

The Effect of Outsourcing Strategies on Performance of Manufacturing Firms: A Study of Selected Firms in Kaduna State, Nigeria

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Abstract : Outsourcing is growing at a rapid rate throughout the world because organizations view it as a way to achieve strategic goals, improve customer satisfaction and provide other efficiency and effectiveness improvements. With the increasing globalization, outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers. Several organizations have embarked on outsourcing strategies over the years but many still suffer in terms of their goal achievement; some have experienced low productivity both in terms of quality and quantity, their profitability has not been stable, and their capacities are grossly underutilized. This research work determined the effect of outsourcing strategies on the performance of manufacturing firms in Kaduna State. The study adopted descriptive research design. The questionnaire for the study was subjected to test-re-test reliability assessment. The data collected was analysed using the Statistical Package for Social Sciences (SPSS 20). Results were presented on frequency distribution tables and graphs. The findings reveal that firms that outsourcing strategy reduce average cost, increased productivity and profitability improved quality, improves customer satisfaction and save time for core activities. This study therefore recommended that firms should embark more on outsourcing strategies to attain the benefits of cost savings/restructuring which results in better customer service at profit; also, outsourcing strategy should come from the workers themselves. Also, organisations should ensure that, the costs of managing the outsourcing process is not greater than the benefits generated by the outsourcing program.

Keywords : Manufacturing Firms, Outsourcing , Performance, Strategies

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