UNDERSTANDING STRATEGIC OUTSOURCING AS AN ANTECEDENT OF FIRM PERFORMANCE

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ABSTRACT

Despite the fact that firms collectively contribute to the socio-economic development of the national economy, most firms nowadays are faced with difficulties in maintaining superior firm performance; occasioned by the unnecessary focus that is given to activities that are not primarily at the heart of the reason for a firm's existence. A realization has been made that in the midist of volatility, uncertainty, complexity and ambiguity of the business environment, identifying and focusing on core activities while seeking productive partnership with relevant third parties for support in non-core activities has great potential for enhancing the competitive postion of a firm and its related performance outcomes. Whereas there is substantial empirical literature on the role of strategic outsourcing in driving firm performance in the developed economies at the global level, the situation in developing world suggests the need for increased research effort to aid in providing contextual evidence for nurturing productive practices in strategic ousourcing. The objective of this study was to review conceptual, theoretical as well as empirical literature on the relationship between strategic outsourcing and, firm performance with the view of highlighting the knowledge gaps suitable to form basis for future research. The review of conceptual framework highlighted the historical development as well as the dimensions and perspectives of both strategic outsourcing and firm performance. The underpinning theoretical literature is draws from the resource based view, social exchange theory and core competence model. The paper further reviewed extant empirical research on the manner in which strategic outsourcing relates to firm performance. Based on findings, a conceptual model has been developed where firm performance is presented as an outcome of strategic outsourcing. Furthermore, strategic outsourcing has been analysed into key dimensions with appropriate indicators for measuring its embodment in a field setting. This analysis has also been extended to the concept of firm performance where salient indicators have been identifiel to support research endevours for its measurement. It is recommended that the link between strategic outsourcing and firm performance be measured in different firms across industries particularly so in developing economies in order to guide policy development and shape practices on the basis of evidence arising from such pursuits.

Keywords: Strategic Alignment, Customer Value and Customer Satisfaction

1.0 Introduction

Firm performance is an economic phenomenon that reflects the ability of firms in using human resources and material resources to achieve the targets of the firm (Le, 2005). Firm performance is also consider the efficiency of using business means during the production and consumption process. Firm performance shows the correlation between the output results and input resources employed in the process of business operations of enterprises (Truong & Tran, 2009). Particular attention has been directed to firm performance all over the world so as to gauge their effectiveness and efficiency (Samad, 2022). This is because the objective, goal, and strategy that a firm tends to pursue determines how well that firm performs (Singh *et al*. 2016). According to existing empirical research, measures of firm performance can be examined from the perspectives of resources-based theory (Cho & Pucik, 2005), shareholder theory (Tse, 2011), or stakeholder theory (Harrison & Wicks, 2013), culminating into stakeholder-shareholder theory perspective (generally referred to as he dual-investor theory). In accordance with demands from stakeholders' theory and guided by the shareholder theory, a firm performance is evaluated on the basis of its profitability, growth, market value, total return on shareholders, economic value added, and customer satisfaction.

Notwithstanding, businesses around the world are constantly faced with the challenge of maintaining their firm performance because of the rapidly evolving business environment, intense competition and changes in different industries in developed, emerging, and developing countries (Arokodare, Asikhia & Makinde, 2019). Firms that are more nimble, adaptable, and dynamic in tandem with market dynamism tend to perform better in an environment of business that is constantly changing (Ramos, 2020). In order for firm to maintain their performance, they must be ready to adapt to new demands and global changes. Notably, the strategic outsourcing concept has evolved an in important mechanism for fostering firm's adaptation initiatives geared towards meeting the demands of changing business environment (Latif, Ismaill, Nazri & Nor, 2018). Strategic outsourcing is seen as a part of the underlying factors for driving customer value, enhancing customer satisfaction, achieving strategic objectives, and enhancing efficiency and effectiveness (Kihanya, Wafula, Onditi, & Munene, 2015). It is therefore logical to consider strategic outsourcing as an antecedent for direable firm outcomes.

Strategic outsourcing is designed to fit with the long-term business strategies. Therefore, rather than focusing solely on cost reduction, a strategic outsourcing policy must be created from the perspective that it would help to improve firm performance while taking long-term business implications into consideration (Phutela, 2016). This means that the business strategy of the company should be in line with strategic outsourcing, and the implementation of strategic outsourcing should adhere to short- and long-term firm performance objectives. According to (Okeke-Ezeanyanwu, 2017), the impact of strategic outsourcing is specifically easy to understand in terms of the ensuing changes in firm performance parameters as productivity, returns, and capacity or quality of business output. As a matter of fact, strategic outsourcing offers flexibility in lowering costs through scale economies and range economies (Okeke-Ezeanyanwu, 2017). It is from that point that service integration and management (Auth & Nägele, 2018), offshore outsourcing (Canello, 2022), and multi-sourcing are mostly agreed upon as key measures of strategic outsourcing.

Noticeably, strategic outsourcing's main goal is to make the best use of external resources by utilizing cutting-edge technologies, market trends, and a high level of expertise in order to increase the effectiveness (firm performance) and competitiveness of the company. In this instance, a higher level of strategic outsourcing is linked to a focus on core competencies (Asatiani, Penttinen & Kumar, 2019). Given the growing intensity of competition, firm are now required to focus their efforts and resources on what is actually essential to the business, creating a variety of opportunities to outsource processes, functions, and activities (Ramos, 2020; Choi, Ju, Kotabe,Trigeorgis & Zhang, 2017). Today's customers have higher expectations than ever before and it's harder for businesses to stand out simply by providing courteous and consistent customer support. Customers expect a high level of service from every business they interact with and the race has shifted to which company can provide the highest quality of service as quickly as possible. By focusing on core competences, competences will be able to delivering the products faster to market hence increased sales and customer satisfaction.

2.0 Statement of the Problem

Literature and research have been seeking identify strategy that businesses can use to improve their performance; where the strategic outsourcing has evolved as vital response to changes in the business environment and uncertainty (Latif *et al.*, 2018). Additionally, a number of studies have suggested the use of strategic outsourcing in resolving firm performance issues (Ugbomhe, Ugbomhe, Olu & Monday, 2021; Ramos, 2020; Latif *et al.* 2018; Kihanya *et al.*, 2015). The need to optimize strategic outsourcing in leveraging opportunities in the external environment has also been underscored by a growing body of theoretical literature. In particular, the basic principles of resource based view have consequential implications that strategic outsourcing is an intangible resource that can be leveraged when adopting strategic options for contending with rivals in the industry (Grunert & Hildebrandt, 2004, Kinyua, 2015; Ojiambo & Kinyua, 2022)

Nevertheless, the empirical literature tha can be used to underpin policy and practical benefits of strategic outsourcing is not reseanably robust for universal application. A study by Mol and van Tulder (2003) examined the impact of outsourcing on firm performance in the short-term, hereas as Lacity and Willcocks (1998) riding on empirical findings concluded that the benefits of outsourcing cannot be realized until several years after the outsourcing decision has been made. In addition, there may be a need to expand the scope of the studies on strategic outsourcing to include control groups comprising of firms in the same industry that hav not embedded strategic outsourcing in their practices in order to control for confounding variables. Apperently, studies that have been reviewed demonstrates that not visble effort has been put to control for external variables (Mol *et al*., 2009; Beulen *et al*., 2015; Doherty & King, 2017).

There are many studies that have had a narrow focus only confined to firms'cost concern and giving a wide bearth to other benefits with far reaching implications to expectations and needs of diverse stakeholders. In addition, there have been inconsistent empirical findings regarding the outcomes of strategic outsourcing where some studies have presented evidence of favourable firm outcomes (Kedia & Mukherjee, 2009) whereas others have demonstrated that strategic outsourcing has no significant impact on firms' outcomes (Domberger & Hall, 1995). Such evident inconsistencies negates the credibility of recommendations that can be made in favour of strategic outsourcing for guiding practices within enterprises regarding the optimal directions and inherent value of strategic outsorcing in the value chain. More research needs to be undertaken to foster credibility for an

recommendations wih practical implications at the firm level. Such research would greatly provide the contextual diversity that may be lacking when it comes to developing economies and possibly in some industriries as well. This study therefore sought to review conceptual, theoretical as well as empirical literature on the relationship between strategic outsourcing and, firm performance with the view of highlighting the knowledge gaps suitable to form basis for future research.

3.0 Conceptual Literature

3.1 Concept of Strategic Outsourcing

The term outsourcing has been outlined by numerous researchers in a number of distinct manners. For example, Brown and Wilson (2015) simply define outsourcing as the provision of services from an outside source, while Fiona (2016) defines it as a business strategy that takes place when a company purchases goods or services from another or pays a company to perform services that the company could have performed itself. According to Sako (2016, outsourcing is the practice of a company contracting with another company to provide services that would typically be carried out by internal staff). Hence, the practice of entrusting non-core operations or activities from a business to an outside party that specializes in those operations In the context of this study, strategic outsourcing refers to a long-term, goal-oriented business partnership between the firm (client) and the service provider.

The organization of strategic outsourcing ensures alignment with the long-term business goals (Phutela, 2016).. Organizations expect different changes from strategic outsourcing, which could range from. A plan that outlines how a business contracts with other businesses or people to complete tasks is called an outsourcing strategy. Instead of relying solely on internal staff, this strategy can lower costs, boost productivity, and raise the overall quality of the finished product. The standards, practices, and laws governing how an organization hires people and pays them are called outsourcing strategies. Depending on its needs, a firm may outsource to a single person, a small business, or a large corporation. A single business process, a group of processes, or a full cycle of one or more processes can all be included in the services. The main goal is to streamline production procedures and cut expenses related to the business's core operations.

In some circumstances, maintaining control over the operations of specific departments or preserving non-core assets and jobs is much more crucial than this business arrangement. In addition to taking responsibility for the outcomes that these resources produce and for which the client has signed a contract, the outsourcing service provider also takes responsibility for the human resources, business procedures, and technologies used. Strategic outsourcing differs from the more limited and conventional provision of services and hiring additional staff because it is accountable for results. The objective of an outsourcing project is to utilize external resources in a way that maximizes the benefits of the technologies and know-hows available on the market in order to increase the effectiveness of the business and its competitiveness. Successful outsourcing leads to the development of a value chain that provides strategically significant resources at every stage of internal business processes.

3.1.1Perspectives of Strategic Outsourcing

Strategic outsourcing perspectives include the; consultant perspective, client perspective, and provider perspective (Chelliah, Nikolova, & Davis, 2009). From the standpoint of a consultant, a

company recognizes that attempts at cost reduction are the primary justification for outsourcing. The use of outsourcing by businesses is widely acknowledged as a means of cost reduction. Another reason is to use a specific technology to standardize an activity or a business process across a corporate group in an effort to become more consistent or transparent. By doing so, a firm can improve processes and increase effectiveness with more advanced technologies. The desire of businesses to optimize their processes and increase the effectiveness of their operations is a final crucial issue that is coming to light more and more in outsourcing agreements (Chelliah et al., 2009).Consultants must have a solid understanding of business based on their prior professional experience (Handley et al., 2006). Additionally, it has been emphasized that clients should be involved in problem-solving because they have pertinent, context-specific knowledge that would not otherwise be available to consultants.

Again from viewpoint of the client, the company's outsourcing efforts vary across various organizational divisions, with some focusing on it more than others. According to a representative of the company, outsourcing only becomes a significant issue if the external provider's capabilities are superior to your own (Rajini & Kaluarachch, 2019). A client may assign a single service provider or a number of service providers with some or all of the organizational task.Otherwise, a person, unit, or department within the client organization itself could carry out the tasks that the client organization has outsourced. The decision to outsource is thus a variation of the make or buy decision, in which an organization chooses to hire an outside service provider (buy) or not (Ikediashi et al (2014). It is suggested that only non-core business functions are outsourced in outsourcing because it allows the client to focus on their core business.

There are a number of different reasons why businesses engage in outsourcing engagements, from the provider's perspective (Vorontsovaa & Rusu, 2014). The majority of businesses that engage in outsourcing activities do so in an effort to reduce costs. Gaining control over a particular business process is another justification for similar efforts in some instances. Although at first glance this may appear to be a paradox, the increase in control is brought about by the fact that there are more levers available in an outsourcing contract than there are when using internal leverage. It has been demonstrated that successful relationships between outsourcing recipients and providers increase outsourcing success while unsuccessful relationships raise outsourcing costs (Lacity,, Khan &Willcocks, 2009). Improvements in service, switching to newer technology, access to a wider range of technical expertise, focusing on core competencies internally rather than outsourcing non-core competencies to an outsourcing provider, and the fact that only a few businesses are strategically utilizing outsourcing are listed among other reasons to outsource (Su & Mao, 2013). In order to foster the growth of the outsourcing provider's capabilities, an outsourcing provider should seek out outsourcing recipients focused on tactical or strategic outsourcing (Vorontsova & Rusu, 2014).

3.1.2Dimensions of Strategic Outsourcing

There are various aspects of outsourcing presented (Davari & Rezazadeh, 2015). Since numerous research investigations have looked at outsourcing from various angles, the concept's considered dimensions include a number of additional factors. According to Davari & Rezazadeh (2015), the strategic, technological, task-specific, and economic dimensions are the key factors. The core capabilities and degree of activity implementation alignment with mission and strategic goals are the focus of the strategic factors dimension. Less likely to be outsourced are tasks that are regarded

as integral to the organization's primary mission. There are therefore fewer tendencies to outsource an activity the more important it is to achieving the organization's mission and strategic goals. The organization becomes more flexible and makes better use of its free resources to add value as a result of outsourcing since it concentrates on its core functions. The level of outsourcing priority will therefore be lower for activities that are in some way related to core competencies.

A proper strategy is needed in order to manage technological factors when they are faced with changes, according to the technological factors dimension. Since not all changes are predictable, it is practical to have schedules for important decisions to be made, such as outsourcing, in these situations. Although the organization makes use of cutting-edge tools and technology to carry out these tasks internally, outsourcing is rarely an option. Other firms have given preference to outsource certain tasks since they're thought to be within their scope of expertise. Such activities must be performed internally, which necessitates a significant investment in tools and resources. As a result, outsourcing tendencies increase the further an activity is from the organization's area of expertise.

The cost of internally providing services versus outsourcing to external sources is contrasted in the economic factors dimension. When examining outsourcing from the perspective of transaction costs, aspects of cost cutting are highlighted (Davari & Rezazadeh, 2015). Concerning the idea that outsourcing tends to increase the more partners benefit from it, businesses may place a strong emphasis on cost savings due to a variety of economic factors like poor financial standing or rising profitability. The literature on outsourcing demonstrates that there is consensus regarding its advantages, and both the client and service provider are more likely to improve their performance as a result of outsourcing.

The dimensions of strategic outsourcing include service integration and management (Auth & Nägele, 2018), offshore outsourcing (Canello, 2022), and multi-sourcing (multisource). The increasing sophistication of the provider terrain, distributing the services they are destined for, their comparative performance, end-user satisfaction, and alignment with business objectives are major challenges that businesses should indeed manage regardless of whether the offerings are outsourced internally or externally (Arora & Sengupta, 2013). Whether services are outsourced internally or externally, businesses must manage the growing complexity of the provider landscape, delivering the intended services, comparing their performance, end-user satisfaction, and alignment with business objectives (Arora & Sengupta, 2013). As it becomes more challenging to realize the original benefits of outsourcing in a multisource, multivendor environment, the need for the management concept known as Service Integration and Management, or SIAM (Auth & Nägele, 2018).

Comprehensive service integration and management (SIAM), which lessens the governance burden while enhancing performance management, financial discipline, and business user satisfaction, has the potential to allay these worries. SIAM services may be offered by the business organization itself, through outsourcing to an outside provider, or through a combination of both. In order to better serve customers and compete, many manufacturing companies have created service businesses in recent years and integrated them into their current business models (Kim & Kwak, 2015). As a result of expanding their businesses into the service sector to become solution

providers, these businesses, which are up against growing competition, greatly profit from service integration. This is especially true for capital goods companies. According to studies by Zhang, Li, Sun, Li, Samad, Comite, and Matac in 2022, Auth, G. & Nägele in 2018 and van Duijn, Zonneveld, Montero, Minkman, M., & Nies (2018), service integration improves the performance of businesses by integrating data and allowing the systems that contain it to communicate with one another.

In the face of a highly competitive and complicated business environment. firm are encountering structural demands that drive them to externalize operations and services to other nations (Guitián & Sison, 2022). More specifically, over the past few decades, there has been a sharp rise in the number of companies outsourcing their operations abroad. In this context, offshore outsourcing, the practice of moving business operations overseas, is becoming increasingly important as businesses look to take advantage of advantages like lower labor costs, access to natural resources, and the ability to draw on a variety of knowledge sources (Canello, 2022). Because of improvements in cost differentials, organizations have been increasingly turning to offshore outsourcing (Nieves-Rodrguez, Palacios-Chacón, Pérez-Rivera & Quiones-Cintrón, 2018). An offshore outsourced operation entails the implementation of a sizable amount of work abroad. The practice of moving some or all of a company's operations or procedures to a third-party service provider in another country is known as offshore outsourcing. In order to meet their demands for highly skilled, competitive workers, businesses are increasingly outsourcing internal business processes to low-cost locations outside of the country of origin of the buying firm. As a result, outsourcing to countries outside is seen as a way to cut labor costs for services that depend heavily on skilled labor for effective delivery (Guitián & Sison, 2022). Simply stating that an integration of environmental pressure, competitive pressure, and efficiency (firm performance) drive offshore outsourcing.

According to O'Connor et al. 2022, multi-sourcing is a collaborative design decision that can assist consumers in gathering important data to enable cost and performance comparability across various sources. Enterprises that choose this strategy can also benefit from multi-sourcing by encouraging vendor competition, reducing costs and improving the quality of service agreements, and enabling providers to innovate and work together. Multi-sourcing is a form of outsourcing that many businesses use when there are constant changes. Contrary to traditional outsourcing, the multi-sourcing model uses multiple vendors for the same product at various times (Kostiuchenko, 2020). The choice is based on the security level. The optimization of operating costs is possible with these steps. However, it's crucial to consider the risks before choosing multi-sourcing.

3.1.3 Adoption and Outcomes of Strategic Outsourcing in Strategic Management

The primary goal of strategic management is to identify the most effective means of preserving or enhancing competitive advantage through cost reductions or differentiation from the competition, which places strategic outsourcing among one of many approaches to achieving this goal (Doval, 2016). Businesses that successfully integrate the outsourcing theology into their business strategies are able to quickly expand within the sector. The rationale behind the strategic decision is that nearly every company can significantly increase the amount of resource leveraging they do through strategic outsourcing by developing a small number of carefully chosen core competencies that are important to customers and in which the business can be world-class, concentrating management and investment attention on them, and strategically outsourcing a large number of other activities where it cannot be or need not be the best. In its core activity, an organization can better focus on its strategic tasks and objectives with the aid of outsourcing (Koszewska, 2004). Therefore,

outsourcing is a strategic desicion made by a firm to lower costs and boost efficiency by hiring another person or business to carry out duties, offer services, or manage operations that were previously handled by employees within the business. In other words, outsourcing is the practice of contracting out the performance of specific job duties to third parties.

3.2 The Concept of Firm Performance

In strategic management research today, firm performance has gained importance and is recurrently used as a dependent variable (Taouab & Issor, 2017). Regarding its definition and measurement, there is hardly any agreement. While Arokodare and Asikhia (2020) defined firm performance as an organization's continuous improvement in financial metrics like profit after tax, return on assets, return on equity, net income margin, and return on investment, among other things, Taouab et al. (2019) indicate that firm performance is defined and measured in terms of: profitability, growth, market value, total return on shareholder, economic value added, customer satisfaction, based on the stakeholders' expectations. Bartueviien and Akalyt (2013) defined performance as the relationship between output and economic and social development, whereas Siepel and Dejardin (2020) defined firm performance as its ability to maximize opportunities for profit. Efficiency is the relationship between output and profitability in the translation of input into output. According to Coad *et al.* (2017), profit is the primary factor influencing future growth and serves as a gauge of financial performance. However, the achievement of market and financial goals is what the term "firm performance" refers to (Samd, 2022). In this paper, firm performance means accomplishment of a certain task with a level of effectiveness and efficiency that exceeds the generally acknowledged norms.

The ability of businesses to use both human and material resources to achieve their goals is measured by a concept in economics known as "firm performance" (Nguyen et al., 2021). The effectiveness of using resources during the manufacturing and consumption procedures is another factor in determining firm performance. The performance of a firm demonstrates the relationship between the output outcomes and the input resources used during an enterprise's business operations (Truong & Tran, 2009). The business objective, goal, and strategy that a firm tends to pursue determine how well it performs (Singh et al. 2016). Businesses possess a system for measuring performance to manage the performance objectives, claim Quesado et al. (2018). In 2020, Truong, Nguyen, and Duong looked into how much determinants affected the application of the Balanced Scorecard. The findings demonstrate that the Balanced Scorecard application was effective in evaluating performance. The vast majority of firm use performance indicators that include financial and non-financial factors like market or customer, human resources, internal business processes, external environmental indicators, operational efficiency, and quality (Duric and Topler 2021; Samad & Ahmed 2021).

3.2.1 Historical Background of Firm Performance

The term performance was first used to characterise a sporting contest's results in the middle of the nineteenth century (Elena-Iuliana & Maria, 2016). In the 1950s, firm performance was compared to organizational efficiency, which measures how well an organization, as a social system with some constrained resources and means, accomplishes its objectives without requiring excessive effort from its members. Productivity, adaptability, and tensions between organizations were the factors used to evaluate performance (Taouab & Issor, 2019). Organizations started looking into novel

performance evaluation techniques between the 1960s and 1970s. During this time, an organization's performance was characterized as its capacity to take advantage of its surroundings in order to access and utilize the scarce resources (Yuchtman & Seashore, 1967). Performance was equated with organizational effectiveness at this time and was linked to productivity, conformity, and institutionalization.

The concept of organizational performance was linked to levels of member motivation and satisfaction, productivity rate, and late 1970s (Lupton, 1977). The ability of a company to create value for its clients was seen as being extremely important to its performance in the 1980s. This was defined as the degree to which an organization, as a social system, could take both its means and its ends into consideration (Robbins, 1987). As a result, firm performance began to be regarded as a concept of an organization's success or effectiveness; it serves as a benchmark for how successfully a firm achieves its objectives. As a result, the firm was seen as dependent on the productivity of its employees. Additionally, Harrison and Freeman (1999) recommended including meeting stakeholder demands as a significant indicator of firm performance, while Cohen (1994) included resources in firm performance indication. Utilizing resources, achieving goals, being relevant to its users, and incorporating competitiveness, efficiency, and effectiveness into measures of firm performance (Taouab & Issor, 2019; Verboncu & Zalman, 2005). Performance has become a crucial topic in management research in recent years because it is frequently used as a parameter.

3.2.2 Perspectives of Firm Performance

Managers and accountants have different perspectives on organizational performance (Demeke & Tao) (2020). The financial performance of organizations is the focus of accountants, whereas managers are concerned with how to enhance current and future firm performance. On the other hand, the BSC approach combines both historical accounting perspectives and operational measures. The various firm performance perspectives include those that focus on accounting, balanced scorecards, strategic management, entrepreneurship, and microeconomics (Demeke & Tao; 2020). Accounting perspective, which focuses on the information contained in the organization's financial statements and measures, where a substantial amount of accounting rules and procedures have been developed to make the information in organizational financial statements both meaningful and comparable over time and across organizations (Lev, 1989). The Balanced Scorecard Perspective suggested that in order to gauge overall firm performance, a combination of financial and operational measures are required (Kaplan. 1984). The BSC approach incorporates operational measures on customer orientation, organizational effectiveness, and learning and growth, which are the factors that will determine future financial performance, in addition to financial measures that reflect the effects of recent actions (Kaplan & Norton, 2005).

The balanced scorecard method has the drawback of using operational measures that are specific to each organization while still being doable for implementation by organization insiders. This limits its applicability to researchers because it is situation-specific rather than situation generic. The variables used in the balanced scorecard must therefore be applicable to the entire population of interest in order for generalization to be possible across companies. Notwithstanding, a balanced scorecard the balanced scorecard presents a wide assortment of metrics for measuring performance from the perspectives of key firm's stakeholders and thus has been widely used by consultants and researcher for grounding performance evaluation decisions (Kinyua, Muathe & Kilika, 2015; Muthoni & Kinyua, 2020; Mwarenge & Kinyua, 2022). Because of this, the balanced scorecard

offers a multidisciplinary perspective on organizational performance. According to a strategic management perspective, firm performance consists of three distinct areas of organizational results: financial performance (profits, return on assets, and return on investment); product-market performance (sales, market share); and shareholder return (total shareholder return, economic value-added). According to each author's perspective, organizational performance is typically viewed from a multi-constituency, multi-dimensional perspective in strategic management.

It offers a solitary viewpoint on how organizations perform from the perspective of entrepreneurship (Slevin & Covin, 1995). Similar to research in strategic management, entrepreneurship researchers take a multi-faceted approach to performance, acknowledging that there are inherent tradeoffs between matters like growth and profitability. As a result, the organizational performance perspective on entrepreneurship is multi-dimensional and multi-constituency. The owners of the company are primarily related to the microeconomic perspective. As long as they receive or anticipate receiving a return that is commensurate with the risk they assume, the owners of the assets will contribute to the organization. The owner's alternative uses for the assets are one factor that affects satisfaction. In other words, the value that a firm develops for the owners of assets it receives must be at least as substantial as the value anticipated (Barney, 2022).

3.2.3 Measuring Firm Performance

Financial analysis has historically been used by investors, decision-makers, creditors, and other stakeholders to assess a firm's performance because many analysts believe that a firm's performance and its financial performance are nearly identical (Mihaela, 2017). Nevertheless, the growth and theoretical foundation of the firm can best be understood by looking at metrics of firm performance. The RBV, Shareholder Theory, Stakeholder Theory, and the BSC are the theories that highlight the different ways in which firm performance may be assessed in various contexts and areas. RBV examines corporate performance from a strategic management perspective, focusing on achieving and sustaining competitive advantage to raise corporate productivity and, ultimately, corporate profitability (Hendi, Basri & Arafah, 2022). This theory explains how a firm can acquire and maintain an advantage over rivals in order to increase productivity and, ultimately, profit. Consequently, RBV proposes competitive advantage, firm efficiency, and firm profitability as the metrics for measuring firm performance.

The shareholder theory demonstrates that an organization's performance is assessed based on its profitability, growth, market value, total return to shareholders, economic value added, and customer satisfaction. In keeping with the theory, a firm's performance can be measured in terms of the total utility it creates for all of its legal stakeholders or in terms of the total value it creates through its operations. When firm performance is examined from the viewpoints of resource-based theory, shareholder theory, and stakeholder theory, it culminates in a stakeholder-shareholder theory perspective, which is commonly referred to as the dual-investor theory (Cho & Pucik, 2005; Tse, 2011; Harrison and Wicks, 2013).

The dual-investor theory was thought to have been expanded by Rothaermel (2017), who developed a similar method of measuring firm performance that incorporates the balanced scorecard and three standard performance dimensions: accounting profitability, value for shareholders, and financial

value (BSC). The Stakeholder Theory, on the other hand, sees firm performance in terms of the total utility created for all of a firm's legal stakeholders, or in terms of the total value created by the firm through its operations. Stakeholder-shareholder theory, also known as the dual-investor theory, is the conclusion of an analysis of firm performance from the perspectives of resource-based theory, shareholder theory, and stakeholder theory (Cho & Pucik, 2005; Tse, 2011; Harrison and Wicks, 2013).

According to Rothaermel (2017), who developed a similar method of measuring firm performance that incorporates the balanced scorecard and three standard performance dimensions—accounting profitability, value for shareholders, and financial value—the dual-investor theory has been expanded (BSC). According to shareholder theory financial measures, BSC improves firm performance in three crucial non-financial areas: relationships with customers, key internal processes, and learning and development (Pham, Vu, Pham & Vu, 2020). While the company's relationships with its customers, key internal processes, and employee learning and growth all contributed to the introduction of customer satisfaction, firm efficiency, and employee productivity, respectively. As a result, BSC suggests that firm profitability, customer satisfaction, firm efficiency, and employee productivity be used to measure performance (Kaplan & Norton, 2005). Pham et al. (2020) evaluated performance based on the influence of variables in the BSC model to show that the BSC model's components have an effect on firm performance (Truong et al., 2020).

The intersection of the BSC, shareholder theory, and stakeholder theory leads to competitive advantage, firm efficiency, firm profitability, and customer satisfaction as the final outcomes for the measure of firm performance (Truong, Nguyen & Duong, 2020). Thus, it shows that the likelihood that businesses will increase their financial value, grow, and develop their production in order to satisfy their customers and fulfill their obligations is higher the more successfully the firm performs (Nguyen, Nguyen, Nguyen, & Do, 2021; Mihaela, 2017). Guided by the dual-investor theory (Shareholder Theory, and Stakeholder Theory), BSC, RBV, the measures of firm performance include firm efficiency, firm profitability, competitive advantage, customer satisfaction and employee productivity (Kaplan & Norton, 2005. Truong et al., 2020; Hendi, Basri & Arafah, 2022)

4.0 Review of Theoretical Literature

An extensive review of the vast body of relevant theoretical and empirical literature was carried out as guided by the key construct in this conceptual review. This section therefore, presents the theories that underpin the construct of strategic outsourcing and firm performance as well as related empirical literature. The reviewed theories included resource base view, social exchang theory and core competence model.

4.1.1Resource Based View

Resource-Based Theory (RBV)was first put forward by Penrose (2009), who proposed a model on the effective management of firms' resources, diversification strategy, and productive opportunities. Penrose's publication was the first to propose conceptualizing a firm as a coordinated bundle of resources to address and tackle how it can achieve its goals and strategic behavior (Penrose, 2009). RBV began to take shape in the 1980s.The antecedent of RBV was the Theory of the Growth of the Firm. Later, during the 1990s, Jay Barney's work was critical to the emergence of RBV and became the dominant paradigm in strategic management and strategic planning.

RBV provides a framework to highlight and predict the fundamentals of organization performance and competitive advantage. The focus of RBV on the firm's performance based on meso perspectives was a reaction to the earlier managerial interest in the industry structure, a more macro perspective. RBV addresses an internally-driven approach by focusing on internal organization resources, as opposed to externally driven approaches to understanding the accomplishment or failure of leveraging organizational activities (Kozlenkova, Samaha & Palmatier, 2014). It aims to elaborate on imperfectly imitable firm resources that could potentially become the source of sustained competitive advantage (Barney, 1991).

RBV emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. The principle behind this theory is that firms achieve sustainable competitive advantage by continuously developing existing resources and creating resources as well as capabilities. in response to the dynamic market conditions (Peteraf, 1993; Day, 2011). Resources are valuable when they allow the firm to take advantage of opportunities in the environment and/or withstand competitive threats which justifies both the possession and utilization of resources (capabilities) should be in place for firms to achieve competitive advantage.

Resources and capabilities in this context are conceptualized as bundles of tangible and intangible assets, including a firm's management skills, its organizational processes and routines, and the information and knowledge it controls that can be used by firms to help choose and implement strategies (Naido, 2006). Among other things, RBV contends that although organizations require valuable, rare, inimitable, and non-substitutable resources to obtain a competitive advantage, these resources and capabilities can reside outside the boundaries of the firm. From this perspective, competitive advantage is achieved through the interplay between organizations and their external environment.

The focus here is on how supply chain linkages or inter-firm relationships provide access to strategic resources in order to provide a competitive advantage. From this perspective, therefore, the decision to outsource is not based on the logic of outsourcing non-core activities to focus on core activities to achieve a competitive advantage. Instead, the primary driver to outsourcing is to obtain access to resources that cannot be easily reproduced or substituted by competitors. These resources do not need to be owned (Dyer and Nobeoka 2000). The resource base view is explicit in tracing firm performne outcomes to the aggregation and mix of resources in the ownership of a firm, and rooting for intangible resources as an imperative for building competitive advantage. Thus with strategic outsourcing conceived as an intangible resource, then the resource based view provides the theoretical underpinings of firm performance as an outcome of strategic outsourcing.

4.1.4 Social Exchange Theory

The Social Exchange Theory (SET) developed by John Thibaut, George Homans, Peter Blau, and Harold Kelley, is a sociological and psychological theory that studies the social behavior in the interaction of two parties that implement a cost-benefit analysis to determine risks and benefits. The theory also involves economic relationships—the cost-benefit analysis occurs when each party has goods that the other parties value. Social exchange theory suggests that these calculations occur in romantic relationships, friendships, professional relationships, and ephemeral relationships as simple as exchanging words with a customer at the cash register. Social exchange theory says that if

the costs of the relationship are higher than the rewards, such as if a lot of effort or money were put into a relationship and not reciprocated, then the relationship may be terminated or abandoned.

The main components of people's social behavior are explained by the SET. The framework begins by defining the reinforcement mechanisms that support people's motivation to interact with others. A resource in this instance is an attribute that enables the reward and encourages individuals to engage in exchange relations (Emerson, 1976). Resources include cash, knowledge, goods, and services (Davlembayeva & Alamanos, 2023). The degree of a resource's tangibility, or concreteness, is the second dimension of resources. Resources with little tangible value may be viewed as symbolic and hold greater value for recipients (Cropanzano & Mitchell, 2005). Third, social structures and social capital factors encourage social exchange relations (Blau, 2017). The reliance on social structures illustrates how interactions' outcomes depend on how the parties initially interacted with one another (Redmond,2015). Social capital is a term used to describe a variety of social entities, such as expectations, norms, laws, channels of communication, and obligations. These things are a part of social organization structures.

Social capital has the power to both promote and impede the growth of social relationships and the outcomes that result from them. Reciprocity, the penultimate mechanism underlying social exchange, establishes obligations between the parties (Suhermin & Harjanti, 2019). According to the justification for reciprocity, people are predisposed to act in ways that ensure reciprocity because of evolution such competitive intensity (Thibaut & Kelley, 2017). The theory's fundamental premises are based on how strong the relational ties are. When voluntary exchanges are founded on solid relational ties between partners, trust between the partners develops.While the theory can help someone take a broad look at a relationship, there are many more factors to consider in terms of whether they should continue or end the relationship. The principles of social exacnge theory are of import in explaining how a functional relationship with different actors in the value creation chain can be instrument in bostering performance outcomes.

4.1.3 Core Competences Model

The term core competency was coined by the leading management experts, CK Prahalad and Gary Hamel in an article in the famous Harvard Business Review. By providing a basis for firms to compete and achieve sustainable competitive advantage, Prahalad and Hamel pioneered the concept and laid the foundation for companies to follow in practice. It prescribes actions to be taken by firms to achieve competitive advantage in the marketplace. The concept of core competency states that firms must play to their strengths or those areas or functions in which they have competencies. In addition, the theory also defines what forms a core competency and this is to do with it being not easy for competitors to imitate, it can be reused across the markets that the firm caters to and the products it makes, and it must add value to the end user or the consumers who get benefit from it.

Core Competency Theory has been useful in explaining the focus on core functions. It contends that firm activities should either be carried out internally or by external service providers (Nzitunga, 2019). It depends on the decision to make or buy. The best service providers who are specialists in that area should be considered for outsourcing non-core activities. But a select few non-core tasks that significantly affect competitive advantage ought to be kept in-house. The collective knowledge of the production system in question is referred to as having "core competencies," specifically knowledge of the procedures and the best ways to integrate and optimize them. The practice of

outsourcing non-core competencies is becoming more and more significant as it places duties like maintenance and transportation functions in the hands of vendors most qualified to carry them out successfully (Chandra & Kumar, 2000). Competence of vendors plays a significant role in the success of an outsourcing arrangement (Levina & Ross, 2003). Therefore, in such a cutthroat economic environment, core competencies that produce tangible results for an organization's performance are essential (Asamoah, 2020).

Asamoah (2020) emphasized the connection between core competencies and competitive advantage, and Wright et al. (1995) emphasized the connection between competitive advantage and firm performance. A firm's management's core competencies must take center stage in the formulation of its strategy because they are a significant source of profitability. In order for a firm to gain a competitive advantage, its strategy must make the most of the resources over which it has control and those that are poised to do so while overcoming the intensity of the market. However, some scholars have argued that focusing on core competencies can constrain an organization's ability to adapt and can easily be exploited by rivals in eroding the competitiveness of a firm. The theoretical postulates of core competence theory are crucial in grounding the concept of strategic outspourcing as a research construct.

5.0 Review of Empirical Literature

5.1 Strategic Outsourcing and Firm performance

A study by Mol and van Tulder (2003) examined the impact of outsourcing on firm performance in the short-term, but did not consider the long-term effects. A longitudinal study by Lacity and Willcocks (1998) found that the benefits of outsourcing may not be realized until several years after the outsourcing decision is made. An examination of the impact of outsourcing on firm value requires focusing on both the user of the products or services and the provider of them.
Strategic Outsourcing can yield both longer-term gains and immediate payoffs. When a product or service costs less, it frees up capital for alternative uses. When the less costly service is deployed in value-creating areas, savings from sourcing should accrue to investor wealth in the longer term. But lower costs can also yield better margins and improved cash flows in the short-run, and they in turn may result in higher earnings per share and stock price in the quarters that immediately follow (Bettis *et al*., 1992).

Some analysts contend that an important source of user value is the firm's access to economies of scale and the unique expertise that a large provider can deliver. Since providers are typically servicing many clients, they often achieve lower unit costs than can any single company. Specialist providers can also afford to invest more in new technologies and innovative practices than can many user enterprises (Alexander and Young, 1996). Brand or reputational value can also improve when products and services are more competently delivered by providers than by inside personnel. The South Eastern Pennsylvania Transit Authority (SEPTA), for instance, outsources its off-train ticket sales. Few riders realize that the employees behind the ticket glass work not for SEPTA but for a contracted provider, and when the latter delivers high quality service to customers, the value accrues to SEPTA and its owners.

Firms enter sourcing agreements for strategic gain as well. Fresh value may come from an outsourcing contract if it provides for good complementarity between a user's and a provider's capabilities; if it allows the user to stay abreast of fast-changing technologies; and if it allows the user to draw on the results of capabilities it could not develop itself. Company value can also be enhanced when management attention is more focused on strategic issues and less on daily operational problems or organizational conflicts (Teece, 1986, Lei and Hitt, 1995, Alexander and Young, 1996, Bettis et al., 1992, Penrose, 1959, Lacity and Hirschheim, 1993, Abraham and Taylor, 1996).

In addition, some studies do not have control groups, which makes it difficult to determine the causal relationship between outsourcing and performance. For example, a study by Doherty and King (2017) examined the impact of strategic outsourcing on firm performance but did not include a control group, making it difficult to determine the causal effect of outsourcing on performance. The study by Beulen et al. (2015) examined the impact of outsourcing on innovation in the Dutch healthcare industry, but did not include a control group of firms that did not outsource. A study by Mol et al. (2009) found that outsourcing had a positive impact on firm performance, but did not include a control group. Agrawal and Haleem (2013) used performance metrics, including cost efficiency, productivity, profitability, growth, cash management, and market ratio, to analyze firm performance in ITO. The researchers conducted a quantitative empirical study examining pre and post-financial data within firms (i.e., treatment group) that outsource IT processes, comparing these 31 with similar companies (i.e., the control group) that did not outsource operations. Their study results indicated that the treatment group typically demonstrated higher performance metrics compared to the control group for efficiency, productivity, profitability, growth, market ratio, and firm value.

Conversely, Agrawal and Hall (2014) performed a similar empirical study within two industries: manufacturing and service. The manufacturing businesses in the designated treatment group demonstrated greater efficiency in cost, productivity, and cash management compared with the treatment group for the service companies. Business leaders who employ effective outsourcing strategies are more likely to achieve better business performances compared to their competitors who choose not to engage in such activities. However, managers may achieve different outsourcing results depending on their industries, and business leaders who execute poor outsourcing strategies may probably yield unfavorable results.

Jørgensen (2014) performed a binary regression analysis on 785,325 small-scale IT software outsourcing projects. The researcher evaluated client and third-party provider attributes about collaboration, satisfaction, and skills to determine when and why projects failed, as well as the contextual aspects during the initial decision-making process that might increase the likelihood of project failure. Jørgensen argued that third-party vendor skills or capabilities, rather than low price and vendor failure rates on prior engagements, were predictors of high risk of failure. Furthermore, the study results indicated that adequate training, relevant skills, and experience were equally important for both the client and vendor to mitigate project failure risk. Control groups are an important aspect of true experimental designs. The presence of control groups allows researchers to confirm that study results are due to the manipulation of independent variables (IVs) rather than extraneous variables. Specifically, control groups comprise participants who are not exposed to the manipulated IV but are measured on the study’s dependent variables (DVs).

Also, many studies focus solely on the cost savings that outsourcing can provide and do not consider other potential benefits. For example, a study by Kedia and Mukherjee (2009) found that outsourcing can lead to improved innovation, but many studies do not examine this aspect of outsourcing. A study by Domberger and Hall (1995) found that outsourcing did not have a significant impact on the performance of UK local authorities, but did not consider other potential benefits of outsourcing. Among the motivations for outsourcing beside to cut costs are to build skills and competencies, and to reduce business risks. Outsourcing decisions are also influenced by the number of acceptable providers and internal factors such as unpredictable workload and low initial investments associated with high outsourcing levels.

Meanwhile, some studies focus on a specific geographic region, which limits the generalizability of their findings. A study by Lacity *et al*. (2010) examined the impact of outsourcing on US firms, but did not consider firms in other countries Although the impact of strategic outsourcing on firm performance may vary across different industries, many studies fail to account for industry-specific factors that may affect the relationship. For example, a study by Harun et al. (2019) examined the impact of outsourcing on firm performance but did not account for industry-specific factors. A study by Miozzo and Grimshaw (2006) examined the impact of outsourcing on innovation in the UK manufacturing industry, but did not consider other industries. The software sector was the first service sector to transfer significant activity to foreign locations, leading to the creation of a critical mass of expertise and resources in concentrated locales, such as the city of Bangalore in India. The rapid dissemination of the Internet, the transnational networks set up by immigrants in the US and liberalization of emerging market

In addition to cost advantages similar to those offered by the manufacturing centers of East Asia, the ongoing outsourcing of business services jobs to India, Malaysia, Philippines and South Africa among others is also due to the widespread acceptance of English as a medium of education, business and communication in these countries; a common accounting and legal system (at least in some of the countries), the latter based on the common law structure of UK and US; general institutional compatibility and adaptability; the time-differential determined by geographical location leading to a 24/7 capability and overnight turnaround time; simpler logistics than in manufacturing, and a steady and copious supply of technically savvy graduates.
India's information technology enabled services (ITES) sector, the primary destination of business service outsourcing from Western countries, now directly employs over 200,000 people with around $2.3 billion in exports, of which over 70% are to the US. While the sector is still small it is growing at a rate of 60% per annum.

5.2 Service Intergation and Firm performance

Mohammed et al (2022) examined how integration management techniques affected business performance in the United Arab Emirates (UAE). A questionnaire used in the study was created using constructs and dimensions taken from the literature review. Supply chain integration, supplier integration, customer integration, knowledge transfer with customers, and managing knowledge transfer channels with customers are the components of integration management. Organizations in the UAE were sent a questionnaire. Statistical analysis techniques, such as reliability tests, ANOVA, and correlation analysis, were used to examine 94 responses. The findings demonstrate

that integration management significantly enhances organizational performance in the UAE. These practices significantly and positively affected the performance of organizations. the best integration management practices among the various countries in the region are determined by a thorough assessment of integration best practices.

Zhang *et al.* (2022) examined the impact of supply chain integration on the operational performance of a Chinese-based internet-based business. The study's primary data was gathered through a survey given to supply chain managers at the named companies. once the survey has been distributed and the responses have been gathered. To ascertain the accuracy of the research hypotheses, the structural equation modeling (SEM) method is used. The findings show that integrating various supply chain components has a positive effect on operating performance, which enhances the financial performance of the companies engaged in the integration process. Adopting sustainable supply chain management will benefit a company because SCI boosts business performance. SCI, in other words, makes businesses more competitive. The supply chain must be integrated into business operations by companies. Increasing communication and collaboration with customers and suppliers is necessary to improve operational effectiveness and financial success. Organizations must focus on SCI if they want to achieve different performance levels.

Instead of using SIAM, the study was restricted to SCI. Zhang *et al.* (2022)) investigated the elements that are most crucial for the implementation of SIAM in a multisourcing and multivendor environment. After conducting a structured literature review, the findings were assessed through expert interview research. The study demonstrates that creating end-to-end processes, ensuring open communication and collaboration, and creating and implementing a comprehensive governance structure with distinct roles and responsibilities should be the primary focus of a successful transition from traditional ITSM to SIAM. Thus, it is easy to identify critical success factors when performance is measured as a dependent variable. The methodology of this study makes the limitations particularly clear. However, experience alone is used to map the CSF to the phase model. Further consideration of the customer's point of view seems appropriate because only the IT service provider/integrator viewpoint was taken into account.

In order to improve conceptual clarity regarding service integration across sectors, van Duijn et al. (2018) presented a preliminary review of service integration across sectors in Europe using Minkman's Developmental Model for Integrated Care (DMIC) as an analytical framework. The research methods included a review of the literature and a survey of actual cases from across Europe (44 practices). This essay is based on a more thorough investigation released in 2016. The research reveals that while social services and health care are frequently the focus of integration across sectors, other arrangements are also frequently in place. The analysis demonstrates that integration can either be created for a specific target group or for communities as a whole. Although often present, monitoring and evaluation systems for social service integration are still in the early stages of development. According to the study, the DMIC can serve as a conceptual framework for the examination of service integration across sectors. We need more in-depth case studies, though, as this is only an exploratory study, to better understand the procedures involved in service integration across sectors. But the scope of the literature's findings was limited; the majority of studies concentrated on the integration of health and social services, and there were very few instances of integrated services involving one or more other sectors.

In their study, Kim and Kwak (2016) looked at the service integration data of 202 Korean businesses that manufacture machinery and equipment. In order to remove common method bias, firm profitability is derived from secondary data. A loss of opportunity for manufacturing improvements due to resource constraints, an increase in transaction costs, and an inverted U-shape in the relationship between service integration and profitability as measured by the service-revenue ratio are likely to be the causes of these issues. Additionally, outsourcing process operations and technical consulting greatly enhance profitability. The study only considered profitability when examining company performance, disregarding all other factors.

5.3 Offshore Outsourcing and Firm Performance

Forte and Ribeiro (2019) evaluated the impact of offshoring on employment in the home country using a review of the literature. Based on a sample of 14 manufacturing industry sectors for the years 1995 to 2009, the findings suggest that, in the case of Portugal, offshoring has a small but positive effect on employment in the home country. This finding might mean that offshoring contributes to the creation of more jobs than international relocation because higher sales are brought on by productivity gains. Offshoring may present a chance to support and boost the competitiveness of businesses in developed nations. In this way, offshoring helps create more jobs than it takes away from foreign countries in terms of job relocation. Generalization of research findings cannot be extended to the service sectors firmds.

Olajumoke et al. (2018) evaluated the impact of outsourcing activities on the performance of the firm using the body of existing literature. They did this by conducting a meta-analysis of 51 empirical findings from 24 articles. The study used a detailed method by examining various outsourced operations in the manufacturing and service sectors. In order to increase power, improve the effect size, and eliminate the uncertainty surrounding the effects of outsourcing activities on firm performance measures, this paper combined the quantitative study data from several carefully chosen studies using meta-analysis. According to the study, outsourcing improves firm performance. Only IT outsourcing, when compared to other types of outsourcing, had a significant impact on firm performance when outsourcing functions were examined separately. This may be explained by the fact that, in comparison to other types of outsourcing, IT outsourcing is less expensive for the organization to implement. The study only looked at one industry, namely the clothing and footwear sector, so there may be some generalizability problems.

Furthermore, the database's design makes it impossible to quantify captive offshoring for MSEs and to identify offshore outsourcing among medium- and large-sized businesses, making it impossible to determine whether interactions between these two types of businesses happen via the same internationalization strategy. The goal of Mohiuddin and Su's (2013) study was to show how outsourcing of core and non-core activities and integrated firm-level performance, which includes competitive, financial, strategic, and stakeholders' performance, are related. A web-based questionnaire was used to gather empirical data from outsourced manufacturing small and medium-sized enterprises (SMEs) in Quebec. For the purpose of determining the relationship between outsourcing and performance, a linear regression analysis was conducted. The results demonstrate that insourcing (internalization) of core activities and outsourcing of non-core activities both benefit a firm's overall performance. The results also show how manufacturing SMEs can thrive in the current unstable business environment by improving their economic, social, and strategic

performances through offshore outsourcing. Since the manufacturing companies in this study are from various industries, and the responses varied depending on the kind of outsourcing done for jobs with various levels of specificity, the results cannot be applied to the entire outsourcing population after accounting for these response variations. Another drawback is the use of a 5-point Likert scale to evaluate the performance of some variables.

Bertrand (2011) investigated how offshore outsourcing affected a company's ability to export. The study demonstrates that offshore outsourcing aids businesses in increasing their exports by drawing on the theories of global business, the resource-based perspective, and transaction cost economics. Their production costs could go down, and their flexibility might increase. Additionally, it might give them access to fresh materials and market knowledge. The impact of offshore outsourcing, however, depends on the resources and capacity of businesses to oversee a global network of suppliers and assimilate foreign expertise.

5.4 Multi-Sourcing and Firm Performance

In this study by O'Connor *et al.* (2022), researchers looked at how multi-sourcing can affect management control use when there are different buyer-supplier power dependencies. It took advantage of earlier research to create a conceptual framework that illustrates how multi-sourcing can allow buyers to use cost management and performance management controls in different ways depending on the types of buyer-supplier power dependencies. The framework is then illustrated using case studies of three electronic product manufacturers, leading to empirically testable hypotheses about when multi-sourcing may enable cost management controls, performance management controls, or both types of control. The evidence shows how crucial it is to take into account several interorganizational design options at once when researching management controls in supply chains. The also emphasize how multi-sourcing might assist supply chains in promoting non-financial objectives, such as those connected to social and environmental activities. The study prioritized comparing concepts over demonstrating relationships.

Baidoo-Baiden (2021) to conduct a study in order to compare the advantages of multiple and single sourcing approaches. at Takoradi Technical University In-depth interviews were used in the study's qualitative research techniques to develop a workable strategy for this particular research. The methodology used in this study included interactive interviews, but it was also a systematic and exacting process that included in-depth face-to-face interviews with numerous respondents, watching processes in action, using documentation, and closely examining archival records. The results supported the assertions regarding the expanding significance of the role that procurement is playing in the expansion of organizations. It was advised to combine both multiple sourcing strategies. The use of multiple sources of supply is more advantageous in high-risk situations like volatile economic conditions and erratic labor relations. The study did not link multiple sources of supply to performance; it only highlighted the significance of the practice.

Sani (2020) evaluated the impact of multiple and single sourcing strategies for international procurement on the effectiveness of the organization. The study focuses on the overseas purchases made by Mesfin Industrial engineering plc. Evaluation of their sourcing strategies' justifications is the goal. The primary information was gathered through questionnaires and semi-structured interviewing guides, and a descriptive and explanatory research design was used to use both primary and secondary data. Data were analyzed using correlation and regression techniques after

27 questionnaires were given to Mesfin supply chain managers in industrial engineering. Thus, the results of the analysis supported the existence of a positive correlation between the independent variables multisorucing and organizational performance.

Kimetto, Ojino, and Ayoo (2019) examined the ways in which businesses can implement a strategic sourcing solution to increase performance while lowering costs. The main focus of this study was on how strategic sourcing affected the Acacia Premier Hotel in Kisumu's organizational performance. Descriptive statistics and a case study research design were both used in the study. Due to the small size of the population, which consisted of the 48 employees of the Acacia Premier Hotel, the study used a census-style approach and included the entire population. Questionnaires were used to gather data, and secondary data came from records. With the aid of descriptive statistics, data was analyzed. The results demonstrate that multiple sourcing enables the accomplishment of organizational goals within the appropriate time frames, improving performance; however, multiple sourcing has the drawback of inconsistency, which lowers satisfaction and performance. The sample size of 46 respondents, however, was insufficient to be considered representative. Furthermore, the study was conducted for a single company. Still, the conclusions could not be drawn from the data.

6.0 Proposed Theoretical Model

Theoretical model is imperative in helping to reveal the relationship between independent variables and dependent variable. In the case of this independent study, a theoretical model was proposed that illustrated the relationship between strategic outsourcing and firm performance. This relationship is demonstrated in a chart marked as Figure 1.

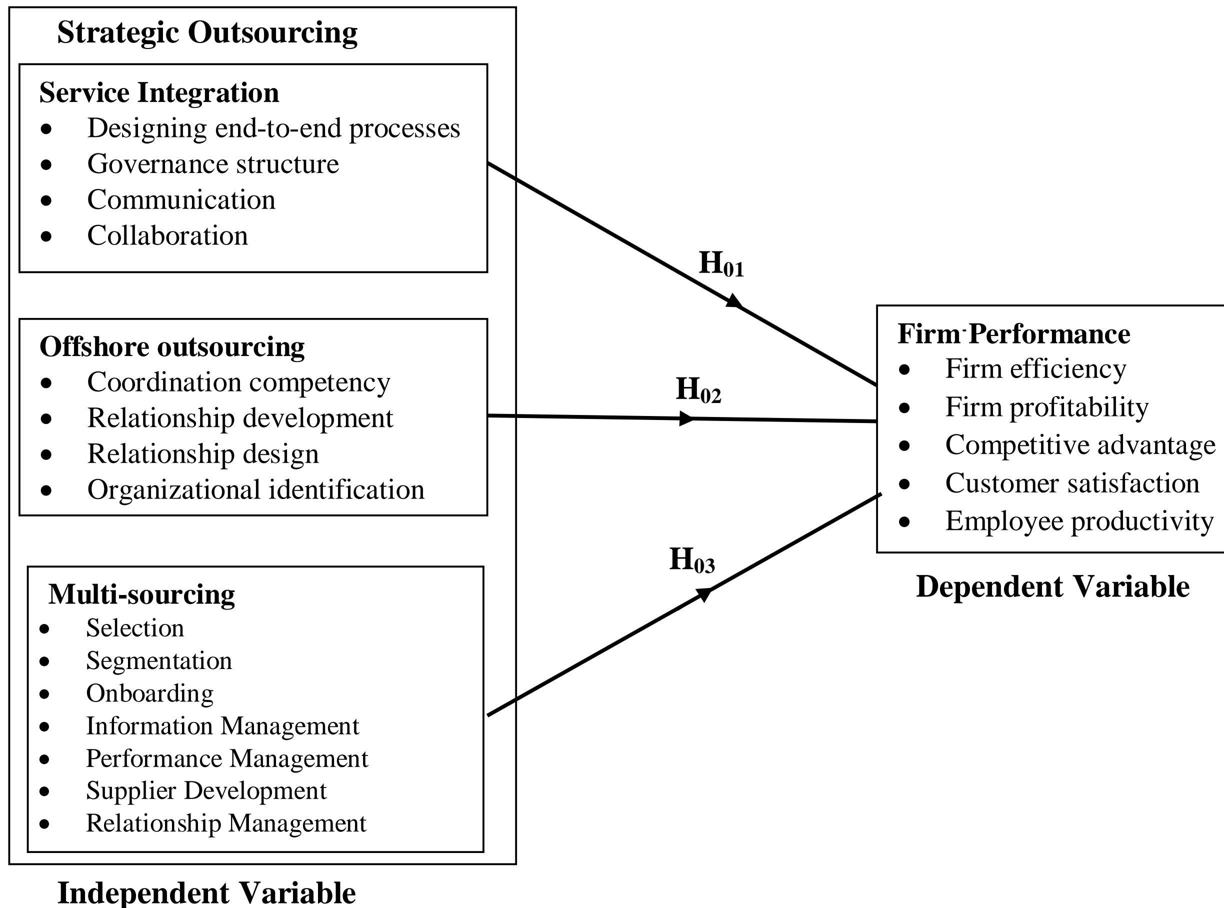

Figure 1: Proposed Theoretical Model
Source: Author (2023)

In accordance with review of conceptual, theoretical and empirical literature, the paper suggested a theoretical model which is important for explaining strategic outsourcing as a determinant of firm performance. The paper proposes that strategic outsourcing is related to firm performance. The reviewed literature conceptual literature, theoretical literature and empirical literature helped extract the appropriate measures of each variable. Importantly, the resource based view was useful in highlighting the integral value of intangible resources as strategic outsourcing in making determination of firm's competitive postion and performance. This theoretical underpinning was complemented by the social exchange theory and core competence theory.

7.0 Implication for Future Reseach

The postulated relationship between strategic outsourcing and firm performance should be validated in different economic sectors particularly in the developing economies. The conceptualastion of strategic outsourcing as service integration, off-shhore outsourcing and multi sourcing and their attendant measure should be refined further to their operationalization specific to the unit of analysis. This deliberate review seeking to enhance observation of research variables in manner that

reflects the contextual characteristics of such variables shpuld be extended to the phenomena of firm performance. It is recommended that the link between strategic outsourcing and firm performance be measured in different firms across industries particularly so in developing economies in order to guide policy development and shape practices on the basis of evidence arising from such pursuits.

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