing Services on Organizational Performance and a Research on the Oil and Gas Sector in Nigeria

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Recently, organizations are beginning to adopt outsourcing services as a strategy to improve performance. This present study investigated the impact of outsourcing services on organizational performance in Nigeria's oil and gas sector. The study's objectives were to examine the impact of outsourcing services on organizational performance in the oil and gas sector in Nigeria and evaluate the impact of customer satisfaction and service user trust on organizational performance.

The study formulated four hypotheses to measure outsourcing services and organizational performance. The study data were extracted from secondary resources and analyzed to suit the study objectives. The study's findings revealed that organizations need to outsource services that are non-critical to expertise eternal service providers to increase efficiency, customer satisfaction, productivity, service user trust, and organizational performance, which will keep them winning in the competitive market. The study concluded that organizations should outsource some of their operations to allow them to focus on their key competencies and ensure customer satisfaction and build service users' trust. Recommendations were based on how organizations can increase performance through outsourcing services, attain customer satisfaction and build service users' trust.

Keywords: *Outsourcing; Enterprise Performance; Service User Trust; Nigeria*

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INTRODUCTION

Background of the Study

The oil and gas components were discovered in Nigeria in 1956 in Oloibiri in the Niger Delta after 50 years of exploration. The country's oil and gas industry has since experienced rapid growth. The organization that discovered this was the Shell-BP and the only concessionaire at the time. When its first oil field, generating 5,100 BPD, came on board in 1958, Nigeria officially became an oil producer. In Nigeria, outsourcing is a common technique that involves spinning off extra work to concentrate on the organization's core functions. The idea of outsourcing gained popularity in Nigeria in the 1990s. In recent times business process outsourcing (BPO) has become a powerful instrument in the operational toolbox of the oil and gas industry globally; this is so in particular because of the need to strike a careful balance between reducing reserves in some of the world's main oil fields, rising global demand, and controlling distribution and operating costs.

The Nigerian Federal Government has issued guidelines on labor contracting and outsourcing in the country's oil and gas sector in response to this development. The study by Emah et al. (2017, p.1-19) on outsourcing services in the logistics sector in Nigeria revealed that not many empirical studies had been conducted in the area, especially in the logistics aspect of the oil and gas enterprise. The researchers found that the implementation of logistics outsourcing services is challenged by vendor capabilities, host community issues, joint venture influence, and employee reactions. Nigeria's oil and gas sector can overcome logistics challenges experienced in because of the international oil organizations' relationship management, contract management, and change management skills. The findings also demonstrate that the questioned organizations only integrate logistics outsourcing services piecemeal and that the organizations must build up their current capabilities. According to the research, logistics outsourcing is feasible in Nigeria but only with the oil majors' cooperation and synergy and regional suppliers.

Outsourcing services is an agreement established by an organization in hiring another organization to be in charge of a current or planned activity operated within the organization internally (Ian & Angela, 2004, p88); this is to say that a company engages the service of another company to assist them in managing some aspect of the organization activity usually conducted internally; also this may result in the transfer of assets and employees sometimes from one organization to the other. As revealed by scholars, the concept of outsourcing sprouts from the phrase "outside resourcing", coined around 1981 (Stuart, 2018; CTI Reviews 2016). According to Adrian and Alexandru (2012), outsourcing, as a concept, made its presence known ever since the Second World War era; it is a concept that has sailed through decades and still maintains its prominence in the new age. Outsourcing service involves a variety of aspects, such as the hiring of certain aspects of business procedure, which can include the claims processing and the payroll processing, to operational functions or functions regarded as not core within the organization, which may be about facility management, call center support and manufacturing aspect within an organization. The outsourcing process can be complex and a rigid structure with a series of activities and sub-activities within too many managerial quagmires; this has led many theorists to develop theories intended to help people in the academic space understand and evaluate the process and nature of the activities and to assist practitioners in developing a successful managerial process of outsourcing service concept.

The oil and gas industry, with its rapid development in the global economic market, has experienced interactions between international and local businesses which has enabled the avenue for aggressive competition among the producers of oil in the gas sector. As a result of this fierce competitiveness created many local businesses have turned to outsourcing services as one of their most successful tactics to thrive in the intense competition. By hiring service providers to handle tasks outside their core capabilities, many businesses in the current globalized and competitive business climate tend to focus on their core competencies. It was described by Prahalad and Hamel (1990, p.79-91) as the collective learning in the organization, specifically how to harmonize the various production abilities and integrate multiple streams of technologies and core competencies by organizations.

This process is what is referred to as outsourcing services. Prahalad and Hamel (1990, p.79-91) further proposed that having a diverse set of core capabilities enables businesses to explore new markets and grow their market share within the industrial economy; this positively impacts the organization itself, customer satisfaction, and improved overall performance over competitors. According to Johnston and Clark (2001), the advantage of a business focusing on its core competencies is improving its long-term competitive edge over rivals.

Also, researchers (Kakabadse & Kakabadse, 2002, p.189-198; Lord et al., 2002; Cigolini, 2009, p.225-228; Cotts et al., 2010) mentioned that the enhancement of high-quality services is another benefit of outsourcing services that is the non-core aspect of enterprises; this is because it also aids in such enterprise profitability and organizational performance. Cotts et al. (2010) attested that outsourcing is a great technique and equipment that the majority of businesses can use to get services that are of high quality, minimized cost, and meet standard performance.

Statement of Problem

According to Atkin and Brooks (2009), outsourcing helps companies accomplish goals and objectives statement as well as the long-term vision and mission by enhancing the value of their core businesses. Most studies on outsourcing services in the oil and gas industry have concentrated on large MNEs with foreign bases, even though outsourcing services have been extensively explored in management literature.

There is little research on management outsourcing services in Nigeria's oil and gas sector. This study aims to offer first-hand insight and analysis of domestic business outsourcing services practices in the Nigerian oil and gas sector. The study findings are expected to advance knowledge of the oil and gas sector and improve the outsourcing strategies used by regional businesses to improve productivity in Nigeria. By using the appropriate outsourcing tactics, local businesses in the oil and gas sector will be better able to fight fiercely with MNEs and ultimately outperform them. The locally held businesses will benefit from the recommendations of this study by improving organizational performance.

Purpose of the Research

The major aim and purpose of this study are to investigate the impact of outsourcing services on organizational performance and factors such as customer satisfaction and service user trust on organizational performance. And recommending ways in which these variables can positively impact organizational performance. The purpose of this study is further divided into two broad objectives: the general objective and the specific objectives stated below.

Specific Objectives:

1. To investigate services that are being outsourced in the oil and gas sector in Nigeria
2. To examine how outsourced services impact the organizational performance of the oil and gas sector in Nigeria
3. To evaluate how customer satisfaction impacts the organizational performance of the oil and gas sector in Nigeria
4. To evaluate how service user's trust impacts the organizational performance of the oil and gas sector in Nigeria.

Scope of the Research

This study is concerned with understanding the impact of outsourcing services on organizational performance in Nigeria's oil and gas sector. While it evaluated the impact of outsourcing services on organizational performance, it also focused on aspects such as customer satisfaction and service user trust on how these concepts impact organizational performance. In addition, the study examined various outsourcing contents such as outsourcing types, outsourcing decisions and activities, and its advantages and challenges with organizational performance.

Relevance of the Research

Nigeria's oil and gas sector engages in the exploration, production, processing, and transportation of oil, refining, and marketing of crude oil through its subsidiaries. In more recent times, the Nigeria oil and gas sector has been working towards cost reduction. Yet, a provision of a better method of support in terms of quality product and service rendering and remain as competitive in the market as possible. This consideration has led management in Nigeria's oil and gas sector to attempt outsourcing parts of their operations to outside businesses for efficient management, productivity levels, and accountability in the oil and gas sector.

However, even though strategies have been made as regards outsourcing to achieve efficiency, most organizations discover that outsourcing services do not offer the anticipated outcomes of outsourcing, such as competitive advantage, network stability, and cost reduction. Therefore, the importance of this study is to evaluate and associate activities and operations with being outsourced, reasons for outsourcing such operations, the extent of the outsourcing strategy that needs to be adopted in the oil and gas sector for outsourcing to be effective, and the impact of outsourcing services on organizational performance.

Nigeria's oil and gas sector was responsible for both the core and non-core activities and operations before outsourcing strategies became viral, with numerous organizations battling to sustain the arrangements and others complaining about cost and challenges in undertaking all the functions alone internally; this has resulted in numerous organizations being coerced into relying more on external service providers and handling over some business aspects and operations to third-party service providers in whom they have the faith of efficient delivery on the operations being outsourced to them.

Think of it some organizations outsource part of their operations for numerous reasons, including tactical reasons, which enable the organization to focus on their core competencies.

The study's significance is in how relevant the findings are to organizations involved in outsourcing services with the core aim of increasing the overall organizational performance and satisfying customers' demands in effective and efficient ways.

This study investigated the impact of outsourcing services on organizational performance, which represent well every necessary component information needed for organizations that are into outsourcing services intending to guide them in making the right decisions and assessing the impacts outsourcing services has on their organizational performance. This study aims to inform organizations of different ways outsourcing services can serve as important in organizational performance. With the current state of Nigeria's economy and the high rate of unemployment within the country, this study aims to provide insight to the government on the importance of outsourcing services in job creation and the advantages to Nigeria's economic development.

The findings in this study will also educate and inform businesses on the benefits and practice of outsourcing services by making sure that the goals of an organization to adopt outsourcing services in the mode of operations will enable them to discover efficiently what the core operations of the business are and how to improve and do better in those aspects while assigning out the other aspects of the business operations. Furthermore, this study is important to help organization managements uncover ways outsourcing services impact the organization's performance, allowing them to evaluate the potential advantages of engaging in outsourcing services within the strategy of operations. Lastly, this study's findings will be highly relevant in the academic sphere as this study looks forward to bringing the research gaps in the work works of literature and creating an avenue for future researchers to leverage the study findings on investigating the impact of outsourcing services on organizational performance. This study will also contribute to existing knowledge of works of literature on the impact of outsourcing.

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CHAPTER ONE

LITERATURE REVIEW

This chapter explains the impact of outsourcing services on business, the theoretical framework that talks about different theories of outsourcing, the conceptual framework and literature reviews on impact of outsourcing on business.

1. Theoritical Review

1.1 Theories of Outsourcing Services

Under this heading the various theories of outsourcing services will be discussed.

1.1.1 Social Exchange Theory

This theory of social exchange explains the process of interpersonal relationships by asserting the function of economic cost and benefit analysis as a prerequisite for social exchange and engagement; this theory assumes that what brings about the primary avenue for human interaction is the exchange of resources which could be in the form of materials or social value. The theory proposed that social exchange is a form of an ongoing process that has reciprocity effects due to the contingent nature of reward reactions that has been exhibited by other people involved in the interaction; the social exchange theory is mostly used with the transactional cost economics model when trying to specify switching behavior to be considered in the phase known as the reconsideration phases (Gottschalk & Solli-Sæther, 2005, p.685-702).

1.1.2 The Economic Information Model

With the diverse information proposed by numerous theorists in explaining outsourcing services yet, many researchers believe the information is not without flaws and, therefore, the need to develop new economic models which are to emerge in proffering solutions to events where two parties are faced with little quantity of information or unequal access to information. Among the works that rose from this model is the theory of the development of search propounded by Stigler (1961); the role of search for information in economics is based on the discovery and identification of seller's prices. In the economy of the information model, another key component is the signaling concept, propounded by Spence in 1973. Spence (1973) in his works dealt with how signaling in the market occurs, and the primary signalers are relatively many with the infrequent sufficient market which is not purported to acquire a signaling reputation; the use of the economy information model in outsourcing service is related to actions and activities that deals with searching, selecting and hiring vendors for outsourcing. Although the economic information model is adopted in outsourcing, the model has not been engaged discretely in studying and accessing the processes of outsourcing services

1.1.3 Transaction Cost Economics Model

The most widely used theory of outsourcing is transaction cost economics (TCE) because the theory provides the most efficient solutions to the understanding of outsourcing service components. The theory of transaction cost economics (TCE) is thought to offer the greatest decision-making tools, enabling prominent assistance to firms in helping them decide how to engage in outsourcing services while also helping the firms prepare themselves for upcoming outsourcing arrangements. While the concept of switching costs made the theory applicable in the reconsideration phase, the governance elements of the theory affected how it has been utilized in the research of the Managing relationship phase. Transaction cost economics (TCE) also proposed an explanation of contractual complexity as a practical problem for outsourcing services.

Although transaction cost economics (TCE) has not been specifically used to examine the process of the Vendor selection phase, and the sub theory, or the theory of incomplete contracting, one will agree that transaction cost economics (TCE) has been employed to study the structure and contents of outsourcing contracts, as well as related preparation and contract management in outsourcing services. The transaction cost economics (TCE) theory has numerous indulgences despite its adoption of extensive usage in outsourcing service applications.

According to Lacity and Willcocks (1995), the researchers discovered that the initial mapping to the transaction cost economics (TCE) framework has produced significantly more anomalies in its sample and only partially explained a small number of information technology (IT) sourcing decisions making. Another criticism of the theory of transaction cost economics (TCE) is that the theory ignored the current industrial cooperation structures to favor using a single transaction as the basis for analysis. To conclude, transaction cost economics (TCE) has been observed to be static, which contrasts with the dynamic nature of the current business environment and the processes involved in outsou rcing services in the new day (Poppo & Lacity, 2002, p.253-276).

1.1.4 The Neoclassical Economics Model

According to the notion proposed by Hodgson (1994), the theorist offered the major underlying traits of the neoclassical economic theory to describe the process of outsourcing services:

- Assumption that actors with a certain preference function will act in a logical, profit-maximizing manner to benefit themselves in transaction.
- Pay attention to achieved or moving toward equilibrium states.
- Avoiding any persistent issue that can ensue from the dissemination of information.

The neoclassical model, therefore, describes the original justifications for outsourcing that some trailblazing businesses, such as the Kodak enterprise, have shown over time. However, the idea was criticized for failing to adequately address and describe modern business operations in the outsourcing service process. Particularly criticism has been melted to the ideas of rationality and the absence of a persistent information problem. However, Gottschalk and Solli-Saether (2005) demonstrated that the Reconsideration phase's evaluation of outsourcing's key success determinants is consistent with neoclassical economic theory.

1.1.5 Relational View Model

Adopting this model, in the context of inter-organizational relationships, the relational model developed a practical explanation of how businesses can achieve and maintain competitive advantage within the competitive business space (McIvor, 2005, p.24-34). The fundamental tenet of this argument is that the relational view model is a concept that has been employed in investigating and explaining how businesses select their outsourcing service partners and preferred kinds of relationships. The relational view model has been operated in the study of transition, managing relationships, and reconsideration phases and the usage of the approach. Because of this, the relational view is the only theory used to study every stage of the outsourcing service process.

1.1.6 Resource-based Model

The resource-based theory's basic tenet is that organizations' resources and capacities can differ greatly and that these disparities can persist over time (Barney & Hesterly, 1996). However, when combined and used effectively, a firm's resources and competencies can give it a competitive edge above others in competitive business work. The idea behind the resource-based outsourcing service model is that there is a need for an organization to look for an outside supplier who is efficient in the business to make up for any weaknesses in the organization's operation approach it may have in terms of having valuable, uncommon, unique, and organized resources and capabilities.

As a result, the resource-based theory is most frequently engaged in defining and explaining the decision-making framework during the preparation phase of the outsourcing service process and choosing the best vendor during the vendor selection phase that understands the core operation of the outsourcing service process. In addition, some of the major problems of the managing relationship and reconsideration phases were also outlined and properly explained in theory with possible solutions to help solve the problem.

The resource-based theory served as the foundation for the development of the idea of core competencies. The collective learning within the organization, particularly how it is used in coordinating various production abilities and integrating many streams of technology, is what Prahalad and Hamel (1990, p.79-91) referred to as the core competencies. Researchers became highly interested in using the notion of core competencies in outsourcing service processes. The idea has mostly been used to establish and evaluate the numerous outsourcing service choices within the frameworks that support keeping core operations in-house. The concept's learning and communication underpinnings make it relevant in the phases of managing relationships and reconsideration within the outsourcing service process. One of the key elements which are assumed to influence the effectiveness of an outsourcing service deal is known as the vendor's competency (Levina & Ross, 2003; Feeney et al., 2005).

1.1.7 Agency Theory and Knowledge-based Model

The agency theory was developed initially to explain the interaction between managers and stakeholders. However, as time went on, the scope of the theory became expanded and included other terms, such as the inter-firm relationships in its context and approach to outsourcing service process (Jensen & Meckling, 1976, p.305-360). In that context, a link was established to associate the understanding and connection between the outsourcer and vendor to the agency theory to better capture outsourcing service processes and how it impacts business. According to Arrow (1985), monitoring and bonding should address the moral hazards, adverse selection, and agency problem sources when analyzing the process of outsourcing service to a business.

Considering these variables is therefore important because, in the long run, they impact whatever business decisions are made (Barney & Hesterly, 1996). Hence, the Preparation Phase during the screening for vendors and defining their attitude toward the type of relationship established was the focus of the theory, which then became applied in the outsourcing service process research and literature. The phase of managing relationships is naturally supposed to be and, to a much lesser extent, the period of reconsideration as proposed in the work of works of literature.

The knowledge-based view is about understanding how people team up in making the production of goods and services a reality through the knowledge-based paradigm. The knowledge-based perspective differentiates between two types of knowledge sharing that can emanate between people who are partners. The approach entails the creation of knowledge and the use of knowledge for a successful partnership between people coming together to create products and services for the benefit of others. The knowledge-based view has demonstrated the success of an outsourcing service process arrangement in the research on outsourcing services, which has revealed that knowledge sharing is crucial in the managing relationship phase and can be associated favorably with achieving success.

1.1.8 Evolutionary Economics Model

Although the model of evolutionary economics was first conveyed in the 19th century, it saw a resurgence following the research conducted by Nelson and Winter in 1982. The model was formulated from the works of Darwinism while also including its hypothesis and incorporating some presumptions applied to the economic "species." Some of these presumptions were outlined by researcher Andersen (1994, p.53-66):

1. The first assumption is that rules, conventions, and institutions typically constrain agents' decision-making, and because of this, they remain optimized in the local space rather than gaining foreign recognition.
2. The second assumption is that individuals and organizations (agents) can never make the best decisions because they must always optimize locally rather than globally
3. The processes of imitation and invention are marked by considerable cumulativeness and route dependency, although sporadic discontinuities may disrupt them.
4. Agents can, to some extent, imitate the rules of other agents, learn for themselves, and produce originality from imitations.
5. The success and failure of commodity variations, technique variants, and agents result from the interaction between the agents, often done in disequilibrium settings.
6. The processes involved in the change that occurs in a situation that finely explains the assumptions and characteristics mentioned above are non-deterministic, open-ended, and irreversible, as the theory suggested.

As a result, the process of outsourcing services benefits significantly from the assumptions stated in theory. Nevertheless, the original research on outsourcing services has dwelled only in areas of infinitesimal topics, mostly those associated with the phase of the managing relationship in the outsourcing service process. Only a few times has evolutionary economics been focused on studying the other stages of the outsourcing service process, except for the transition.

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1.2 Conceptual Review

1.2.1 Concept of Outsourcing Services

A wide variety of dangers have affected the state of the world economy throughout the past century, and the effect of climate change on global economic progression is felt in every industry. Among the hazard of climate change in our current day economy are not limited to the following: decline in commodity demand, which causes impediment and a devastating impact on producers in emerging markets; volatile financial markets, which has consistently led to discouragement in investment; political unrest and insecurity, intimidating prospect investors and therefore pursuing them from making investments; fierce global competition, that has resulted in hastened bankruptcy; dissolution of regional blocs, causing a rapid widespread of uncertainty broadly which has resulted in the slowing down of productivity growth rates, causing high rates of unemployment within the economic and industrial spheres. Three notable examples were the 1973 OPEC oil price shock, the US subprime mortgage crisis, and the ten-year Great Depression of 1929.

Due to the increasing difficulties caused by these slumps, many businesses have been compelled to develop new strategies and innovative methods to operate their businesses profitably and successfully. In response to the difficulties and slumps experienced by businesses, this led McKinsey conducted a survey at the time to assess the effect and how firms are coping with the situation; the result of the survey conducted revealed that about 79% of businesses started slashing costs to cope with the deceleration state of the economy (Han & Bae, 2014, p.58-73).

Furthermore, it brought about the robust and widely acclaimed concept of outsourcing tasks that are naturally conducted internally to outside partners in countries with affordable labor. Today, it has become a thriving business trend adopted by businesses to achieve this favorable cost reduction in operations. As a result, many popular brands achieved a reduction in the number of their operation through the use of outsourcing services; among the few multinational companies who have benefited from the process of outsourcing services are Motorola Solutions, Flextronics, and Hewlett Packard (HP) these companies have reduced the size of their operations by offshoring some parts of their businesses to other countries such as Mexico, Canada, and India (Wernerfelt, 1984, p.171-180).

Adoption of Outsourcing Services

According to (Barney et al., 1991, p.625-641), the focus of many businesses has shifted away from the quality of the experience provided to the decrease in operational expenses in the quest to generate returns on investments within a short timeframe; this is because when crucial KPIs like Mean Time to Repair (MTR) and Quality of Service (QoS) are assessed in the event of significant network failures, the situation becomes much worse leading to high loss on the part of the organizations. Therefore to maintain a system where strategies are developed to address complaints from users of the service and still maximize profit most organizations tend to engage in outsourcing services to save their business from losing both their customers and their business goals. The knowledge that the oil and gas sector in Nigeria outsources most of its business operations has created the need to assess and evaluate the impact of outsourcing on business and how it has affected the results so far. The effects of outsourcing on the growth of dynamic capability, financial performance, and service quality at businesses have not, however, been the subject of any substantial research in works of literature.

According to Baily (1998), numerous organizations now rely on external procurement in their businesses, and this is evident and common in services like transportation, accounting, and computer support, and to the extent that purchasing processes can and are now being outsourced, the world in its dynamics and the rapid adaptation if the human race to the evolution has brought about numerous unthinkable to the economic world and global evolutions in industries. The good thing about outsourcing services is that it enables employees adequately and enables them enough time to complete their tasks to the satisfaction of the company and increases organizational performance and customers engagement which impacts the overall reputation of the organization in the competitive labor market; this performance is what is the major goal and achievement that every business desires to gain an advantage over others in the industrial space.

According to Eyaa (2006, p.48), outsourcing is the choice and step decided to embark on by businesses to have an outside provider handle the tasks within the organization that would otherwise be carried out inside by organization staff, and this is so because outsourcing enables more productivity level and focus on other aspects of the business operations which at the long run yield smooth and successful operations for the organization with little cost and huge profit. Organizations typically search for the best service providers to outsource the aspect of the business operations they feel they need help with, and this is because doing this allows them the opportunity and possibility to have their work completed by specialists efficiently within a short timeframe, resulting in high-quality work, customer satisfaction, and a positive business reputation.

According to the definitions given by Lysons and Gillingham (2003), outsourcing is the strategic utilization of resources to carry out tasks that are typically done by internal staff members and their resources, which enables the organization to focus on another aspect of its business operations. It is a management technique adopted by organizations in outsourcing the important non-core tasks within the organization to knowledgeable and capable experts in service provision. It allows the organization to focus on other aspects and gives them the avenue to perform at its peak, optimizing the areas of its strengths.

According to the definition of Axelsson and Wynstra (2000), outsourcing services are a choice and subsequent transfer process in which operations that make up a function within an organization and that were previously performed by the organization become transferred or purchased from an external supplier, to fast track the operation and performance level of the organization. Typically, businesses that offer outsourced services focus on the areas and aspects they believe they can perform best; these areas and aspects may include training employees to meet or exceed client expectations. This specialization provides the organization with all of its advantages for businesses.

According to various authors, such as Bendor, Bona, and Lysons who recommended that organization should either not outsource the following tasks, and if they are to be outsourced, they must be handled carefully from a management perspective; the activities includes supply control, management of finances, management of consulting, and management of strategic planning, the management of quality and the environment these business operations are to be overseen organizations themselves for better delivery and even if the organization will end up outsourcing them they must be outsourced to highly skilled professionals in the aspect. The services that can be outsourced span a wide range and include cleaning, catering, asset maintenance and control, research and development, transmission service, estate management, customer brokerage, and estate management; these activities listed can be affordable for outsourcing by the organizations because they represent the non-core operations in business.

Even though several organizations have made an attempt and many efforts in understanding numerous writings of the various authors while also attempting to systematically consider the ideas suggested by the researchers with efforts on their part to outsourcing operations, much success has not been achieved in making those dreams and goals a reality, among the goals of outsourcing operations is cost savings and efficient and effective service delivery from the service providers to whom they outsource their activities. Achieving this has not been easy, partially due to the rising costs of goods, which raise the cost of outsourced services.

Adoption of outsourcing services as a management tool enables organizations the courtesy of assigning a skilled and effective service provider to take charge of the operations within the organization, which are the non-core duties aspect of the organization, with outsourcing organizations are privilege to save time and money adopting the use of outsourcing as a management approach (Stroh & Treehuboff, 2003, p.19-28). One can say that outsourcing services are a method where an organization contracts with a third-party vendor to buy goods and services or take control of some operational aspects. Outsourcing service can also be identified as a contract between a customer and one or more suppliers of commodities and services to deliver services or programs that the customer provides internally (Fan, 2000, p.213-219).

Most of the later outsourced services should be typically engaged within the organization internally. However, occasionally an organization may be propelled to engage the service of other business due to the work overload or some internal issues within the organization that is not making room for attention in those operations, which therefore lead an organization into reaching an agreement with another business to help in delivery those operations from outside the organization (Nag, 2004, p.59-73). It, therefore, results in the transfer of business units or functions to external service providers, which is widely known as business process outsourcing (Dibbern et al., 2004, p.6-102), a situation whereby a third party is granted the authority to perform services under a business contract that includes service level agreements related to cost, quality, and on-time delivery of goods and services.

Definition of Outsourcing Services

Defining the outsourcing service process could be challenging to achieve a succinct and concrete definition that captures the appropriate concept. Due to the difficulty that lies in capturing the concept of outsourcing service in the definition for easy understanding, outsourcing services can be referred to as the transfer of business units or functions to outside service providers (Dibbern et al., 2004, p.6-102), in which a third party is enforced with authority to perform services under a business contract with facets such as service level agreements with cost, quality, and on-time delivery of products and services. In the real sense defining outsourcing services can be formidable and monotonous.

A crucial definition of outsourcing was proposed by Gilley and Rasheed (2000, p.763-790), where they defined the concept of outsourcing service as the transfer of internal aspects of operations or tasks to outside vendors by an organization to save time and reduce cost. Bosire et al. (2013) took a step further to broaden the concept of outsourcing service in the definition where they included that outsourcing is the purchasing of a product or service from a company other than one's own, even though the definition looks too broad and not very practical and of no much relevance to applications.

Gilley and Rasheed (2000, p.763-790) gave a more precise definition of outsourcing service in which they defined outsourcing service as the process of buying a product or service that is largely sourced internally, or that can be sourced externally by an organization. Outsourcing services have generated a variety of outsourcing job reputations globally; however, dealers lucky to win outsourcing contracts may be located in the same city or country or positioned in a foreign market or anywhere across the globe. The situation of outsourcing services tends to conjure up a picture of many outsourced jobs migrating across the globe. Depending on the sort of work being outsourced, vendors or service providers may be businesses or people working within the premises of an organization alongside the outsourcer at a third location. While outsourcing is not new, attention given to outsourcing services has progressed and has been widely acclaimed since the 1990s (Walker et al., 2006, p.95- 105). The emphasis and attention on outsourcing services contributed by scholars in the academic field and organizations are mostly on the aspect of manufacturing. However, the aspect of professional services is increasingly being fully or particularly outsourced, yet more focus is on the manufacturing aspect. The following are some examples of tasks or services that are repeatedly outsourced; these are operations such as security, customer service contact centers, human resources, accounting and tax preparation, health services like lab result analysis, cleaning, catering, vehicle maintenance, to mention but few (Harland et al., 2005, p.831-850).

The process of outsourcing services is less considered in areas of operations such as automated companies that use operational processes like chemical or mental production, where low labor costs are less important and where heavy production has greater transportation costs that can affect organizational profitability in a negative manner (Awino & Mutua, 2014, p.37-43). Most works of literature on outsourcing services focus on making or buying decisions using vertical disintegration, which is the theoretical concept of outsourcing services.

Prior theoretical research focused on the vertical integration that was developed to form the groundwork for outsourcing theory, especially the mergers and acquisitions frameworks in the 1960s and 1980s (Shih & Chiang, 2011, p.163-180). Grounded in the theoretical underlying of vertical disintegration, the outsourcing services process was identified as a new organizational model (Maltz, 1994, p.245-266). Furthermore, in the 1980s, outsourcing was used as a condition for decision-making on buy or make. An organization's capability and experience, concerns about quality, operational/reputational risk, strategies employed, and costs associated with various options, and the nature of goods and services all play a role in a decision made to make or buy.

1.3 Review of Related Empirical Studies

1.3.1 The social-structural perspective

Outsourcing services in the areas of manufacturing facility relocation and offshore outsourcing have become a global concept, which has been impacting even top-tier economies. Outsourcing service's rapid growth in the service industry, especially in IT and business operations, has been further accelerated by the boom in technology advancements combined with the availability of trained labor at extremely competitive wages. However, Kakabadse and Kakabadse (2000, p.670-728) contended that outsourcing is strategic because it emanates the inherent option to reject the internalization of a work by a firm. The idea formulated by Gilley and Rasheed was also supported by Dekkers (2011, p.935-965), who asserts that the procedures involved in outsourcing services have significantly changed from a more traditional approach to a strategic one. Studies have shown that conventional outsourcing services occur when a company decides to externalize tasks that are not seen as essential to thriving in the business.

On the other hand, according to Dekkers (2011, p.935-965), strategic outsourcing services refer to the practice of outsourcing all tasks other than those that may result in a long-term competitive advantage. Numerous studies by different researchers found that cost reduction is the primary driver of outsourcing services in most organizations. Therefore, this argument assumes that engaging in some activities internally often costs more than outsourcing them to a third party (Dekkers, 2011, p.935-965; Coopers, 2018; Elmuti, 2003, p.33-42). Gupta and Gupta (1992, p.44-47) claimed that although these motives for outsourcing services are favored by the majority of researchers studying outsourcing services, these researchers also provided three more justifications for outsourcing services. The first is that outsourcing services improve time to market, the second is that it focuses on core strengths, and lastly, it stimulates innovation. Kotabe and Mol (2014, p.218-224) research work emphasized the core competency aspect by advocating that businesses should free up internal workers to enhance productivity, foster leadership skills, and prepare for succession plans.

In most cases, outsourcing services holds a significant risk, including technology, society, culture, business, and political hazards. Zhu (2016, p.121-133) published a paper that blamed hidden expenses and a lack of trust between the parties involved for the failure of numerous outsourcing transactions. Nor et al. (2013) observed that cultural differences are the main reason for conflicts, which often result in a lack or loss of synergy/alignment between internal and external business operations, which also predisposes a significant risk for most organizations involved in outsourcing services arrangements. According to the proposal made by Blumenberg et al. (2009, p.342-352), most of the time, senior management in organizations is responsible for outsourcing services decisions without giving opportunity or consultation reference to the middle-level managers and lower-level personnel. The researchers, in their opinion, felt that this scenario breeds conflicts and fosters a work climate that encourages distrust, insecurity, a lack of commitment, and resistance to change among employees in an organization.

According to Zhang et al. (2018, p.627-639), who studied outsourcing service and financial performance, the researchers found a negative curvilinear effect on both variables. The study then revealed a magnitude effect of uncertainty on performance outcomes between outsourcing services and financial performance. As a result, the study, therefore, proffers clear, theoretical, and empirical evidence, which was supported by predictions of how outsourcing affects performance with consequences for both theory and practice. A study by Cooke et al. (2005, p.413-432) revealed that outsourcing significantly positively affects quality performance. The study also focused on controlling outsourcing risks, considering factors such as time, quality, and the corresponding cost, which could yield positive outcomes.

Additionally, the research offered advice on handling and managing the risk associated with outsourcing services caused by asymmetric information for different industries, including time-sensitive, cost-sensitive, and quality-sensitive industries. According to studies by McFarlan et al. (1995, p.9), knowledge transfer is a multifaceted entity in IT outsourcing services. In light of this, the proposed scale of knowledge transfer is responsible for serving as a legitimate and trustworthy assessment for future empirical studies in the scientific community on outsourcing services. Also, Crotty (1998) discovered that this depicts the differing effects of knowledge-transfer techniques devoted to the transfer of explicit or implicit knowledge on the growth of shared knowledge on outsourcing services.

Surprisingly, the researchers claimed that in their research, the adoption of the best knowledge-transfer techniques is those that combine both explicit and tacit information and are geared toward transferring knowledge. Likewise, the study findings demonstrated that high levels of shared knowledge positively impact outsourcing services' effectiveness. In light of this, a model was developed by Malhotra and Birks (2006) on how various business process outsourcing (BPO) risks impact project satisfaction and how the knowledge of management competency alters the influences of business process outsourcing (BPO) risk. According to the researchers' results, project management risks and social and technical system factors negatively impact the satisfaction derived from BPO projects. However, the negative risk effects of social systems, technical systems, and project management are lessened by cultural, technological, and structural levels of knowledge management capabilities.

To accomplish successful risk management, the researchers further suggested that various risk kinds and knowledge management capabilities should be compared. Other businesses outsource services when the level of risk and uncertainty attached to the business is way too high; therefore, to avoid the risks caused by business uncertainties, businesses outsource parts of their operations with greater risk to other businesses to minimize risk, reduce cost and maximize profits. To transfer these risks to a third party and protect the business against any threat posed by such uncertainties, outsourcing service is typically a tool utilized to achieve the goal. A prominent suggestion is that an organization utilizes outsourcing services to eliminate cultural differences among employees and management, causing internal friction.

The Specification of Outsourcing Service

Teresa and Michelle (2019) revealed that the practice in which public services are being handed over to the private sector for control, whether for long-term control purposes or short-term purposes, is known as outsourcing; outsourcing could be in the form of a domesticated process, and it can take the shape of foreign collaboration. Outsourcing services may sometimes be in the form of offshoring, which entails the relocation of a business process and functions to a remote country or state, it can also be in the form of near-shoring, which means the transfer of a business function or process is within a nearby state or country but either way, the bottom line remains that business is being outsourced to service providers who are believed to efficiently monitor the process (Dave, 2013; Hira, Ron & Anil 2008, p.67-96; Davies, 2004). As stated by Elizabeth (2004) the process of outsourcing and offshoring are independent of each other, the two can function as independent entities; also they can be intertwined, jointly switched, partially or completely changed, and can be used as terms like insourcing, in- shoring, and re-shoring depending on the context of use. There are also two main components in outsourcing services, and they are Business Process Outsourcing and Knowledge Process Outsourcing.

The Activities of Outsourcing Service

There are two primary categories of outsourcing, and they are business process outsourcing (BPO) and knowledge process outsourcing (KPO). The term "business process outsourcing" (BPO) refers to the broad concept of outsourcing in all areas of economic activity. BPO can also be portrayed as a company entering a contract with another company to operate and carry out one or more of its business operations, activities, or sub-activities (Sharma, 2004, p1-36). BOP has numerous areas of functioning; it could be adopted in the areas of information technology systems management, software development, web design, web development, financial services, business consulting, call center services, human resources services, marketing, legal services, medical billing all these are few examples of the application of BPO services in the business. Whereas Knowledge Process Outsourcing is an outsourcing type in which knowledge and information related to the service provided are performed by employees in different organizations or subsidiaries of the outsourcing company.

Among the various aspect of Knowledge processing services application is, research on intellectual property, data and analytical services, healthcare and pharmaceutical services, writing and content development services, database development services, and other services are examples of areas where KPO services are used in businesses. Susomrith and Brown (2013, p.704-720) postulated that there are three categories of outsourcing activities: core, non-core critical, and non-core non- critical. Içek and Zer (2011) defined core as activities with strategic tasks that increase customer value and drive organizational profits; the non-core critical activities are described as daily tasks that add little value to the business but are not profit-oriented, and non-core non-critical activities are activities that do not offer a competitive advantage to the business. Even while the non-core non-critical activities are nevertheless important, they do not tend to pose a risk or threat in fact; they are less likely to injure or damage the organization in the short term or the long run. These activities are those associated with landscaping, catering, cleaning, security, and other relevant things.

Hern and Burke (2006, p.4) stated that the two general forms of outsourcing approach are core outsourcing and minor outsourcing, which are quite comparable. The first of the three activities, core outsourcing, occurs when organizations outsource activities of lesser relevance and less strategically important tasks to outside service providers. The second is the minor activity manifests when businesses outsource crucial tasks that will be profitable in the long run. The perspective of each person within the organization of what constitutes a core or minor activity is mostly based on what it considers to be its core competency and the plan it intends to pursue. Although there may exist chances that the industry will have certain identical characteristics, there is still room for innovation among the groups that make up the business environment.

Additionally, it is suggested that none of these outsourcing tactics uses a one-dimensional operating strategy. Instead, outsourcing techniques can be thought of as acquiring the two crucial qualities of breadth and depth. While depth is a fraction of the total number of activities the organization could use, breadth is defined as the number of activities outsourced. The range of outsourcing strategies varies greatly. On the one hand, many businesses choose to handle the majority of their operations internally, leading to roughly constrained outsourcing plans. These businesses might decide to outsource just a few tasks while keeping tight control over others. In contrast, other businesses opt to adopt a liberal approach to their outsourcing strategies by contracting out many minor tasks and even certain tasks that are quite near their core functions. According to Kakabadse (2002, p.189-198), with the help of BPO, businesses can concentrate on their core skills without feeling pressured by the requirements of bureaucratic constraints in the competitive business space. Holcomb and Hitt (2007, p.464-481) mentioned that strategic outsourcing could be observed from the perspective of an organizational agreement which develops when organizations rely on intermediary markets to supply specialized capabilities that are added to existing capabilities used along the organization's value chain. BPO has become a collective strategy for organizations that deliver all or part of their business operations to vendors or external service providers to achieve cost-effectiveness and increased efficiency in their organization affairs.

Strategic outsourcing can be seen as an organizational agreement that develops when organizations depend on intermediary markets to supply specialized business operation capabilities that are added to existing operation capabilities alongside the organization's value chain. Business process outsourcing (BPO) has become a collective strategy for organizations that deliver all or some aspect of their business operations to an external service provider or vendor for cost-effectiveness and increased efficiency and profitability of the business as well as improving the organizational performance. McIvor (2008, p.24-34) emphasized that increase profitability and financial benefits of organizations to cover up for situations that might suddenly fall short of the organization's initial expectations in operations and productivity is a focus for many organizations these days.

Clegg (2005, p.37-52) argued that outsourcing the entire or a portion of the value chain of a business has led to reports that organizations have issues with the quality of the products or services delivered from the outsourced operations. Therefore, Harland et al. (2005, p.831-850) proposed that new management skills, decision-making frameworks, training, and quality assurance are required to manage the outsourcing partnership. Over time, businesses may fail to recognize market movements, erode their total capacity and lose the ability to adapt to fundamental organizational changes. Also, organizations may lose the ability to handle short-term changes in business climates.

The organization's core activities are referred to as transformative and innovative approaches (Agyemang et al., 2014, p.25-45); these activities represent the essential and key defining activities within an organization; if an organization delegated such functions to a third party, it might create a rivalry or cause damage to the activities outsourced. These core operations include:

Strategic management: This deals with actions carried out at the highest managerial levels and consists of crucial data on the assessment and execution of cross- functional decisions that help the organization achieve long-term goals and objectives.

Operations: Activities under the operations section transform inputs into end products, which might be in the form of either goods or services. Most of the time, these activities under operations are connected to the establishment's industry code, or the activities are closely related. Creating a good or service, as well as its specific use and arrangement, is the major work under operations.

Product or service development: Activities related to commercializing newly enhanced or redesigned goods or services. These activities will likely include research, design, engineering tasks, and marketing analysis.

Marketing, sales, and customer accounts: The activities under this function are focused on educating current or prospective customers. Promotion, advertising, selling, and retail management make up many tasks.

Critical but non-core activities

Critical but non-core activities are classified as routine tasks that are essential but not central to business operations and can be handled more quickly and inexpensively. Clients can rely on vendors to complete them (Jyoti, 2017, p.171). These activities are the fundamental, defining operations of an organization. If they are not carried out particularly well, they might put the company at a disadvantage or put its customers at risk. Many businesses fail to manage their operations properly, which results in inadequate products and a loss of market share. Logistics is an example of an essential but non-core operation for a manufacturing organization.

In contrast, it is a fundamental function for transportation, distribution, and procurement companies. These critical but non-core activities may involve gathering and keeping inputs and sending final goods to clients. According to (Jyoti, 2017, p.171), general management tasks like accounting, financial management, upkeep services, information systems, and human resource management, among others, are also critical and non-core functions. Choosing how many and which specific activities to outsource is a decision that each organization must deliberate on before making outsourcing decisions. The features of core and non-core activities provide organizations with the basis for making a choice.

As previously mentioned, the company's competitive advantage is determined by its core activities. Non-core operations should be outsourced because core activities are crucial for businesses to achieve high customer value, customer satisfaction, customer retention, and improved organizational performance. Odnokonnaya (2017) suggested that it is important that an organization's ability to compete in carrying out its basic functions should be evaluated, and cost analysis must be done.

The following are some examples of activities that businesses must not outsource:

1. The company's core business operations that produce the greatest profits
2. Projects that a corporation specializes in and excels at as a result of its strong level of expertise or expert system
3. Operations that significantly impact the customer; this is because, in the event of outsourcing, the business loses some control over the feedback from the client and will be unable to respond or take quick action.
4. Tasks that are unproductive directly result in problems for a business. Solving any issue internally at first is preferable.
5. Tasks that require expert know-how.

Organizations can wholly or partially outsource a given activity. Although it is left for the organization to decide and shoot their shot at the choices they go for, there is a need for all businesses to evaluate their core competencies because these enable them to generate the highest profits to avoid failure. To make the best outsourcing intention, organizations must first have a solid grasp of the mission, vision, and goals of the business in question, as well as the resources available to them and how well they will be used to fulfill those goals. The option should be founded on a solid business case study of the alternatives, whether to outsource or to source internally.

1.3.2 The Business Process Outsourcing Service

According to Tas and Sunder (2004, p.5), Business Process Outsourcing (BPO) is a subset of outsourcing that deals with contracting a third-party service provider to handle the duties and operations of a particular business process within an organization. Initially, this was linked to manufacturing companies like Coca-Cola that outsourced substantial portions of their supply chain to external vendors for easy focus on core activities. An article (Forbes, 2016) states two major categories of BPO: back-office outsourcing and front-office outsourcing services. Nellis and David (2006, p.213) highlighted that BPO can be performed offshore or near-shore, meaning a business is outsourcing parts of its operations to a country close by or onshore, which indicates that outsourcing is done inside the same nation. Some of the sub-segments of BPO include information technology-enabled service (ITES-BPO), knowledge process outsourcing (KPO), and legal process outsourcing (LPO).

Sagoo (2014) argued that though BPO initially served as a cost-cutting measure, changes have been made, especially in the shift to more service-based rather than product-based contracts, which has led to a progression in the number of organizations that choose to outsource most operations in their back offices for direct quality control, cost reduction and time flexibility. According to BPM Watch (2013) and Ovum (2014), evidence shows that business process outsourcing improves an organization's flexibility in diverse ways. Also, the charges from BPO vendors are project-based or fee-for- service, and they employ business models like remote in-sourcing or comparable models for software development and outsourcing prototypes.

Willcocks et al. (2004, p.333-351) believed that this process might be relevant in aiding a business in becoming more adaptable by converting their fixed expenditures into variable costs. A variable cost structure makes a corporation more flexible by enabling it to adapt to variations in the capacity needed without investing in assets (Gilley & Rasheed, 2000, p.763-790). Kakabadse and Kakabadse (2002, p.189-198) mentioned that focusing on a company's core strengths is also possible with BPO. To Tas et al. (2004, p.5), several company processes can be sped up with the help of supply chain management, strategic use of supply chain partners, and business process outsourcing which aids the growth of an organization's productivity, efficiency, and performance.

The BPO Caveat

Dan et al. (2012) wrote about the risk transfers associated with outsourcing contracts. They mentioned that a different contractual arrangement for compensation might cause an organization to experience a new "single point of failure", a term used in describing a situation that even an after-the-fact payment is insufficient to offset the "total failure of the customer's business". Other risks may also include failure to reach service levels, high dependence on the BPO, which decreases flexibility, changing requirements, and unanticipated costs. Unclear contractual difficulties are not the only dangers.

Heavy dependence on BPO is called lock-in, which may result in a loss of flexibility due to penalty clauses and other contractual terms of the agreement in the business portfolio (Micheal et al., 1997). Adsit (2009) proposed that it is also possible that the selection criteria will come off as general and undefined. Physical communication and privacy concerns can both present security threats. There is also a high tendency for the organization to run at the risk of losing its autonomy if the employee mindset shifts (Bunmi et al., 2004, p.167-180; Altinkemer et al., 1994, p.252- 268). A necessity, therefore, arises to focus on managing outsourcing's risks and dangers are necessary if any benefits are to be realized.

A business continuity management (BCM) model is usually set up by organizations to handle outsourcing services in an organized manner, maximizing good outcomes, minimizing risks, and avoiding any dangers. To successfully identify, monitor, and control the business processes that are or can be outsourced, BCM entails a series of stages (Forbes & Steven, 2006). According to Chyan and Huang (2000, p.225- 239), the analytical hierarchy process (AHP) is a BPO framework adopted in searching information systems that might be suitable for outsourcing services. According to Willcocks, Lacity, and Fitzgerald (1995, p.204-244), several contracting issues exist that businesses must deal with, ranging from incorrect contract formatting to a lack of knowledge of complex IT procedures.

Technological Demands of BPO

According to HFS research (2015), Gartner (2014), and Outsource Magazine (2015), the robotic process automation (RPA) software, most especially the improved self-guided RPAAI based on artificial intelligence, has been noted by industry analysts as a potential danger to the sector in the business industry and the Outsource Magazine (2015) emphasized and make assumptions about the anticipated long-term impact of this software in business operations. However, the researchers illustrated that there would probably be little influence as current contracts expire in the short term. Therefore, it is only logical to anticipate that as contracts are renewed, the need for cost-effectiveness and innovation will lead to significant changes (Gartner, 2014). This assumption will take some time because a BPO contract's average length is five years or more and many contracts are longer.

However, studies by the London School of Economics have vigorously refuted the so-called "myth" that RPA will bring back many jobs from abroad. One defense for such a claim could be that technological advances open up new possibilities for improved quality, dependability, scalability, and cost management, allowing BPO providers to compete more and more based on outcomes rather than just price. With the core offering shifting from a "lift and shift" strategy based on fixed costs to a more qualitative, service-oriented, and outcomes-based model, a new offering may be a new chance to expand the BPO business.

Industry Size of BPO

According to Itproportal.com (2017), the BPO Services Global Industry Almanac 2017 estimates that the size of the global BPO market was approximately US$140 billion in 2016. The Philippines, China, and India are all significant industry powerhouses in the BPO market. The national industry organization estimates that the BPO sector in India produced $30 billion in sales in 2017 (Etico.com, 2016). The Indian outsourcing market only includes a minor portion of the BPO sector. In India, it is anticipated that the BPO sector's workforce will decrease by 14% in 2021. Pramanik (2017) estimated the total revenue for the BPO, and IT services sectors as a whole worth US$154 billion in 2017. According to the Manilla Times (2021), in the Philippines, the BPO sector yielded about 26.7 dollars billion in revenue in 2020. By 2022, it was expected to create 700,000 jobs with medium to high skill levels (Domingo, 2017). Official statistics from 2015 place the value of China's entire outsourcing market at $130.9 billion, which includes both the BPO and IT outsourcing sectors (China Daily 2016).

1.3.3 The Knowledge Process Outsourcing Service

Ivey Business Journal (2012) defined Knowledge process outsourcing (KPO) as the term used to characterize the outsourcing of fundamental information-related business activities that are crucial to a company's ability to compete or are essential to its value chain with other businesses. The Sidney Morning Herald (2012) stated that KPO calls for highly specialized knowledge as well as advanced technical and analytical abilities. Mierau Alexander (2007 retrieved in 2012) regarded KPO as the process of possessing increased specialized knowledge and expertise, with a greater value for creation; the researcher further explained that the possibility for cost savings and a lack of trained labor are among the factors driving KPO.

Ivey Business Journal (2012) listed a couple of countries that are key inventors of KPO these countries include India, Sri Lanka, and Eastern Europe, particularly Poland, Romania, and the Baltic States, as they held places that are highly significant in knowledge process outsourcing. KPO can be seen as an aspect and continuation of business process outsourcing; however, KPO has more business complexity than BPO. Ghosh (2009, p.52) said that a lot of inter-organizational system guidance is necessary for knowledge process outsourcing to be successful, unlike business process outsourcing.

Types of KPO

There exist numerous functions and types of KPO among diverse research and information gathering services, which include areas like intellectual property research for patent applications, equity research, business and market research, legal and medical services, training, consulting, and research and development in industries like pharmaceuticals and biotechnology, as well as animation and design, are all examples of KPO services (Sornarajah & Wang, 2010, p.280).

Importance of KPO

Customers are becoming more demanding about the quality of products and services, which, as a result, generates growing competition, which has shortened market cycles. It has compelled many businesses to improve operational efficiency and raise the value of their products and services to entice and retain customers patronizing their businesses. The consumer can introduce a product more quickly and enter the market as quickly as possible than the products or services themselves, therefore pressuring organizations to increase their productivity performance. According to Vijay Kumar (2011, p.150), having a large pool of human resources allows a corporation to minimize the challenges of managing and continually creating information. Therefore, businesses are continually looking for reputable KPO service providers with the capacity to drive the finest company strategy by assessing the facts and data at their disposal in a given situation.

Benefits and Risks of KPO

According to Overby (2017), the benefits of KPO for an organization include cost reduction, provision of high-end services at an extremely low cost, shortage of unskilled employees, provision of numerous graduates at low cost, provision of flexible terms of human resource management and time management and provision of high-end services at a cheap rate to reduce unemployment and allows the economy benefit from the strategy to mention but few.

The risk associated with KPO as outlined by Overby (2017) are key talent retention, the employee's character and work assurance cannot be guaranteed, poor security as the organization's classified data can be misplaced or lost, there may arise lack of communication between partners as a result of legal, cultural, and language barriers which can give rise to other series of complications, KPO can be time- consuming and unable to provide a quick solution to an organization seeking instant outcomes, it can lead to a shortage of skilled employees, the quality of work and personnel cannot be assured, it could result in the inability to protect the organization's intellectual property and it can result in communication reduction among people due to language barrier.

Differentiation of KPO from BPO

According to Vijay Kumar (2011, p.150), a KPO organization needs more highly qualified employees than a BPO organization. Professionals who work in KPO continue their education, and seasoned professionals can leverage their talent to increase revenue for the KPO organization. The primary distinction between a KPO enterprise and a BPO firm is that a KPO firm involves the client throughout the execution process. The major distinguishing difference between a KPO enterprise and a BPO enterprise is that in a KPO enterprise, the customer is included in the whole business execution process.

1.3.4 Outsourcing Service Decision

Internal employees of the company have traditionally handled most non-core tasks in the telecom industry. Lately, some telecom firms have started outsourcing some of their operations and services profit service providers. The sector included outsourcing in marketing, security services, human resources, and general maintenance (Schwarz, 2009, p.1). The decisions made in the field of facility management vary a lot when outsourcing is used as a strategic management strategy. According to Kakabadse and Kakabadse (2002, p.189-198), outsourcing cannot be seen as a novel concept in management. The researcher further emphasized the externalization of tasks and services that were once provided internally to outside providers, allowing various objectives and explanations in various agreements, depending on the structure and culture of the business.

Management world. According to Power, Desouza, and Bonifazi (2006) list of reasons why businesses outsource, the reasons are cost reductions and savings, a concentration on essential tasks, access to information and resources, and an improvement in the sophistication of information technology. While also considering the decrease in telecommunications costs, the increased level of digitalization and informational tools, and other collaborative tools.

Brown and Wilson (2015) also cited the following seven benefits of outsourcing which they name; gaining access to exceptional capabilities, allocating resources to other goals, reviewing problematic services or processes, improving firm focus, cutting costs of operations, minimizing organizational risk, obtaining entry to resources that are not available within the organization. In addition, Dyer, Kale, and Singh (2001) tried to elucidate the four advantages associated with strategic partnerships, namely the enhancement of knowledge management, the promotion of external transparency, the provision of internal coordination, and the facilitation of responsibility. Any decision that saves cost is the best for some organizations if the choice comes down to costs and benefits. However, Gilley et al. (2000, p.763-790) argued that the option to outsource should be considered in light of the potential to enhance the value and financial effectiveness of an organization's services.

On the other hand, Yang and Huang (2000, p.225-239) cast doubt on the economic efficiency of outsourcing because transaction expenses exist. According to Liu and Scholnick (2011, p.558-571), an outsourcing management study strongly emphasizes core competencies. It has identified outsourcing as driven by the services function and position in acknowledging an organization's core assets, attributes, and skills. According to Elmuti (2004, p.33-42), outsourcing is a method of organizational transformation that can lead to opportunities for improved organizational performance.

Benefits and Motivations for Outsourcing

While many organizations have experienced significant success with outsourcing, some have faced significant difficulties and failures in outsourcing services. Making sure that an organization outsources the appropriate business function or activity was made easier by emphasizing the success or failure of an outsourcing decision arrived at by an organization. Resources and capability are the key driving forces behind the organization's decision to outsource one of many of its operations or functions. Every organization's resources, which are systematized to accomplish its business functions' goals, enable the organization to perform its services or operations effectively and efficiently. An organization lacking resources and capabilities may outsource part of its tasks to improve its performance and increase its competitiveness.

In contrast, organizations that believe they can use the right resources to create capabilities and expand their competitive edge may decide to handle all their functions internally without outsourcing to other businesses. Additional justifications for outsourcing decisions by an organization include access to resources that are scarce internally, innovation, increased business flexibility, cost savings, and the need to maintain (stock) take, for instance, in the manufacturing industry activities such as all the spare parts when performing equipment repair, service, and maintenance are undertaken internally.

According to (Murthy & Eccleston, 2002), organizations must regularly train their maintenance staff and keep up with the latest technological advancements. Because all of these activities raise operating costs, outsourcing contracts are necessary to decrease material costs and wasteful time through the use of effective maintenance techniques offered by the service provider, which also improve systems and lengthen their useful lives. When a company outsources, it gains freedom and the free will to accumulate and justify resources and can be more creative since it can concentrate on its core potential. Organizations can increase efficiency and lower organizational risks by ensuring that the service provider abides by the service level agreement terms. Researchers have studied several reasons for outsourcing to further their analysis of the topic with published evidence of their findings in a business case that many businesses are motivated by the bottom line to outsource to increase profits or find the most cost- effective make or buy the solution that will increase their productivity level and improve their performance (Ellram & Billington, 2001, p.15-27).

Numerous studies have concluded that the primary motivation for organizations in making decisions to outsource their operations is to raise their profit margin. Jiang and Young (2007, p.885-900) emphasized that doing so enables them to save money by using fewer resources, lowering operational and capital costs, and paying their employees less. Other organizations approach outsourcing as a business strategy that allows them to focus more on their core capabilities, control complementary resources, and increase flexibility to respond to market developments. Finally, companies report that they use outsourcing to raise the caliber of their products or services when the systems, technology, or employees are ineffective (Gewald, 2010, p.89-105). Researchers, practitioners, and governments have carefully examined the outcomes of outsourcing decisions since it has become a common technique. Organizations initially place a heavy emphasis on immediate gains when they fail to develop a sound conceptual ground for evaluating the cost and benefits of outsourcing services (Lonsdale, 1999, p.176-183).

Challenges and Considerations in Outsourcing Decisions

The multinational enterprise is in intense competition with the locally owned oil enterprise operating in the same industry. For these local enterprises to survive and hedge over the MNEs, they must embrace tactics and tools that allow them to move ahead with a competitive advantage over rivals to thrive and remain effective (Kotabe & Murray, 2004, p.218-224). Moreover, the current financial environment has become so competitive that most firms have been compelled to downsize, re-evaluate, and reprioritize their business operations and objectives by restructuring and paying greater attention to their core strengths.

As a result, businesses have realized that not all business operations can be handled internally and have turned to outsourcing services for the betterment of their business operations and improved performance. In the current competitive environment, outsourcing services have been a key tool used strategically to assist management in acquiring the knowledge and capabilities necessary for restructuring and managing relationships conducive to the efficient and effective running of arrangements regarding outsourcing.

As a result, domestic and international enterprises now frequently adopt outsourcing services as a business strategy (Obeng et al., 2015, p.90-101). It is so because outsourcing services are safe, fast, and reliable; also, businesses can be concentrated on the key areas of their operation while reducing costs on the outsourced operations, maximize profits and still achieve a high level of productivity and performance because they focus on operations where their strength lies and outsource others to specialized vendors. Outsourcing is a management approach to move significant non-core operations to knowledgeable, capable outside vendors; this definition was proposed by Lysons and Farrington (2006). That is to say that outsourcing services are a procedure wherein businesses purchase products or services from external dealers rather than engaging the tasks internally through leveraging on the staff working in the organization. More attention is paid to key tasks while non-core activities are outsourced to increase organizational performance (Obeng et al., 2015, p.90-101); therefore, it is safe to state that outsourcing services positively impact organizational performance.

However, Holcomb and Hitt (2007, p.464-481) explained that the adoption of outsourcing services to external vendors by an enterprise does not indicate that the tasks or activities that have been outsourced are less crucial to the success and organizational performance of the company leading to them being minimized or outsourced, but this is to redefine the core specialization of the enterprises so they can focus more on their areas of expertise while leveraging on other businesses to help them with their non-core operations. There exist many phases of business operations that can be outsourced, including areas such as information technology (IT) services, facility management, catering services, and others, to mention but a few (Holcomb & Hitt, 2007, p.464-481). As proposed by Ok (2011, p.131-143) is uncommon for businesses to outsource an entire process. However, due to the rapid change occurring in the global business market and the rigid competitiveness of MNEs with the local enterprise that has created room for intense competition, many businesses are being compelled to reprioritize their operations by reassessing their activities.

Abdul-Halim et al. (2016, p.153-168) stated that the impact of this fierce competition and the reason to adapt to the fast-growing economic space has led many enterprises to battle to keep up with the constantly shifting wants and needs of their customers; this is because customer satisfaction is the breath of every business and without it regardless of an organizational vision or performance such business cannot survive. Susomrith and Brown (2013, p.704-720) also conferred that businesses are under pressure to find novel ways to maintain competitiveness in these unstable global markets because of the current situation in the global market. These methods include restructuring, cultivating a certain level of flexibility, and lowering expenses by adopting outsourcing, the practice of purchasing activities previously engaged internally. The introduction of technology, which first appeared in the 1990s and gave rise to a unique potential for delivering and purchasing outsourcing operations, has fueled the growth of outsourcing services and its impact on organizational performance (Embleton & Wright, 1998, p.94-106).

Although cutting costs appears to be the main driver and motive of business outsourcing services to other businesses, it is crucial to investigate all possible drivers that can mitigate the impact of outsourcing services on organizational performance. Espino-Rodrguez and Padrón-Robaina, (2004, p.287-306) opined that to get a competitive edge, outsourcing might be a very important step for a business to hop up their business games in the competitive market. Also, Greaver (1999) argued further in favor of this discussion by stating that businesses need to think tactically if they want to manage the numerous changes and mounting challenges they are bound to encounter in the global market.

According to the researcher, companies are ripped in between the traditional paradigms of operations where factors of production are fully owned by organizations as the better option for achieving a competitive advantage which is quite in contact with the concept of outsourcing, in which tasks are delegated to outside suppliers who own the resources. Therefore activities are being moved out to external suppliers. As a result, (Obeng et al., 2015, p.90-101) stated that several businesses now opt to handle some services internally. It demonstrates the ability of outsourcing as a strategic instrument in reaching competitiveness.

However, if used improperly, it can result in unsatisfactory performance by an organization, causing bad morale for business enterprises and lost economic prospects in the global space. Because many businesses choose short-term solutions when hiring suppliers without considering the long-term effects, outsourcing activities can cause businesses to run into a series of issues in the long run; that is to; say, though outsourcing services may impact positively business performance, regardless of these great function where outsourcing services is not careful assessed and directed on the right track of operations it could impact negatively on a business, causing ruins, long- term damage, and poor organizational performance. Significant advancements have occurred in how items are designed, produced, and distributed to consumers, resulting in a massive shift in sectors such as communication, IT, and industrial environments.

Ok, (2011, p.131-143) suggested that outsourcing non-core functions to external, domestic, or foreign vendors will enable enterprises to increase the effectiveness in operations, also helping the organization's productivity while focusing on its capabilities on tasks that will give it a competitive edge over its rivals. Because external suppliers benefit from economies of scale in manufacturing, more flexible schedules, and a wider pool of expertise, outsourcing is generally expected to lower the cost of production, which is one incredible advantage and makes outsourcing impact positively on organizational performance (Williamson, 1989, p.136-181; Roodhooft & Warlop, 1999, p.363-369).

Sanch's-Pedregosa et al. (2014, p.77-85) also noted that because of the escalating level of competition in the global marketplaces, businesses are forced to make strategic decisions on which tasks should be carried out internally and delegated to outside suppliers for fast engagement. To acquire external inputs, most businesses have primarily engaged in leveraging the procurement of business services to improve their delivery capabilities (Murray & Kotabe, 1999, p.791-809; Axelsson & Wynstra, 2002; van Weele, 2009; Van der Valk, 2008, p.301-315). Fitzsimmons et al., (1998, p.370-380) noted that outsourcing services to an outside supplier can be incredibly varied and much more complicated than outsourcing production itself, which may result in some shifts in operations during outsourcing services by an organization. The adoption of service or material outsourcing is a strategic choice because it improves the firm's financial performance (Boyson et al., 1999, p.73-100; Wilding & Jurado, 2004, p.628-644; Hsiao et al., 2010, p.395-414; Merino & Rodrguez-Rodrguez, 2007, p.1147-1173) and also increases business flexibility (Sahay & Mohan, 2006, p.666-689; Arias-Aranda et al., 2011, p.1849-1870) also it creates room for productivity improvement and other aspects (Razzaque and Cheng, 1998, p.89-107; Sum et al., 2001, p.1239-1260).

According to Fernie (1999), the use of outsourcing enables a business to expand its operations while acquiring new skills and technological mediums that are yet to be explored to gain a larger market share and also accessing new technologies and skills to enable it to focus on its core competencies (Bustinza et al., 2010, p.276-288; Hsiao et al., 2010, p.395-414). According to Mclvor (2008), the decision to adopt outsourcing services by organizations is a crucial and strategic step that helps businesses develop the skills necessary in the current global market to experience impressive market gain and consistency in the mode of operation. According to (Belcourt, 2006, p.269-279), most organizations outsource their businesses to other business owners, and this practice is a common trend that is on the rise. However, the advantage depends on the outsourced activity.

According to Isaksson and Lantz (2015, p.11-20), outsourcing is the strategic utilization of resources from outside sources to carry out tasks previously completed internally by workers and resources of the company. Most businesses engage in outsourcing part of their business operations to other vendors because it is believed that doing so the impact will improve organization performance, minimize stress and overload of employees and yet attain the optimum level of customer satisfaction; all these are more reasons organizations outsource services to external vendors rather than undertaking it internally. Globally, outsourcing has become more and more common in management practices. The outsourcing strategy is just one of the many tactics used by businesses to stay competitive.

The question as to whether outsourcing services can help businesses save costs and increase productivity was proposed by Yeboah (2013, p.2222-2839) while stating that one of the primary motivations for starting a business is to reduce costs to raise revenue, therefore outsourcing services can be said to improve this aspect for businesses as it allows them to save cost. Also, as a result, outsourcing services enable businesses to focus on their core strengths to enhance performance and boost profitability. Gilbert and Rasheed (2000) accepted the notion that organizations these days make huge use of outsourcing services to achieve competitiveness above others because outsourcing enables cost reduction for organizations and impacts their performance capabilities. Evidence has it that organizations that use outsourcing services for some aspect of their business operations were able to record a decrease in their manufacturing cost and investment cost in contrast to organizations that do not engage in outsourcing service.

1.3.5 The Stages of Outsourcing Service

There are four stages of the outsourcing process which are these are the evaluation and selection stage, where the organization chooses the most appropriate outsourcing projects and suitable locations for undertaking the operations and service providers to accomplish the task; the strategic thinking, to build the organization's mindset as to what the functions of outsourcing are and its activities; the contract development, which involves negotiating of the conditions of the service provision level agreement (SLA), price, and the law and the outsourcing management or governance, which is concerned with enhancing the continuous collaboration between clients and the outsourcing vendors or business providers.

The success of outsourcing services is based on three factors that are common to most situations; these are the executive-level support for the mission and purposes of the outsourcing between the client and the organization. The second variable is open communication with affected employees, and the organization's capacity to handle the service providers is also outsourcing its operations. The third is that the outsourcing professionals in charge of the organization's operations from both sides, from the customer and the person providing the service, need joint abilities in project management, communication, and negotiation. They also need to be able to comprehend the terms and conditions of contracts and service level agreements (SLAs), and, most importantly, they must be willing to be flexible as business needs change.

An article by Workforce (2021) proposed that there are seven stages in outsourcing services which are explained extensively;

Stage One: This talks about evaluating business needs and selecting a sourcing plan that meets the needs; this aspect is the most essential in processing as poor assessments of the company's fundamental requirements will yield poor solutions if not handled properly. To correctly identify the organization's actual needs, leaders must have a comprehensive perspective of their organization and the potential role that outsourcing services may play in their business. The worst thing that could happen to an organization is choosing the wrong partner or contractual structure to accomplish the necessary change, which can have unanticipated consequences down the road.

Following an accurate diagnosis of the conditions of partnering with an outsourcing service provider, management must take the necessary time to plan how it will address the demand in a way that is both cost-effective and highly successful. After careful analysis of the situation, organizations are left with one out of two options to decide on; they can either handle the operations internally or source them externally. The following inquiries are typically useful when deciding between insourcing and outsourcing; when trying to make this decision as to whether to insource or outsource organization should be able to show what proof it has that internal resource allocation would be more advantageous in terms of the caliber and effectiveness of the solutions delivered; also evaluation as to whether the organization provides the solution at a high level using its developed resources must be made.

The systematic evaluation of the organization's strength, capacity, and benefit- risk analysis as to the undertaking of the operations will inform the decision to engage outsourcing as a solution instead of insourcing. To be precise, this refers to describing the advantages and disadvantages of outsourcing and determining if the former prevails over the latter. In situations where the decision to outsource the task is still viable following the benefit-risk analysis, the process in stage two can begin.

Stage Two: In this stage, the scope of the outsourcing transaction is defined. The general operations within the business process that is to be outsourced are straightforward to define for some organizations. For instance, while some customers outsource their HR administration operations, others may be interested in managing every aspect of their Workforce, including hiring, training, performance management, and termination of contracts. In this stage, these decisions are carefully observed and the decision made.

Stage Three: This entails the selection of a vendor/service provider after the work scope has been accurately specified; this leads to choosing a possible vendor or vendors or service providers that have the necessary tools, skills, and experience to deliver the services required. The process of choosing a vendor/service provider can be quite intricate and emotional. The major difficulty is to make sure a vendor/service provider to be selected someone known for high-quality services at an affordable price, one who minimizes risks, and one who is reliable. Choosing the right vendor/service provider can be highly profitable for the organization. There is an avenue that the relationship will continue, but picking the wrong vendor could hurt or even sabotage a well-intentioned outsourcing operation.

Stage Four: this stage, is known as the negotiation and contract procurement or dispute resolution and contract acquisition, here an organization outsourcing team must spend some time reviewing each proposal after it is received from the vendors to determine which vendor or vendors are most qualified to offer the required services. Making a list of important criteria to evaluate the suppliers and their proposals will help the review process. Final discussions can start after the organization has decided on its chosen vendor or vendors, and the organization can proceed with drafting the contract. Although this process may seem rigorous and tedious, creating and negotiating a Business Process Outsourcing contract can be divided into six essential components for easy accessibility, which are the scope and nature of engagement, the customer organization roles, and responsibilities, the service provider/vendor organization roles and responsibilities, the engagement cost, evaluation of the related performance metrics, and resource in the situation of unified partnership intentions.

Stage Five: This is the project initiation and transitioning phase, where the two organizations can proceed with shifting resources and obligations from the organization to the service provider when the contract is signed. The goal of this phase, which marks the project's formal launch, is to transfer tasks, decision-making authority, and knowledge to the vendor organization so that it can carry out the work efficiently and mostly independently of the customer organization. This step is one of the most important stages in outsourcing services because it determines how the entire outsourcing process is embarked. At the first trial of outsourcing services, things may be a little difficult, even in the best outsourcing agreements.

However, evidence has it that some constructive conflict at first is a positive sign since it indicates that both sides are committed to the success of the business relationship and are willing to put forth the necessary effort. At this point, a vendor must put in a lot of effort to make sure that the client's organization recognizes the special nature of this stage and does not get overly excited but rather assist them in concentrating their energies on setting up the working relationship. Also, the service providers must encourage the organization outsourcing to them to be accommodating and flexible to facilitate a smooth business relationship. This stage is packed with an operation such as evaluating the relationship continuously, problem-solving, communication management, management of processes, and knowledge and information acquisition are important aspects of the stage.

Stage Six: This phase entails managing the service delivery; because of the necessity of preserving a working relationship during the timeline of the contract, this stage is usually the longest. Relationship management entails systematic process audits and ongoing oversight of the outsourcing engagement to ensure that desired levels of operation are being fulfilled.

Stage Seven: The last stage is the end of the contract/transfer phase; here, the goal of an Exit Management Plan (EMP) is to agree on a set of procedures that are fair to both sides, and this should be done when the contract is being drafted, and the relationship is in good shape. Even though studies have proved that once mutual trust is established, outsourcing relationships can last for years.

1.3.6 Related Studies on the Impact of Outsourcing Services on Organizational Performance

The performance of outsourcing is covered in a few further studies in the area of outsourcing services. A study conducted by Petronile (2013) among the book publishing industries in Kenya examined the effects of outsourcing services on organizational performance. The study focused on how the industries' intense competition and customers' demands for specialized goods and services have compelled businesses to assess, enhance, and reengineer their business operation processes. The researcher adopted the use of descriptive research design in the study. The study population consisted of thirty businesses involved in Kenya's publishing industry; a self- administered structured questionnaire was utilized to gather the primary data in the study.

The study's findings revealed that the organizations were outsourcing operations such as production, printing, distribution, support, advertising, and technological services. It was also shown that outsourcing functions impact how well publishing companies perform since it improves productivity, flexibility, product quality, operating cost savings, technological innovation, and customer satisfaction; the conclusion was, therefore, that outsourcing services have a positive impact on organization performance. The study recommends that businesses need to continue outsourcing other services in areas where they lack a competitive edge over their rivals to keep increasing their performance.

A study by Igbatayo (2019) revealed that outsourcing services had been strengthened by the decline in crude oil prices from 100 dollars in May 2014 to 30 dollars and even lower in the early period of 2016. According to empirical research, outsourcing servicing of non-core operations may result in cost savings of up to 25% for on or near-site operations and up to 50-75% for offshore operations compared to performing the same services internally by the organization. In addition to cost savings, BPO also offers a sharper emphasis on core skills, improved regulatory compliance and conformity, allow access to a wider labor pool, and cutting technological edges.

With over 90% of Nigeria's foreign exchange reserves and over 70% of the country's annual revenue generated by the government from the oil and gas sector, it has become clear that the oil and gas sector is the strength and Achilles heel of the Nigerian economy. Since Nigeria's involvement in the oil and gas business started in the 1990s, outsourcing has expanded. For instance, empirical research shows that up until the early 1990s, employees in the oil industry made up around 70% of the permanent workforce and 30% of the temporary workforce, respectively, through leveraging outsourcing services. The purpose of contract staff's initial attention was directed toward non-core tasks. However, in recent years, fundamental functions have become increasingly outsourced to service providers, inverting the industry's employment structure by 2010, when only 40% of employees were permanent (Igbatayo 2019). Concerns about the inadequate welfare of contract workers, led by labor organizations, have grown in the business due to the growing substitution of permanent staff with temporary ones.

The outsourcing services strategy and organizational performance in the Nigerian manufacturing sector were studied by Akewushola (2012); the study objectives emanated from the way that increased competition among manufacturing and service delivery organizations, driven by globalization of practices, has accelerated firms' efforts to produce value through the effective use of scarce resources. The study adopted the stratified sampling technique to collect about 120 sample elements for the study investigation. The data analysis technique utilized in the study was regression analysis to assess the data collected after administering questionnaires. The study findings revealed that businesses that outsource some of their operations/tasks reduce their average cost, boost sales turnover and profitability, increase their level of competence, improve the quality of their services, and free up time for their core tasks. The study thereby recommends that businesses must continue to exert more control over their actions to guarantee that the contractor is following best practices.

Akinbola (2012) researched the impact of outsourcing services techniques on the organizational performance of fast food businesses in Lagos State in Nigeria. The study's objectives stem from the fact that Nigeria's fast food industry was undergoing explosive growth and rapid innovative performance. The study questionnaires numbered 300 and were administered to ten randomly selected fast food establishments in Lagos to collect primary data for the right study questions and test three hypotheses accordingly. The results from the study revealed that outsourcing has so far had a favorable and benefitting impact on the performance of the fast food industry in the Nigerian food sector.

Additionally, empirical findings showed that the industry has profited from outsourcing its business operations to cut costs and minimize the risk of uncertainties. The study also discovered that certain technical business forms that involve knowledge and professionalism could be outsourced to improve client relationships. In recommendations, the study suggested that for fast food organizations to increase their profitability, the fast-food chains should build business ties that would be handy in negotiating deals with outsourced services contractors. Musubika (2010) investigated the impacts of outsourcing on organizational performance in Century Bottling Company Limited. The study's objectives were generated from the practical advantages and difficulties that companies have while outsourcing services of their non-core activities.

Although the study experienced a certain amount of restrictions which included budget and time restraints, the study was able to collect and evaluate the data to achieve the study's objectives. The study's findings demonstrate that businesses outsource services to obtain specialized knowledge, hasten service delivery, cut costs, and free up time to concentrate on their core operations. Recommendations are that to cut expenses and emphasize key competencies, organizations should engage more in outsourcing some of their services and operations. The research gap is that the study did not highlight the impact of outsourced services and tasks on organizational performance.

Muweesi (2011) investigated the impact of outsourcing on organizational performance in private companies in Uganda using Uganda Telecommunication Limited as a case study; the study objective emanated from Uganda Telecommunication Limited's decision to engage in outsourcing some of its operations, including the sale of airtime and the provision of mobile money services, in a bid to enhance performance. However, organizations have yet to uncover the full benefits of outsourcing services. In selecting managers for the study, the study engaged a purposive sampling technique adopting a quantitative research approach, and simple random selection was used to get the other respondents. The results showed that outsourcing services by Uganda Telecommunication Limited improved cost-effectiveness. However, the study analysis discovered that Uganda Telecommunication Limited's outsourcing of its services and operations in some way helped the company's profitability at a lower level. The study concluded by recommending that the firms that makeup Uganda Telecommunication Limited should outsource their services and operations more to gain more from cost- effectiveness.

In conclusion, many studies reviewed above have discussed how outsourcing services positively impact organizational performance. The key issue was the decline in organizational performance brought on by various factors, one of which was the significant influence that outsourcing service strategy played. The studies collected data manually through questionnaires, interviews, and observation. According to all the research reviewed above, organizational performance is impacted by outsourcing services activities. Furthermore, in terms of profitability and productivity, outsourcing has been attributed to accelerating the organization's growth. Nevertheless, there is one thing the studies all have in common: the evidence supporting outsourcing's benefits for organizational performance is ambiguous. Understanding and measuring the concept of organizational performance is a complex topic with a limited number of research studies. The fundamental definition of organization performance as a significant parameter is that it is a dependent variable that seeks to change performance. The performance of an organization can be assessed using metrics such as market share, sales turnover, profitability, production output, and customer satisfaction. The extent to which an organization achieves a set of anticipated goals consistent with its vision and mission is what is referred to as its performance. Customer happiness and satisfaction, cost-effectiveness, good resource management, value creation innovation, and profitability are the most prevalent performance drivers. All these goals are attained through effectively implementing the strategies and controls adopted in the organization. Access to the appropriate knowledge and skills, effective planning, innovation, and flexibility are the key success factors for organizational performance. Financial and non-financial metrics of an organization's performance can be separated into two groups. The non-financial performance measurements encapture the utilization of resources, innovation, service delivery quality, strategic focus, and staff development, among others.

In contrast, the financial performance measures include return on equity, profit, return on assets, and market share. According to Gathungu and Mwangi's (2012) study, predicting an organization's capabilities is important for the organization, particularly when identifying and assessing opportunities within the environment of the organization. It can be done by examining a new technology, breaking into new markets, and paying close attention to customers' needs. An organization that is into BPO service is distinguished from a traditional third-party Application Service provider (ASP) by developing new technology or repurposing existing technology to improve a business process. Saxena & Bharadwaj (2009) stated that business process outsourcing must become essential to restructure an organization and launch new projects. To achieve performance improvements, organizations are looking beyond their usual organizational barriers.

According to numerous studies (Matzler et al., 2004, p.1179-1198), the quality of a product and customer satisfaction are the two main aspects that affect organizational performance. According to Jamal and Naser (2003) customers' delight or opinions toward products or services after usage is typically referred to as customer satisfaction. It is necessary to state that the definition and meaning of customer satisfaction may vary greatly among perceivers. The meaning may consider different accounts and elements like pricing, professionalism, conformity, delivery time, and others (Kuronen, Takala, 2013). It may also be in the form of a response to consumer requests.

Thus, it is possible to think of customer satisfaction as the outcome of a subjective process in which the client contrasts his expectations with what is experienced (Anderson et al., 1994, p.53-66). This definition of customer satisfaction follows the transaction-specific idea, which assesses certain purchasing opportunities after the selection and the potential to purchase such a product after the decision has been made (Anderson et al., 1994, p.53-66). Selnes (1993) gave the meaning of customer satisfaction like the definition given by Anderson et al. (1994), stating it as the post- decision evaluation of a specific transaction.

Researchers Al-Hawari and Ward (2006, p.127-147) focused their research on the current status of customer satisfaction while assessing consumer satisfaction. Narrowing customer satisfaction issues due to an organization's lack of attention to its marketing strategy; how it uses marketing instruments, such as pricing techniques, which impacts customer satisfaction and, in turn, corporate profits and organizational performance (Zeithaml, 2000, p.67-85). Anderson and Mittal (2000, p.107-120) focused their study on products and their effect on customer satisfaction and how the effect impacts the organization's profit and performance. It can be stated that high product quality equates to high customer satisfaction and a higher willingness to purchase the product, given that the quality of the product depends on the customer's satisfaction, a term known as share wallet.

Regardless of the time frame, there is a connection between product quality and customer satisfaction in the long run, which enforces the customer's commitment to the product purchase, which enables the organization to retain the customers and, in the long run, impacts positively on the organization's performance. The findings of (Anderson, and Mittal, 2000, p.107-120) agree with the above assertion. Different researchers have different definitions of the meaning of quality.

For instance, Parasuraman et al. (1985, p.41-50) define quality as manufacturing with no defects, whereas Crosby (1979) describes it as compliance with customer demands. Then, it is possible to understand quality from the customer's standpoint as the quality that is valued based on the customer's assessment of the overall excellence or superiority of a product

(Zeithaml, 1988). Fornell et al. (1996, p.7-18) pointed out that if the perceived quality is the first factor determining overall customer satisfaction, perceived value is the second-factor impacting overall customer satisfaction. This finding then implied that quality and customer satisfaction are related, or rather, the degree of quality is influenced by customer satisfaction. However, at the same time, the degree of customer satisfaction and the quality of the product also reflects the value that the consumer subjectively attributes to the product, which automatically impacts organizational performance.

From this assertion, one can infer that the price a customer is glad to pay for a certain product determines their satisfaction with the product. However, it must be understood that a customer's greater needs for a product and satisfaction and contentment with the product do not necessarily translate into the customer's perception of the product as having higher quality. With this idea, it can be added that higher product quality also equates to higher product value, leading to higher product prices as perceived by the buyer. However, there may be less evidence as to whether the buyer will be willing to pay a higher price for a perceived product with high quality. Organizational performance may be viewed with its production capacity or as a result of the manufacturing process. By incorporating firm performance review in pertinent prices of targeted items, this technique immediately encourages using accounting data for direct performance evaluation. The three profitability metrics, which are return on sales (ROS), return on equity (ROE), and return on assets (ROA), are widely and most common measures of assessing organizational performance (Richard, 2009, p.718-804).

1.3.7 Related Studies on the Impact of Customer Satisfaction on Organizational Performance

A study conducted by Suchanek and Kralova (2015) focuses on the effect of customer satisfaction on organizational performance and how it affects business success by gauging how satisfied customers are with the products offered by organizations by evaluating the competitors. The study was done to identify variables that impact both customer happiness and organizational performance. The performance of a corporation is affected by several distinct elements, some of which researchers developed a model to explain. The study concentrated on organizations in the Czech within the food industry and their consumers. The study focused on the financial performance of the organizations, which were investigated based on metrics such as ROA, ROE, and assets turnover. Based on this, the researchers classified the metrics as either efficient or inefficient for measuring organizational performance. In addition, aspects that affect customer satisfaction were identified based on the research from previous studies, which included the product's quality, consumer needs, comparisons with similar items, and others. The study findings revealed that factors affecting customer satisfaction also affected organization performance success and were examined using non-parametric statistical methods such as discriminant analysis and logistic regression as the determinants of customer satisfaction. The study recommended that management may find this approach useful in improving operations and boosting output.

Several things impact customer satisfaction. These characteristics mostly include product differentiation and service excellence. Michael (2020) conducted a study investigating factors affecting customer satisfaction and its impact on organizational performance at Multinum; Gauteng examined the relationship between customer satisfaction and organizational success. The study focused on the idea that several factors contribute to and shape consumer satisfaction, impacting how well an organization performs. As a stand-in for an actual performance indicator for an organization, the Balanced Scorecard (BSC) was utilized in the study. This study used a quantitative research methodology.

The respondents' information was gathered through a survey and a questionnaire. One hundred fifty (150) customers who had contact with the business provided the data; this was accomplished to ensure that the survey only took into account clients who had just dealt with the business. Using a probabilistic sampling frame as a tool for selecting participants. To describe the key variables, a descriptive statistic was used, and frequency distribution and percentages were computed. Consequently, 148 respondents were included in the study's final analysis. All of the responders were 42, 6 years old on average. Between sixty-five and seventy percent (65% and 70%) of the variance was explained by the results of R 2 for a variety of service quality and organizational performance proxy measures, including the Balanced Scorecard (BSC), demonstrating the influence of customer satisfaction measurements like service quality measures on organizational performance.

The study recommended that customer-targeted advertising be used to understand better customer wants to be based on their demographic and socioeconomic characteristics. Prospects for innovation should also aim at providing members with value. The study suggests that price and service quality should be the two most important aspects of innovation. It is advised that management seeks new business prospects, which should be done in the interest of the customers, particularly for services of a distinctive type, and that create value for customers while also enhancing customer service and offering a high-quality product or service. According to Bramall, Schoefer, and Mc Kechnie (2004), the researchers stated that organizational performance could be measured by meeting the needs and trust of their service users, which will be oriented toward achieving satisfaction, long-term profitability, and customer retention which through promise, reputation, and offline presence. According to Swaen and Chumpitaz (2008), there are three main components to service users' trust: perceived credibility, perceived integrity, and perceived goodness. Qureshi et al. (2009) concluded that trust levels established by retailers and buying experiences during transactions are the key determinants of retailers' and online purchasers' intent to repurchase. Also, Qureshi et al. (2009) also revealed a significant association between service users' repurchase intentions and their level of trust when they shop for products and services, which impacts the service provider's organizational performance positively.

There is a positive link between service user trust and organizational performance; when a service user is satisfied with the service experience, most especially when the quality of the service exceeds their expectations, there is every tendency that they keep patronizing such organizations which, along the line results in customer loyalty, trust and retention for the organization and the outcome of this is that it leads to improved organizational performance. Chun Ha, Yang-Kyu, and Cho (2011) stated that affective trust comprises traits like openness, compassion, honesty, understanding, and respect. Availability, competence, consistency, discreteness, fairness, integrity, location, openness, promise fulfillment, and responsiveness were the ten precursors of service user trust, as identified by Butler (1991). A person's core cognitive ideas that one individual during appraisal of others includes compassion, honesty, and competence. Trustworthiness variables such as integrity, benevolence, and ability and tendency to trust are the important connection of service users' trust, which leads to good behavioral outcomes like risk-taking when pushing a product or using a service.

A lack of ability, goodness, or integrity makes it unlikely that a client will trust a business in subsequent contacts. Benevolence is the amount to which the trustee is thought to wish the trustor well, and therefore; a service user trust may not occur in the future if the organization providing the service lacks benevolence, integrity, or ability to satisfy its service users. According to Mishra (1992), benevolence is the readiness of one side to take a fair benefit when engaging with another, and both parties' self- interests are balanced. According to Kumar et al. (1995), benevolence is the belief of the customer in the trustee's motivation to act in the customer's best interests; when these needs are met, customer satisfaction, trust and loyalty are established, and the organization will be able to retain the users of its services which improves the overall performance and reputation of the organization.

A study by Nischay et al. (2015) investigated the causal connections between customer trust, customer loyalty, and repurchase intention, where the importance of perceived CSR is considered. The study adopted a custom-made and customized questionnaire; the data was gathered from different demographic groups in India. The researchers modified two constructs from previous studies to carry out their investigation. First, the study used IBM SPSS 21, Cronbach's alpha reliability, and a factor analysis test to assess the collected demographic data. Second, hierarchical regression was used to determine the moderation effect of perceived CSR among customer trust, loyalty, and repurchase intention. When perceived CSR was utilized as a moderator between customer trust and customer loyalty, the association between customer trust and repurchase intention becomes much more important, this was according to the results of Hirerihal regression made in the study. The study also revealed a significant positive association between service user trust and repurchase intention. Still, this relationship becomes even more significant when perceived corporate social responsibility (CSR) is considered a moderator. However, the association strengthens once again when perceived CSR is employed at a moderate or higher level. The current results also demonstrate a strong positive relationship between service users' trust and the intention to keep patronizing the service provider. The study recommended a positive association between service users' trust and organizational performance.

A study was conducted by Heh and Ali (2006) to investigate the relationships between social trust and mistrust and service users' orientation. The researchers also examined the impact of the associations on organizational and HRM elements of caution, job satisfaction, and culture for change within the banking sector. The study data was from 812 bank employees in China, Taiwan, Hong Kong, and the USA. This study is backed up with evidence that the notions of trust and distrust do not belong on the same continuum, based on proposals made in the literature. The study findings confirm the conceptual distinction between societal trust and distrust by demonstrating a positive relationship between trust and service user orientation. The study also demonstrates that the association between societal trust and service user trust orientation is moderated by the presence of culture for change in banks. The findings also highlight the significance of being cautious in the financial sector.

The implication of the study findings was on the distinction between trust and distrust and its implications for managing trust in organizations, the relationship between trust, customer orientation, and organizational performance, and specific issues relating to banks, such as the significance of a culture of change, caution, and trust. The study also mentioned that building trust in banks impacts more than just the relationships between bank personnel. Additionally, it is seen favorably by the bank service users and will benefit the organizational performance. Additionally, reducing or eliminating distrust before assuming a work atmosphere characterized by trust is possible. Additionally, establishing and preserving trust in organizations depends on cultivating a culture open to change. Therefore, a crucial conclusion is that there is a conceptual difference between trust and distrust. Additionally, cross-national data on banks demonstrate a unique connection between trust, service user focus, and bank performance. Therefore, the study concludes that the level of trust and orientation of servicer users significantly impact an organization's performance.

1.4 Hypotheses

1. Customer satisfaction will have a positive relationship with organizational performance
2. Service user trust will have a positive relationship organizational performance
3. There will be a positive joint influence of customer satisfaction and service user trust on organizational performance.

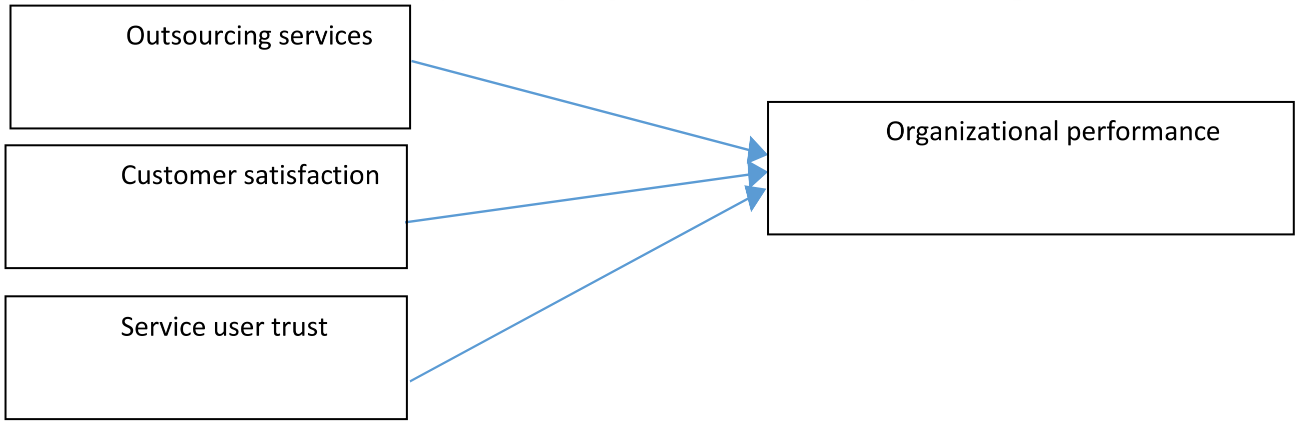


Figure 1: Conceptual Model.

Source: Prepared by the author (2023).

CHAPTER TWO

METHODOLOGICAL APPROACH TO THE STUDY

This chapter explains the methodological approach to the study, hypothesis stated in the study, ethical considerations, the study limitations, and areas for further research.

2.1 Research Design

An exploratory sequential research design was employed in the research. This research design is always employed when using a mixed research method and may involve conducting an initial quantitative study before engaging in a qualitative research to support the initial findings. The research design takes into consideration the purpose of conducting research in a new field and as such was deemed suited for the current study as the research intended to test the research hypotheses as well as provided suitable answers to the research questions.

2.2 Research Methods

A mixed research method was adopted for the current study. Here, both qualitative and quantitative research methods were utilized for the current study as the effort of the research concentrated on collecting information pertaining to how outsourcing services impacted organizational performance and whether performance were rightly perceived by those working within selected organisations. Specifically, the quantitative aspect of the research focused mainly on testing the research hypothesis by making association between the research variables while the qualitative aspect of the research focused mainly on the opinions and beliefs of the research respondents pertaining to the concept of the organizational performance and how it was replicated within the organization they were working for.

2.3 Research Settings

The research was mainly conducted online as the researcher tried to gather primary data by communicating with the research participants through online data collection medium like Google form. The reason behind the adoption of this method was that the researcher was not in close proximity with the research participants and as such, the participants were contacted by the means of referral systems through work based social media platform like LinkedIn and through email messages.

2.4 Sampling and Sampling Method

The research population include employees of oil and gas companies. They represent workers who are gainfully employed on a full-time contract within organizations that are regarded as major players in the sector. Some of these businesses include Exxon Mobil, TotalEnergies, Hardy Plc. Since the researcher could not meet all of these employees, 50 participants were targeted for the research. Hence, the research participants were selected using a snowball sampling method and a purposive sampling method. Regarding the purposive sampling method, only 50 research participants were required for the research while snowballing was used to reach participants. This was based on an incentivized referral system that involved a participant linking the researcher to subsequent research participants and getting incentives in form of a public display of appreciation through social media posts.

2.5 Research Instruments and Data Collection

Two main research methods were adopted including a survey in form an online questionnaire and an online interview were the respondents provided responses pertaining some of the underlying research objectives. For the survey, the questionnaire was divided into four segments that reflects each of the research variables. In the first section, the information pertaining to the participants' demographics were collected including the gender of participants, the years of experience, educational qualification, and other details. The second section include statements that measured extent of outsourcing within the organization.

2.6 Ethical Considerations of the Research

This study follows the rules and laws of research ethics throughout the research. Before embarking on this project, the researcher obtained approval from the supervisor and the department; after the research topic was approved, the researcher proceeded to conduct the research without violating any ethical considerations. Consent was obtained when due at every point necessary in the research; confidentiality and proper citations and references were accorded to the respective material resources adopted for the project's success. Another ethical consideration highly revered in this study is plagiarism; as best as possible, the researcher avoided any plagiarism throughout the study. This study adopted secondary data from various sources and ensured all materials were duly referenced.

2.7 Data Analysis and Statistical Method

To analyze the collect data, SPSS version 23 was employed to estimate the existing data and to make sense of the collected data through scientific interpretation. Data collected were analyzed based on the demographic information provided by the participants using simple percentages, mean, median value, and mode. Additionally, the data pertaining to the testing of research hypotheses were analyzed using inferential statistical methods such as multiple regression analysis and correlational analysis.

CHAPTER THREE

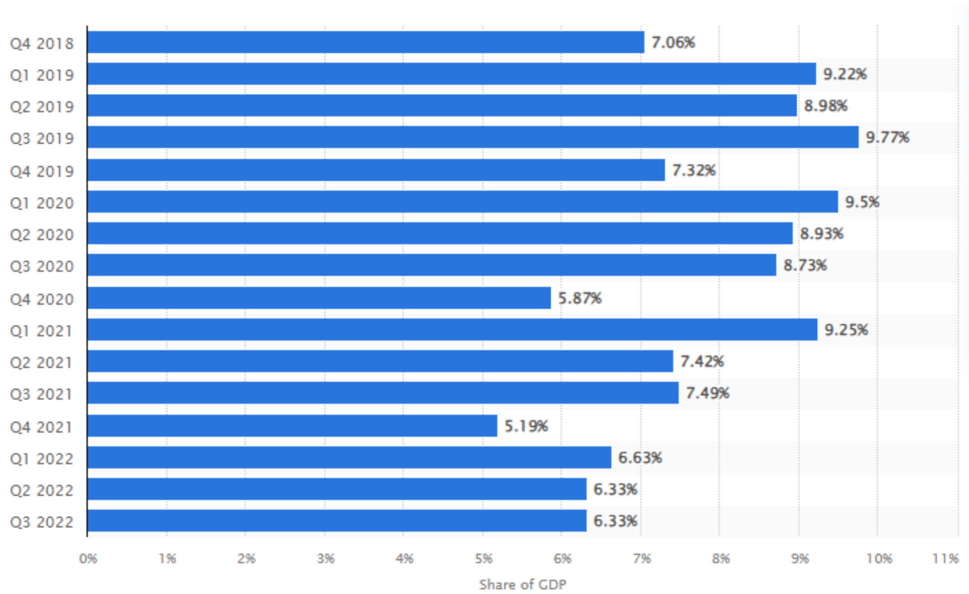
PRESENTATION OF RESULT AND INTERPRETATION

This chapter discusses the finding of the research in clear details by presenting the results of the data collected from the research participants.

3.1 About the Sector

The discovery of oil in Nigeria dates to 1956, with the country commencing oil production in the latter part of the 1950s. During the following decade, the oil exploration market was made accessible to companies originating from foreign nations. At present, the oil industry had already made significant strides towards establishing its dominance on a global level, notwithstanding certain economic factors that had resulted in setbacks. In 1977, the Nigerian National Petroleum Company (NNPC) was founded. The objective of the state-owned enterprise is to regulate and participate in the domestic oil sector. Currently, Nigeria holds the position of being the primary oil producer on the African continent. In 2020, Nigeria ranked as the ninth largest oil producer globally, with an approximate daily production of 1.8 million barrels. The nation is currently equipped with a total of 18 operational pipelines. The overwhelming majority of Nigeria's total exports can be attributed to its petroleum sector, which constitutes virtually the entirety of the country's gross domestic product.

Figure 2. Contribution of Oil and Natural Gas Sector to GDP in Nigeria From the 4th Quarter of 2018 to the 3rd Quarter of 2022.



Source: (Statista, 2023).

The figure above illustrates the contribution of the oil and gas sector to the GDP of the country for the past 5 years. The figure shows that that the contribution of the sector had continued to decline over the years. The highest figure was achieved in the third quarter of 2019 where it contributed 9.7% to the country's gross domestic production. In the first quarter of 2021, the country also enjoyed an increased level of production and it contributed about 9.2%.

3.2 Socio-Demographic Details of Research Participants

Table 1: Socio-demographic information of the research participants

Variable	Category	Frequency	Percentage
Gender	Male	34	68%
	Female	16	32%
Educational Qualification	Higher National Diploma	2	4%
	Bachelor's Degree	35	70%
	Post Graduate Degree	6	12%
	Masters	7	14%
Marital Status	Single	10	20%
	Married	25	50%
	Widowed	3	6%
	Divorced	12	24%
Years of Experience	0-5 years	5	10%
	6-11 years	39	78%
	12-17 years	5	10%
	18 years and above	1	2%
Position with the Oil and Gas Sector	Business Manager	15	30%

	Operator	10	20%
	Engineer	13	26%
	Other Specialists	12	24%

The table above illustrates the distribution of the research participants by considering some of the core socio-demographic information including gender, marital status, educational qualification, and years of experience. Findings show that majority of the research respondents were male participants accounting for 68% of the research sample while the remaining 32% are female participants. The majority of the research participants are experienced working within the oil and gas sector as 78% had worked between 6 and 11 years within the industry. Additionally, 2% of the research participants had worked for more than 18 years within the industry. Also, professionals represent workers across various positions in the sector including business managers, operators, engineer, and other specialists.

3.3 Research Objectives

3.3.1 Extent of Service Trust among companies in the Nigerian Oil and Gas Sector

Table 2: Table showing the response of participants on the Extent of Service Trust among companies in the Nigerian Oil and Gas Sector

	Responses	Number	Percentage
Customers trust the company and its staff	Strongly Disagree	5	30.0
	Disagree	3	6.0
	Neutral	13	26.0
	Agree	14	28.0
	Strongly Agree	15	30.0
The company is consistent in providing quality product and services	Strongly Disagree	7	14.0
	Disagree	9	18.0

	Neutral	9	18.0
	Agree	13	26.0
	Strongly Agree	12	24.0
Customers feel very safe dealing with the company	Strongly Disagree	8	16.0
	Disagree	5	10.0
	Neutral	8	16.0
	Agree	16	32.0
	Strongly Agree	13	26.0
The staff of the company treats customers fairly	Strongly Disagree	5	10.0
	Disagree	4	8.0
	Neutral	9	18.0
	Agree	19	38.0
	Strongly Agree	13	26.0
The company responds to problems with staff	Strongly Disagree	9	18.0
	Disagree	7	14.0
	Neutral	8	16.0
	Agree	17	34.0
	Strongly Agree	9	18.0

Table 2 illustrates the responses of participant on the extent of service trust among companies in the industry. When asked whether customers trust the companies these individuals work for, 30% strongly disagreed or agreed while other respondents either disagreed, were neutral, or agreed to the statement. In another statement, when it was stated that “the company is consistent with its products and services” Majority either agreed or strongly agreed representing 26% and 24% respectively. However, 14% were not convinced that the companies they work for fulfilled the quota with regards to quality of services and products. Additionally, 32% and 26% either agreed or strongly agreed to the fact that customers felt safe dealing with the company which shows that majority of the companies in this industry showcase a good degree of integrity. However, there were still some level of concerns especially when 5% illustrated that they disagreed to the statement. Another aspect of service trust was the area of staff treatment to which majority of the research participants agreed that the customers were fairly treated. At least 32% of research participants were not in agreement with the fact that the company responds to the problems with staff which is an illustration of the fact that these companies may be after the profits and not considerate of the appeals of their clientele.

3.3.2 Customer Satisfaction among companies in the Nigerian Oil and Gas Sector

Table 3: Table showing the response of participants on Customer Satisfaction among companies in the Nigerian Oil and Gas Sector

	Responses	Number	Percentage
The company provides individualized attention while solving customer complaints	Strongly Disagree	14	28.0
	Disagree	7	14.0
	Neutral	9	18.0
	Agree	13	26.0
	Strongly Agree	7	14.0
If customer satisfaction requires more expenses, the company incurs them	Strongly Disagree	6	12.0
	Disagree	17	34.0
	Neutral	12	24.0
	Agree	8	16.0

	Strongly Agree	7	14.0
The company offers price significantly lesser than other operators	Strongly Disagree	7	22.0
	Disagree	13	26.0
	Neutral	9	18.0
	Agree	10	20.0
	Strongly Agree	11	22.0
Customer care ensures that problems will not arise in our relationship	Strongly Disagree	9	18.0
	Disagree	10	20.0
	Neutral	13	26.0
	Agree	8	16.0
	Strongly Agree	10	20.0
The company takes proactive measures to avoid any future complaint situations	Strongly Disagree	8	16.0
	Disagree	8	16.0
	Neutral	7	14.0
	Agree	14	28.0
	Strongly	13	26.0

	Agree		

Table 3 illustrates the extent of customer satisfaction among companies in the industry. The first statement on “the company provides individualized attention while solving customer complaints” majority of the participants did not agree to this assertion with at least 42% either disagreeing or strongly disagreeing to the statement. This shows that the effort of the company to provide individualized commitment to the needs of customers is not certain. The research also illustrated that 34% disagreed to the fact that the company could incur expenses that affected the customers' estimate which shows that not all companies within the sector offer services that are able to serve individuals on a cost implication basis. However, 16% and 14% agreed or strongly agreed to the statement. Customer care is an essential aspect of customer satisfaction that companies may derive from customer engagements. To this effect, participants responded to statement on whether the “customer care ensures the problems will not arise in the relationship between the company and the customer.” In this regard, the research participants were particularly neutral accounting for majority of the responses in 26%. On other hand, 27 of the research participants accounting for the majority of the research participants either agreed or agreed strongly to the issue of the company taking proactive measures to avoid similar complains which shows that to an extent the company may and may not be cautious of its dealings with the customers and the relationship between them.

3.3.3 Perceived Organizational Performance among companies in the Nigerian Oil and Gas Sector

Table 4: Table showing the responses of the participants pertaining to the perceived organizational performance.

	Responses	Number	Percentage
Quality of products, services or programs	Worse	4	8.0
	Bad	11	22.0
	Good	18	36.0
	Much Better	9	18.0

	Best	8	16.0
Development of new products, services, or programs	Worse	6	12.0
	Bad	8	16.0
	Good	17	34.0
	Much Better	10	20.0
	Best	9	18.0
Ability to attract essential employees	Worse	6	12.0
	Bad	9	18.0
	Good	8	16.0
	Much Better	10	20.0
	Best	17	34.0
Satisfaction of customers or clients	Worse	7	14.0
	Bad	12	24.0
	Good	11	22.0
	Much Better	10	20.0
	Best	10	20.0
Relations between the management and other employees	Worse	9	18.0
	Bad	8	16.0
	Good	11	22.0
	Much Better	14	28.0
	Best	8	16.0

Table 4 illustrates the level of organizational performance among companies within the oil and gas sector in Nigeria based on how the employees within this industry perceive it to be. Statements were responded to by these participants in relation to the quality of products and services offered by these companies, the level of satisfaction of employees, and the ability of the companies to attract credible employees. In regards to the first item, most of the research participants accounting for 36% of the research participants perceived the products and services provided by the companies they work for to be good. Additionally, 18% and 16% respectively described this as much better or best. Similarly, the participants mostly classified the development of new products, services, or programs as good, much better, or best. However, the research participants were divided on whether the companies have the ability to attract essential employees even though 20% and 34% provided affirmative responses to the statements regarding the ability of the companies they work for to attract these employees.

3.4 Test of Research Hypotheses

Three main hypotheses were developed to examine the underlying relationship between effectiveness of outsourcing services and the organizational performance of oil and gas sector in Nigeria. The hypotheses are listed below.

1. Customer satisfaction will have a positive relationship with organizational performance.
2. Service user trust will have a positive relationship organizational performance.
3. There will be a positive joint influence of customer satisfaction and service user trust on organizational performance.

To test these hypotheses, a Pearson correlation coefficient as used to test the first two hypotheses and the results is presented in the table below.

Table 5: Pearson Correlation table showing the relationship between customer satisfaction, service users' trust and organizational performance.

		Customer Satisfaction	Service Users Trust	Organizational Performance
Customer Satisfaction	Pearson Correlation	1	-.086	-.186
	Sig. (2-tailed)		.555	.195
	N	50	50	50

Service Users Trust	Pearson Correlation	-.086	1	-.019
	Sig. (2-tailed)	.555		.896
	N	50	50	50
Organizational Performance	Pearson Correlation	-.186	-.019	1
	Sig. (2-tailed)	.195	.896	
	N	50	50	50

Based on the table 5, it is evident there is no relationship between customer satisfaction, service users' trust, and organisational performance. As a result the first and second hypotheses are reject in the research as findings did not suggest a significant relationship between the research variables as illustrated in the table above.

To test the third hypothesis, the research utilised the multiple regression analysis to examine the extent of the relationship between the variables. The result is presented in the table 6 below.

Table 6: Regression analysis showing the relationship between the research variables.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.543	3.726		6.587	.000
	Customer Satisfacti	-.211	.160	-.189	-1.317	.194

	on					
	Service Users Trust	-.045	.184	-.035	-.244	.808

a. Dependent Variable: Organizational Performance

Table 6 illustrates that there was no joint prediction of customer satisfaction and service trust on the organisational performance of employees.

3.5 Thematic Analysis

This reflects the second part of the data collected from the research participants to include interview responses from 5 research respondents relating to questions on outsourcing services in Nigeria. The respondents included business managers and other specialists in the industry who provided expert opinions on the subject matter.

3.5.1 Diverse Outsourcing Services

Participants were asked to describe the state of outsourcing services in the oil and gas sector in Nigeria of which details were duly provided. One of the research respondent mentioned. “From my perspective as a professional working in this field, outsourcing can is just a decision made by companies to leverage the distinct expertise and assets provided by third-party service providers. These companies offer a diverse range of services, including maintenance, engineering, drilling, logistics, and administrative work. Organisations can focus on their primary competencies and outsource secondary operations to specialised suppliers. The implementation of this particular approach facilitates the improvement of resource distribution, thereby resulting in heightened efficiency and reduced operational costs. The outsourcing of services presents a viable solution that has the potential to enhance operational efficiency and profitability within Nigeria's oil and gas sector. This industry is known for its complex projects and limited financial resources, making outsourcing an attractive option. Furthermore, the practise of outsourcing services within this sector introduces novel external proficiency, alongside advancements and enhancements in technology. Service providers possess significant expertise and access to cutting-edge tools and methodologies, which can significantly contribute to the advancement of overall operations. By establishing partnerships with outsourcing providers, companies can effectively leverage this knowledge and sustain their competitive advantage in an industry that is constantly expanding."

Another participant mentioned that "companies in the oil and gas game in Nigeria often outsource services, which can be pretty sweet. Lots of advantages and opportunities come with it. So, as someone who works in this field, outsourcing is basically when companies hire outside help to handle certain tasks or jobs. The oil and gas industry in Nigeria is no joke. You have some serious skills, equipment, and tech to make it in that field. If companies outsource some services, they can tap into the skills and abilities of vendors who are experts in that area and have all the necessary resources. These outsourcing companies have got you covered with all kinds of services like drilling, maintenance, well testing, and even consulting services. They can really help make your oil and gas projects run smoothly and be successful. Another participant mentioned that "one of the coolest things about outsourcing services in this sector is that it can save you a tonne of money. Companies can totally avoid spending a lot of money on buying and taking care of fancy equipment or hiring and training specialised staff. They can just outsource to firms that already have what they need, which saves money and helps their finances. Also, outsourcing can make things more flexible and scalable. In the oil and gas biz, project needs can change a lot, so outsourcing helps companies stay flexible and adjust fast. If companies team up with outside service providers, they can grow or shrink their operations as they want without being stuck with fixed assets or staff."

3.5.2 Effectiveness of the Outsourcing Services

Participants were asked to provide responses on whether companies within the oil and gas sector had realized some of the benefits of outsourcing to which one of the respondents mentioned "Yeah, companies in the oil and gas sector in Nigeria have totally seen some benefits from outsourcing. Outsourcing has helped companies to get specialized expertise and resources, which has made things more efficient and saved costs. Comp handles have been able to focus on what they're good at by teaming up with outside service providers who handle the other stuff. So basically, things are getting done faster, we're spending less money, and we're using our resources more wisely. Plus, outsourcing has brought in some cool new ideas, technology, and knowledge from outside sources that have helped us step up our game and stay competitive in the industry." A business manager in the industry was also specific and asserted that "Outsourcing has helped companies get access to more specialised talent, advanced technology, and infrastructure that might be too expensive or take too much time to get in-house. This has totally helped companies make things easier, get projects done faster, and save a bunch of money. Also, outsourcing has given companies the ability to adjust their operations based on project needs, which helps them quickly adapt to changes in the market and project requirements."

3.5.3 Outsourcing Services and Organizational Performance

Participants were asked to provide explanations on how the outsourcing services impacted organizational performance. According to one of the respondents, "You should know that businesses operating in the oil and gas industry in Nigeria might benefit tremendously from using outsourcing services. Businesses have access to a whole new level of knowledge and expertise when they collaborate with specialists from outside the organisation. It is the same as having a top-secret weapon in your collection of tools. These experts in outsourcing are able to assist in the optimisation of operations, the introduction of new technology, and even the provision of important insights to promote innovation. Not to mention the money that can be saved! It is possible for businesses to avoid making costly expenditures in specialised equipment or in the recruitment and education of new employees. It's like having a superhero sidekick who can rescue the day while keeping expenses in control all at the same time. Therefore, it is safe to say that the provision of outsourcing services contributes to organisational performance and provides businesses with the necessary competitive advantage."

3.6 Discussion

Research findings show that respondents who were in the mold of business managers, specialists, and other professionals working within the oil and gas sector believed that outsourcing services impacted the extent to which companies in the industry can realize the opportunities realized from outsourcing. These findings relate to the findings in research. According to the conclusions published by Petronile (2013), the organisations have been contracting out many activities, including manufacturing, printing, distribution, support, advertising, and technology services. It was also demonstrated that outsourcing functions has an effect on how well publishing companies perform because it improves productivity, flexibility, product quality, operating cost savings, technological innovation, and customer satisfaction; the conclusion reached as a result was that outsourcing services have a positive impact on organisation performance because of these benefits. According to Igbatayo (2019), the decrease in the price of crude oil from 100 dollars in May 2014 to 30 dollars and even lower in the early period of 2016 has helped improve the market for outsourcing services. When compared to the organization's in-house performance of the same services, empirical data indicates that outsourcing the servicing of non-core activities may result in cost savings of up to 25 percent for on-site or near-site operations and up to 50 to 75 percent for offshore operations. According to the results of Akewushola (2012), companies that outsource part of their operations or duties are able to lower their overall costs, increase their sales turnover and profitability, raise their level of competence, enhance the quality of their services, and create more time for themselves to focus on their core responsibilities. Akinbola (2012) demonstrated that the sector has reaped benefits from contracting out its business activities in order to lower operating expenses and reduce the impact of potential risks. According to the findings of the research, many technical business forms that need expertise and skill might be outsourced to strengthen connections with customers. In its recommendations, the research advised that in order for fast food organisations to boost their profitability, the fast-food chains should create business links that would be useful in negotiating agreements with outsourced services contractors. This was one of the suggestions made by the study.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on this study's findings, the study discovered that outsourcing services positively impact organizational performance; this indicated that organizations who employ outsourcing wisely and effectively were able to reduce costs of running the organization, increase technology access, develop more of their core competencies, developing new expertise, satisfied customers, gained more users trust and increase productivity level which influences their revenue and profit generation resulting in high organizational performance. In addition, the study finds that short-term and long-run organizations that engage in outsourcing services yield higher performance results than their counterparts who do not engage in outsourcing services.

The study also found out that organizational performance is impacted by customer satisfaction, regardless of the efforts and energy a business puts into outsourcing services; if the customers are not satisfied with the services rendered by the organization, it will be difficult for such an organization to retain customers, and this will harm productivity and performance level of the organization. Therefore, customer satisfaction could have a positive or negative impact on organizational performance based on how the organization treats and engages its customers in terms of products and services offered.

Services users' trust is another component that greatly impacts organizational performance; the study found that most oil and gas sector and their subsidiaries in Nigeria need to do more to gain users' trust, negatively impacting the organizations rendering these services. The quality of service provided in the oil and gas sector need to be more tangible to capture the trust of users, and this scare many users away from certain subsidiary oil and gas organizations because they need to be more trustworthy. In the long run, a lack of service users' trust in a service-providing organization negatively impacts the outcomes of such organizational performance. Therefore, this study concludes that for organizational performance to be meaning, outsourcing services must be goal driven and directed toward productivity, customer satisfaction, and user trust. Organizations should focus on their core competencies and outsource other operations to efficient providers not only to increase productivity levels and reduce costs for the organization but also to yield customer satisfaction and service users' trust.

Recommendation

Outsourcing non-core operations to external service providers will allow an organization time to focus on its core competencies and critical operations, providing better quality products and services and giving them a competitive edge and advantage in the dynamic and diverse everyday business world. Measuring performance is also important for organizations; therefore, organizations should establish a relationship with service providers in developing instruments for measuring organizational performance with implementation processes required for productivity and success through the discovery of new abilities, skills, and knowledge regarding the outsourcing services intentions as this will motivate organizations to acquire a front edge in outsourcing services processes.

While outsourcing services to external service providers, organizations should focus on more than just cost reduction benefits and lower prices and major requirements from the service providers; they should focus on the relationship and behavioral trend between the outsourcing services organization and the external service providers. Furthermore, to measure effectiveness for organizational performance, organizations should adopt a standardized format of performance measures such as performance ratios, performance appraisals, and performance evaluations that the outsourcing success from the organization management will evaluate the customers and services user's definition of organizational success in terms of quality product and service delivery.

Limitations and Areas for Further Research

This study experience certain limitations in terms of evidence on outsourcing services and how it impacts organizational performance in Nigeria's oil and gas sector. Due to the importance of this study, primary data would have been the best and most appropriate for understanding the impact of outsourcing services on organizational performance. Still, the study had to adopt a secondary research method approach due to time constraints. These time constraints include the need to meet the deadline of wrapping up the entire project; also, the researcher had to focus on other aspects of study such as attending lectures, coursework, and others that put the researcher on edge and in anxiety while conducting this research.

Financial incapability also limited this research as the researcher needed a lot of money to conduct an in-depth analysis of the various tenets of the research questions. Also, the study was crippled and limited based on the relative cost required in the study, such as the cost of printing questionnaires, cost of traveling to the area of study, communication cost, word processing cost, and other intangible costs.

With evidence from this study's findings, the researcher concluded and suggested that numerous opportunities are still availed for further and future research into the impact of outsourcing services on organizational performance. This study has evaluated how outsourcing services impact organizational performance and realized a need for further research to evaluate the role procurement practitioners hold in making outsourcing services efficient and effective in organizations employing them. Also, in the future, further research should focus on industries similar to the oil and gas industry and outsourcing services within Nigeria in exploring more on how outsourcing services impact other organizations than just the oil and gas sector. In the future, more practical research methodology should be considered, such as using primary data to obtain information from industries engaged in outsourcing services; this will strengthen the study's reliability, validity, and generalization influence.

Also, comparative analysis studies that focus on similar research themes as this study should be considered in other similar oil and gas industries within other regions of Africa and other continents to enable s bulk of information that is meaningful and relevant to the research theme to bridge the research gap in the future. Lastly, in the future, researchers should consider conducting similar research adopting the same settings in a few years to draw new conclusions and recommendation.

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APPENDIX

This questionnaire aims to understand **the importance of outsourcing services on the organisational performance within the oil and gas industry in Nigeria**. You are invited to take part in a research study that is conducted by **Habeeb Ademola Amoo** and **Prof.Dr. ÇETIN BEKTAŞ**. This research aims at aspects of outsourcing and aspects of organisational performance within the sector.

This survey applies to anyone working in the oil and gas sector in Nigeria ranging from entry level workers to business developers in the industry.

Before you decide, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish.

Instructions:

1. There are Four (4) sections in this questionnaire. Please answer ALL questions in each section
2. The estimated time to complete this survey is 5 minutes.
3. Please read instructions carefully before answering the question. The results of the survey will be reported only in the form of a summary and your responses will be keot strictly confidential.

Your participation is voluntary; there is no explicit or implicit coercion. In all cases, subsequent uses of records and data will be subject to standard data use policies at **TOKAT GAZİOSMANPAŞA UNIVERSITY.** If there is anything that is not clear, need more information, or withdraw your data, please do reach out to me at morrislang1511@gmail.com

Take time to decide whether or not you wish to take part.

Thank you for reading this.

SECTION A

Instructions: Tick the checkbox based on how it applies to you. Kindly ignore the other options as double ticks rules out the data.

1. Gender

   A. Male

   B. Female

2. Educational Qualification

   A. Higher National Diploma

   B. Bachelor's Degree

   C. Post Graduate Degree

   D. Masters

3. Marital Status

   A. Single

   B. Married

   C. Widowed

   D. Divorced

4. Years of Experience

   A. 0-5 years

   B. 6-11 years

   C. 12-17 years

   D. 18 years and above

5. Position with the Oil and Gas Sector

   A. Business Manager

   B. Operator

   C. Engineer

   D. Other Specialists

SECTION B

Instructions: Kindly use the given scale to indicate the extent to which you agree or disagree with each statement based on your experience working in the oil and gas sector.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

S/N		Source	Extent of Agreement
			1 2 3 4 5
1	Customers trust the company and its staff.	Berlianto (2022)	
2	The company is consistent in providing quality product and services.		
3	Customers feel very safe dealing with the company		
4	The staff of the company treats customers fairly		
5	The company responds to problems with staff.		

SECTION C

Instructions: Kindly use the given scale to indicate the extent to which you agree or disagree with each statement based on your experience working in the oil and gas sector.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

S/N		Source	Extent of Agreement
			1 2 3 4 5
1	The company provides individualized attention while solving customer complaints.	Berlianto (2022)	
2	If customer satisfaction requires more expenses, the company incurs them		
3	The company offers price significantly lesser than other operators		
4	Customer care ensures that problems will not arise in our relationship		
5	The company takes proactive measures to avoid any future complaint situations		

SECTION D

Instructions: Kindly use the given scale to rate the performance of the company you work for based on the following aspects of operation.

Worse	Bad	Good	Much Better	Best
1	2	3	4	5

S/N		Source	Extent of Agreement
			1 2 3 4 5
1	Quality of products, services, or programs	Shea et al. (2012)	
2	Development of new products, services, or programs.		
3	Ability to attract essential employees		
4	Satisfaction of customers or clients		
5	Relations between the management and other		