

**EFFECT OF PUBLIC PROCUREMENT ACT 2007 ON
OUTSOURCING DECISIONS OF PUBLIC SECTOR
ORGANIZATIONS IN NIGERIA (1998-2015)**

**NWADIGHOHA, CHINEDUM EPHRAIM
2006407011F**

**DEPARTMENT OF ACCOUNTANCY,
FACULTY OF MANAGEMENT SCIENCES,
NNAMDI AZIKIWE UNIVERSITY, AWKA
ANAMBARA STATE, NIGERIA.**

MAY, 2017.

**EFFECT OF PUBLIC PROCUREMENT ACT 2007 ON
OUTSOURCING DECISIONS OF PUBLIC SECTOR
ORGANIZATIONS IN NIGERIA (1998-2015)**

**NWADIGHOHA, CHINEDUM EPHRAIM
2006407011F**

**A DISSERTATION SUBMITTED TO THE DEPARTMENT OF
ACCOUNTANCY, FACULTY OF MANAGEMENT SCIENCES,
NNAMDI AZIKIWE UNIVERSITY, AWKA, IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF DOCTOR OF PHILOSOPHY (Ph.D)
DEGREE IN ACCOUNTANCY**

MAY, 2017.

DEDICATION

This work is dedicated to the Almighty God, the Author and Finisher of our faith for giving me the strength and life to complete this dissertation at the appointed time.

DECLARATION

I hereby declare that this Ph.D Dissertation titled “*Effect of Public Procurement Act 2007 on Outsourcing Decisions of Public Sector Organizations in Nigeria*” is the product of my own research efforts, undertaken under the supervision of Prof. B.C. Osioma and Prof. Emma I. Okoye. To the best of my knowledge this work has not been presented elsewhere for the award of any degree or certificate. All sources have been duly distinguished and appropriately acknowledged.

NWADIGHOHA, CHINEDUM EPHRAIM
2006407011F

CERTIFICATION

This Dissertation on the “Effect of Public Procurement Act 2007 and Outsourcing Decisions of the Public Sector Organizations in Nigeria” meets the regulations governing the award of Doctor of Philosophy (Ph.D) Degree in Accountancy of the School of Postgraduate Studies of Nnamdi Azikiwe University Awka for its contribution to knowledge and literary presentation.

Prof. B.C. Osisoma
Supervisor I

Date

Prof. Emma I. Okoye
Supervisor II

Date

Dr. P.A. Egbunike
(Head of Department)

Date

External Examiner

Date

Rev. Can. Prof. A.D. Nkamnebe
(Dean, Faculty of Management Sciences)

Date

Prof. Harris Odimegwu
(Dean, School of Postgraduate Studies)

Date

ACKNOWLEDGEMENTS

My sincere appreciation goes to the God Almighty, the omnipotent, the omniscient, and the omnipresent who gave me the grace and the strength to complete this work, eleven years after my first P.hD, I have been able to realize my dreams of completing a second P.hD successfully. To God be the Glory in Jesus name, Amen. May I also use this opportunity to appreciate my wonderful Supervisors, Prof. B.C. Osisioma, the doyen of accounting profession in Nigeria, the icon and legendary of accounting profession in Africa and Prof. Emma I. Okoye who was instrumental for the success of this work, his invaluable comments, suggestions, unique advice, humane nature and good pleasant disposition which cannot be quantified. I am also indebted to Dr. Gloria O. Okafor, who painstakingly corrected my first seminar paper and my Internal Defense Thesis, Dr. Nesto Ndubusi Amahalu who was of great assistance in the data analysis of this work, Dr. C. E. Ezeagba and Dr. F.N. Udeh both of them corrected my seminar papers and Prof. M.S. Ifurueze who corrected my Faculty Internal Defense work; he gave me hope to fulfill my dreams. To the former HOD, Dr. P.V.C. Okoye, I cannot thank you enough even when I abandoned this work, he insisted that I should not relent, my present HOD, Dr. P.A. Egbunike, a very hard working HOD and a scholar both in flesh and in spirit. Permit me to sincerely thank Dr. Mrs. Tochukwu Okafor and Dr. Mrs. Gloria Ogochukwu Okafor who painstakingly corrected my Proposal. May I also thank, Dr. Mrs. Grace N. Ofoegbu, whose work was extensively used in this study. My singular honour goes to the following members of the Department of Accountancy, UNIZIK, Prof. C.M. Ekwueme, Prof. R.G. Okafor, Dr. C.U. Nzewi and Dr. S.C. Okaro and Dr. Francis Nwankwo who corrected my synopsis. May I also use this opportunity to acknowledge my lovely wife for her care and support Mrs. Angela Nneoma Nwadihoha, My lovely and promising children, Lucky Jachimike Ephraim, Veracious Amarachi Ephraim, Ephraim Chinedum Ephraim and Ephraim Udochukwu Ephraim (The Ephraimites) for their prayers.

ABSTRACT

The public service has been confronted with a lot of inefficiencies, corruption, excessive bureau critic bottlenecks, complacency, mismanagement of resources and inability to embrace transparency and accountability in the outsourcing decisions of public sector organizations in Nigeria. Consequently, this study assessed the effect of Public Procurement Act 2007 on outsourcing decisions of public sector organizations with a focus on Nigerian Government Ministries. This study adopted cross-sectional analysis of Nigerian Government Ministries as at 31st December 2015, for a period of eighteen years (1998-2015). This allows for comparison of the pre government reform policy for a period of nine years (1998-2006) and post government reform policy for nine years period (2007-2015) among the government ministries considered in this study. Twenty five ministries which made up the Nigerian Government Ministries were all selected for this study. Panel Data were employed in this study. The researcher made use of Ex-post facto research design in conducting the research. The study made use of secondary data obtained from Central Bank of Nigeria (CBN) statistical bulletin, Federal Ministry of Finance and Budget Office of the Federation as at 31st December 2015. The relevant data obtained were subjected to statistical analysis using E-view 9.0. Correlation co-efficient, regression analysis and Chow test were employed to analyse the data that were collected and testing the hypotheses that were formulated. The results of this study revealed that Public Procurement Act 2007 has a significant impact on outsourcing decisions of public sector organizations in Nigeria. The researcher recommends that cost analysis and risk analysis should be carried out in order to evaluate the external capabilities with internal capabilities, so as to realize the full benefits of outsourcing in Nigeria.

TABLE OF CONTENTS

Dedication	iii
Declaration	iv
Certification	v
Acknowledgement	vi
Abstract	vii
List of Tables	x
List of Figures	xi

CHAPTER ONE: INTRODUCTION

1.1	Background of the Study	1
1.2	Statement of the Problem	6
1.3	Objectives of the Study	9
1.4	Research Questions	9
1.5	Research Hypotheses	10
1.6	Significance of the Study	10
1.7	Scope of the Study	11
1.8	Operational Definition of Terms	11

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1	Conceptual Review	14
2.1.1	Outsourcing	14
2.1.2	Outsourcing Costs	19
2.1.3	Specifications of Public Procurement Act 200 7	20
2.1.4	Compliance to the public Procurement Act 2007	21
2.1.5	Capital Expenditure	22
2.1.6	Recurrent Expenditure	22
2.1.7	Total Capital Expenditure	22
2.1.8	In-House- Cost	22
2.1.9	Procurement Plan Cost	23
2.1.10	Capital Expenditure and Outsourcing Cost	23
2.1.11	Recurrent Expenditure and Outsourcing Cost	23
2.1.12	In- House Cost and Outsourcing Cost	24
2.1.13	Procurement Plan Cost and Outsourcing Costs	24
2.1.14	Outsourcing Opportunities in Nigeria	24
2.1.15	Reforms in the Nigerian Public Sector and Outsourcing	30
2.1.16	Reason for Outsourcing in Nigeria	33
2.1.17	Benefit of Outsourcing to the Nigeria Economy	34
2.1.18	Challenges Facing Outsourcing Business in Nigeria	36
2.2	Theoretical Framework	37
2.2.1	Agency Cost Theory	37
2.2.2	Transaction Cost Economic Theory (TCE)	38

2.2.3	Public Choice Theory	39
2.2.4	Games Theory	39
2.2.5	Resource- Dependent Theory	41
2.3	Empirical Review	41
2.4	Summary of Empirical Review	56
2.4.1	Summary of Literature Review	71
2.5	Gap in Literature	72

CHAPTER THREE: METHODOLOGY

3.1	Research Design	73
3.2	Area of the Study	73
3.3	Population of the Study	74
3.4	Sample size and Sampling Method	74
3.5	Sources of Data	74
3.6	Method of Data Analysis	75
3.7	Model Specification	76
3.8	Description of Research Variables	76

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1	Presentation of Data	77
4.2	Analysis of Data	78
4.3	Test of Hypotheses	78
4.4	Discussion of Findings	97

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1	Summary of Findings	99
5.2	Conclusion	99
5.3	Recommendations	99
5.4	Contributions to Knowledge	101
5.5	Suggestion for further studies	106
	References	106
	Appendices 1- 3	115

LIST OF TABLES

Table 2.1	Percentage Distribution of Federal Civil Service by Cadre as at 2005	30
Table 2.2	Summary of Review of Related Literature	71
Table 3.1	Description of Independent Variables	74
Table 4.1:	OUTSCST, CAPEX, RECEX, TOTEX,	77
Table 4.3.1:	Descriptive Statistics of Operational Variables	79
Table 4.3.2:	Correlation matrix of variables	80
Table 4.3.3:	OLS Regression Analysis showing the relationship between OUTSCST and CAPEX.	81
Table 4.3.4:	Chow Test showing the structural change in the relationship between OUTSCST and CAPEX	82
Table 4.2.1:	OLS Regression Analysis showing the relationship between OUTSCST and RECEX.	84
Table 4.2.2:	Chow Test showing the structural change in the relationship between OUTSCST and RECEX	86
Table 4.3.1:	OLS Regression Analysis showing the relationship between OUTSCST and TOTEX	88
Table 4.3.2:	Chow Test showing the structural change in the relationship between OUTSCST and TOTEX	89
Table 4.4.1:	OLS Regression Analysis showing the relationship between OUTSCST and IHCST	91
Table 4.4.2:	Chow Test showing the structural change in the relationship between OUTSCST and IHCST	92
Table 4.5.1:	OLS Regression Analysis showing the relationship between OUTSCST and PRCST	94
Table 4.5.2:	Chow Test showing the structural change in the relationship between OUTSCST and PRCST	95

LIST OF FIGURES

Fig. 2.1	Outsourcing Risk Pyramid	16
Fig. 2.2	Outsourcing Process	19
Figure 4.3.1:	Chow test result at Break Point 2007 between OUTSCST and CAPEX	83
Figure 4.2.1:	Chow Test Result at Break Point 2007 between OUTSCST and RECEX	86
Figure 4.3.1:	Chow Test Result at Break Point 2007 between OUTSCST and TOTEX	90
Figure 4.4.1:	Chow Test Result at Break Point 2007 between OUTSCST and IHCST	93
Figure 4.5.1:	Chow Test Result at Break Point 2007 between OUTSCST and PRCST	96
Figure 5.1:	Outsourcing Risk Pyramid	103
Figure5.2:	Modified Outsourcing Risk Pyramid	103
Figure5.3:	Classification of Outsourcing	104
Figure5.4:	Modified Outsourcing of Classification	105

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Outsourcing has become a global and common practice in most industrialized nations of the world, unprofitable ventures must be eliminated, more efficient ways of doing business must be encouraged and the issues of productivity and profitability must not be overlooked; (Jenson & Stone 2014) both in public institutions and private organizations. The first organization to embark on serious outsourcing arrangement in Nigeria was United African Company Nigeria (UACN) in early 80s when the company outsourced its food division that resulted to the sack and retirement of more than 800 workers all over the country. Again, in the United States of America (USA), American Express Company outsourced the processing of customers bills for payment to the United States Postal Services, that was in 1997 because, the U.S. Postal Services monopolized the first class mail delivery Raiborn, Barfield & Kinney (1999). There are some other companies such as McDonnell Douglas who contracted out all of its computer and telephone services to International Business Machines (IBM) and Business land. British Petroleum (BP) outsourced her Divisional Finance Department (DFD) to Arthur Anderson, (An International Accounting Firm), Mobil Oil also contracted out refinery maintenance and American Telecommunication and Telegraph (AT&T) outsourced its credit-card processing. Pitney Bowes, Xerox, and Ameriscribe contracted with U.S. business of all sizes of copying, faxing and mailroom facilities (Prager 1994).

Institutions all over the world, be it public or private, are embarking on new approaches that would enable them reduce cost of doing business, in particular overhead cost, so as to pay adequate attention to the areas they have more comparative advantage that would create more opportunities for the institutions in view of high productivity, return on investment, payment of dividends to the shareholders, better remuneration to their workers and other welfare packages and the discharge of her social responsibilities to their host communities. As a result of the above, public sector management has undergone and has continued to undergo reform processes from time to time, even in the less industrialized nations of the world such as Nigeria. It has introduced some reforms on every aspect of her economy and public institutions. It is true that before this time, government was having the sole monopoly for the provision of some services; the reforms further brought the idea of privatization and

commercialization of some public institutions and the Public, Private Partnership (PPP) arrangement which is even on-going now. Hence, there is a shift by the government from the usual purchases of goods and services and procurement of materials by accounting officers without a limit to the idea of competitive tendering and outsourcing for procurement of goods and services which can be called outsourcing. Outsourcing in developed countries is a strategy which reduces waste, allows for competitiveness, more efficient and effective ways of running both private and public institutions for the benefit of the stakeholders.

The computer and information technology have made the world a global village; the present era of global competitiveness allows the public institutions to concentrate on their core competencies and areas they have comparative advantage over other institutions. Their core competencies are those productive activities which earns them competitive advantage over others. What this means, is that organizations/institutions now concentrate on the production of the product/service component in which they have a higher degree of proficiency than their competitors. Raiborn, Barfield & Kinney (1999) state that, the core competencies are roots of competitiveness and competitive advantage. Organizations produce in-house those goods or services they could only produce at a much efficient and effective means and should contract out those goods and services they could only produce at a higher cost (Prager 1994). While Organizations explore their core competencies, non-core competencies are outsourced. Outsourcing is the procurement of work/goods/ services from outside of the organization rather than from within. By outsourcing non-core activities such as security services, canteen services, haulage services and so on. So that the organization can concentrate on their core areas of activities and become more proficient in them, render their services at a cheaper rate than their competitors. Outsourcing has become a household name in business and very significant in the management of the material and the financial resources of any organization all over the world. Apart from enabling companies and institutions in some competitive advantage, researchers such as Griffith & Figgis (1998) and (Bragg, 2006) identify cost reduction, increased efficiency, enhanced accountability, access to better skills, professionalism and technology, lower level of capital investment, and performance improvement as reasons why outsourcing is significant. In Nigeria, outsourcing is also the issue of the day, for example, Famafirm (a business process outsourcing firm and legal experts in brief writing), provides legal outsourcing services to law firms in Nigeria and companies in Commonwealth Countries.

The National Mail Transportation (NMT) is outsourced to private transport companies in the National Mail Route Network (NMRN). Some States in Nigeria outsourced revenue collection to private companies Sansui (2008). There are now private sector participation into virtually all processes and operations of the Nigerian Postal Services (NIPOST) which has brought remarkable improvement on the organization since the year 2000 Chigbu (2005). In the public sector, which is the main focus of this study; outsourcing has become a means of contracting out to both private sectors firm and public institutions the responsibility for the function or process for which the government remains accountable (Hunter & Healy 2001). In different countries of the world, the government has made the private sector to become active participant in the production of public goods and services through outsourcing. Outsourcing is not new but what is actually new is the discovery of outsourcing as a useful tool that enables governments' world over in the management of their finances (Gariffith & Figgis 1997). Governments across the globe have shifted from the usual processing of goods and services from the private sector to the wholesale use of competitive tendering and outsourcing as a management tool for economic and financial reforms in the public sector institutions.

Open competitive tendering is a transparent process of inviting supplier's bids from the public, and selecting suppliers based on their technical and financial proficiency. These are some of the good reasons for outsourcing in the public sector. They include; cost savings and budget control (Jumoh & Wood 2002) budget pressure and demand for improved service delivery, Jonas (1994) increased expectations of services provided by the government agencies, increased pressure to improve efficiency, and reduction in operational cost due to budget or legislative constraint, (Loof 1996) Koch, Dell, & Keller (2004) in their study of human resource outsourcing in public sector, identify cost saving, avoidance of capital outlay and turning fixed cost into a variable one as three basic financial drivers of outsourcing while (Hunter & Healy 2001) recognize global fiscal pressure, and increased demand for government services with much reduced financial base as what drove governments into deploying outsourcing as a solution. By outsourcing, according to (Prager 1994) government authorities can avoid some bureaucratic barriers and focus on their most critical operations, and relegate the remaining operations to contractors. However, outsourcing is not without its risks which include loss of control, over dependence on supplier, loss of privacy, and quality reduction (Griffith & Figgis 1998) (Raiborn, Barfield & Kinney 1999) Bragg (2006). Both private and public sector Organizations will enjoy immense benefits in outsourcing some of their goods and services.

A range of activities are being contracted out in the Western Countries. They include building and equipment maintenance, cleaning, catering, prison management, information technology, telecommunications, waste management, mail services, printing, training, legal services, security, and a host of others. However, the commonly outsourced services by the public sector include garbage collection, like Botswana have contracted out a number of services such as maintenance, security, non-clinical health services, cleaning, laundry, catering, and billing, Russell (1997) in Amoako (2003). The Federal Government of Nigeria in year 2004 embarked on various reform initiatives which are expected to usher in transparency, effectiveness, efficiency, cost reduction, and value-for money delivery in public expenditure Obasanjo (2004). The most relevant reforms to the study are the public service reform which downsized the number of public servants through outsourcing. Adegoroye (2006) asserted that the Public Procurement Reform which monitors the procurement processes (through competitive tendering) of government ministries, parastatals, agencies and extra ministerial bodies, we are yet to see the application of the laws to ensure the rejection of all bids at the time prior to the acceptance of a bid, without incurring any liability to the bidders and cancel the procurement proceedings in the public interest as demanded by the public procurement Act.

These reforms are sequel to a World Bank's Report on "Nigeria Country Procurement Assessment" which identified so many weaknesses in the procurement system. An earlier report on "Restructuring Urban Infrastructure in Nigeria" found that one of the reasons why Nigeria's infrastructural facilities were crumbling was because the private sector was excluded from provision of such. The report noted that, water supply, sewerage, sanitation, drainage, roads, electricity, waste disposal, all suffer from years of serious neglects and routine maintenance on them was almost zero (World Bank Reports, 1996 -2000). Through these reform initiatives, services such as security, cleaning, catering, laundering in hospitals, consultancy, maintenance and others are being outsourced through competitive tendering by some public sector organizations. The success of this program depends on a number of things but most essential on how outsourcing decisions are made and the decisions are based on the information available concerning outsourcing laws of a particular country.

Successful outsourcing and competitive tendering requires a great deal of work and preparation. The contracting agency must consider in detail what is appropriate for outsourcing, what is hoped to be achieved, the existing costs of providing the service, the potential cost savings, and cost involved in outsourcing (Griffith & Figgis 1997) This consideration involves a great deal of financial analysis which should be provided by

management accounting information system, and a lot of decision making by managers. Therefore the system of organization must be such that is capable of providing the required information within the available time to the right level of decision makers Ward (1992). The information must be adequate, timely and relevant, and must be such that would guide managers in their decisions as to whether to outsource or not, planning for the outsourcing, selection of vendors, and implementation and performance evaluation of outsourced contract. Using outsourcing as a success driver such decisions on whether outsourcing is the best option; what the alternative causes of action are; whether contracting out will prove even more costly than inefficiency of government operations on specific services; are very crucial in any reform process. Prager (1994) states that, some government operations are more amenable to contracting out than others. Such crucial decisions require crucial information.

Decision making is one of the basic functions of management in any organization whether public or private (Garrison & Noreen 2000). It is an integral part of management process in every organization Rowthorn (2014) decision making involves a choice between alternative cause of actions and decision makers need information on which to base their choice Lucey (2002). It was of the decision making of the founding Fathers of Nigeria after the Constitutional Conference held in May/June 1957 to enact an appropriate law concerning the financial authority and regulations of the federal resources. It was decided that certain basic financial principles should be embodied in the constitution rather to be left to the discretion of the legislature. This was a provision which previously enabled the Minister of Finance to issue a financial warrant under the Finance (Control and Management) Act and has now been transferred to Section 82 of 1999 Constitution by the provisions of the Finance (Control and Management) Act 1958 as amended to date, the Accountant General of the Federation shall issue from time to time Financial Regulations, Accounting Code, Audit Guide and Accounting Manuals to be followed by Accounting Officers and other employees of each ministry and all matters relating to the financial and accounting affairs of the federation which are not by law assigned to any other accounting regulations and laws. Research efforts by Western Countries have shown the evidence that cost savings objectives of outsourcing is being realized. For instance, a review of Sixteen (16) competitive outsourcing initiatives in the U.S. Center for National Analysis showed the average savings of 24% over baseline cost, and 34% taking into account the value of service improvement (Hunter & Healy 2001).

Still in the United States of America, outsourcing is said to be bringing down prices for firms and families and that leads directly to high standards of living and more jobs in a growing economy Kame, Schaeferd, Acostafraser (2004). Australia Government which embarked on the reform program in 1996 has achieved a core saving of 30% by the year 2004 (Koch, Dell & Keller 2004). In the United Kingdom, almost one-fifth of public sector services are delivered through outsourcing to private and voluntary bodies McDonnell (2005). In 2007, the UK public sector was to outsource €20 billion worth of the services which represented a growth of 50% over the previous 3 years Hart (2007). Enormous literature on outsourcing in the public sector exists in the Western Countries such as United Kingdom, United States of America, New Zealand; (Hunter & Healy 2001). However, in Nigeria, there is general dearth of literature on outsourcing in the public sector. Moreover, literature on Effect of Public Procurement Act 2007 on Outsourcing Decision Making is unavailable to the best of researcher's knowledge. The work done by Sciulli (2004). On the use of management accounting information to support contracting out decision making is predicated on the U.S. environment, the work concentrated on the qualitative management accounting information and failed on the quantitative information test. A research initiative in outsourcing in Nigeria is required to evaluate the relevant financial regulations and their effect on outsourcing decisions in the Nigerian public sector. Therefore the problem of this study is to ascertain the effect of the Public Procurement Act 2007 on the Outsourcing Decision Making of Selected Public Sector Organization

1.2 STATEMENT OF THE PROBLEM:

Outsourcing is not new in Nigeria, but the ways and manners in which it was being conducted lacked the best international practices, hence the enactment by the National Assembly the Procurement Act 2007 which took into consideration those factors that would make outsourcing to be integrity driven, efficient and profitable to the Nigeria Nation. Such factors as, procurement plans, lowest evaluated responsive bid, sufficient fund in the annual budget of the public sector organization, open competitive bidding, economy or reduction of wastages and ethical business practices by the vendors and public sector managers. The dynamics of outsourcing requires also that attention must be given for outsourcing plans, selection of tenders, consideration for comparative advantage, recognition of core competencies and expertise in outsourcing cost consideration, various outsourcing prices and the likely outsourcing benefits which would make the venture a worthwhile project.

The Public Procurement Act 2007 is the guiding principle that specifies actions to be taken without going into the details of such actions, particularly in the area of public procurement and outsourcing decision making. The public service has been confronted with a lot of inefficiencies, corruption, excessive bureaucratic bottlenecks, complacency, mismanagement of resources and inability to embrace cost savings in outsourcing.

The oil boom of 1980's and the inability of the Nigerian Government to manage the situation successfully made the citizens to demand for greater efficiency, accountability, integrity and transparency in government operations and cost minimization in the delivering of public services by public sector institutions. For instance, the Structural Adjustment Program (SAP), introduced in 1988 for the rationalization of the public sector through privatization and commercialization of some agencies, and cutting down of some government overheads. Public Service Reform of 2003 which led to outsourcing of some public services, brought the idea of costs-benefit- analysis in National Outsourcing Policy of 2007, and host of other tools were put in place for outsourcing decisions. The World Bank's Report on "Nigeria Country Assessment" (2000) identified so many weaknesses in the Procurement system. An earlier report on restructuring urban infrastructure identified the exclusion of private sector participation as one of the main reasons why infrastructural facilities were crumbling, because they needed to be outsourced. The Public Procurement Reform 2007, the Federal Government of Nigeria introduced procurement through the competitive tendering because award of contracts have been identified as a major source of corruption in the public sector. There was a new circular (No. F. 15775 of 27 June 2000) on guideline for "procurement and award of contracts by government ministries and agencies" which was issued by the Federal Government. Also, a Budget Monitoring and Price Intelligence Units; (BMPIU) established in the same year 2000 to ensure that contract awarding procedure complies with the guidelines of the public procurement act and the issues of compliant to the extant law so as to fight corruption on the award of contracts in Nigeria which formed the basis of this work.

In spite of all these efforts by the Nigerian Governments, it does not seem that significant progress has been made in achieving efficiency, accountability, integrity and transparency in the public procurement system. For instance, the Budget Monitoring and Price Intelligence Unit (BMPIU) claim that nearly \$2billion would be saved for the Federal Government of Nigeria on contract awards from 2000 to 2007 Aghon (2004). Furthermore, seven years after the inception of the reform on contract awards, the corruption perception index of 2007 ranked Nigeria 148 out of 180 countries. Based on this expert assessment, the Transparency

International advised Nigerian Government at all levels to improve transparency in financial management, especially in contract awards and executions. The subject of this study, which is the effect of Public Procurement Act 2007 on Outsourcing Decisions of Public Sector Organization in Nigeria. This study has been designed to investigate the Public Procurement Act 2007 and the extent to which it influences outsourcing decisions.

The problems with contract awards in Nigeria may be traced from contracting/outsourcing decisions, it has always been based on theoretical arguments or on foreign experiences due to lack of empirical evidences in Nigeria. This in turn may have badly affected public sector performance and achievement of outsourcing objectives in Nigeria. Moreover, outsourcing decisions and contract awards may not have been based on economic cost/benefit analysis of projects whereby in-house cost of providing goods/services and outsourcing cost are compared. Hence, some procurement decisions may not be of any economic benefit to the government. The issue of concern to this study is the extent to which outsourcing decisions are influenced by the procurement Act 2017 with respect to the lowest evaluated responsive bid price, the annual budget (GDP) and economic growth of the Nigeria economy.

Another issue of concern is non-adherence to outsourcing budget estimates. It is not clear whether outsourcing budgets are strictly adhered to and used by managers in government to assess and control costs, achieve transparency and efficient management of economic resources. The neglect of budget (as a very useful decision tool for effective financial administration by managers) leads to chaos in allocation of financial resources. The study will carefully investigate this matter. Another issue of concern is that of improper selection of vendors/contractors. It is not clear whether competitive tendering processes are strictly followed, whereby bidding prices are properly analyzed, compared with established standard price before contracts are awarded or vendors selected. Improper evaluation of bids violates the principles of transparency and competition. In most cases it leads to selection of non qualified contractors, uneconomic procurement, use of low quality materials and low quality of work. The concern of this study is the Effect of the Public Procurement Act 2007 on the Outsourcing Decisions of the Public Sector Organizations in Nigeria. In spite of this, no attention has been directed to the effect of public procurement Act for outsourcing decisions in the Nigerian public sector Organizations. There is therefore a compelling need to empirically investigate the extent to the Public Procurement Act 2007 on Outsourcing Decisions of Public Sector Organizations in Nigeria.

1.3 OBJECTIVES OF THE STUDY:

The broad objective of this study is to ascertain the effect of the Public Procurement Act 2007 on Outsourcing Decisions of the Public Sector organizations in Nigeria.

The specific objectives which the study seeks to achieve are to:

1. Determine the extent to which Capital Expenditure affects Outsourcing Cost of public sector organizations in Nigeria.
2. Ascertain the effect of Recurrent Expenditure on Outsourcing Cost of public sector organizations in Nigeria.
3. Assess the effect of Total Expenditure on Outsourcing Cost of public sector organizations in Nigeria.
4. Ascertain the effect of In-House-Cost on Outsourcing Cost of public sector organizations in Nigeria.
5. Determine the extent to which Procurement Plan Cost affects Outsourcing Cost of public sector organizations in Nigeria.

1.4 RESEARCH QUESTIONS

1. How does Capital Expenditure affect Outsourcing Cost of public sector organizations in Nigeria?
2. To what extent does the Recurrent Expenditure affect Outsourcing Cost of public sector organizations in Nigeria?
3. How does Total Expenditure affect Outsourcing Cost of public sector organizations in Nigeria?
4. How does In-House-Cost affect Outsourcing Cost of public sector organizations in Nigeria?
5. To what extent does Procurement Plan Cost affect Outsourcing Decisions of the public sector organizations in Nigeria?

1.5 RESEARCH HYPOTHESES:

The following research hypotheses were tested:

- H₀₁:** Capital Expenditure has no significant effect on Outsourcing Cost of public sector organizations in Nigeria.
- H₀₂:** Recurrent Expenditure has no significant effect on Outsourcing Cost of public sector organizations in Nigeria.
- H₀₃:** Total Expenditure has no significant effect on Outsourcing Cost of public sector organizations in Nigeria.
- H₀₄:** In – House- Cost has no significant effect on Outsourcing Cost of public sector organizations in Nigeria.
- H₀₅:** Procurement Plan Cost has no significant effect on Outsourcing Cost of public sector organizations in Nigeria.

1.6 SIGNIFICANCE OF THE STUDY:

The public service being a complex and large organization requires a set of standards in order to ensure compliance, uniformity and conformity of application, in particular outsourcing of public sector goods and services. The adherence to the Public Procurement Act 2007 on the outsourcing decisions of the public sector organizations will guarantee accountability and transparency; this will provide more support for non-routine, executive and strategic decisions in response to changes in the way government does its business which must be in compliance with best practices all over the world. Both the Government and the outsourcing agencies will benefit from this.

It is also expected that the suggestions offered will equally assist the government in achieving transparency, accountability, and honesty in contract awards in government ministries and agencies and departments as Public Procurement Act 2007 are useful in outsourcing decision making in public sector institutions. It will create awareness on the usefulness of the Public Procurement Law as among the tools and techniques involved in taking outsourcing decisions. Hence, this offers useful suggestions that may assist public sector administrators in understanding various ways of using such tools and techniques in the assessment of goods and services to be outsourced, the relevant cost required for such decisions and how the cost can be compared with vendors bid.

The study will make reasonable contributions to research information based on this topic, and the type of law needed for effective and efficient outsourcing decisions. Future researchers will find it very useful database for related study on the topic.

The result of the study will highlight any mistakes made on the already outsourced contract services by the managers of government finances and provide some suggestions that may assist the managers in correcting such mistakes where possible and taking precautionary measures to avoid future occurrences.

1.7 SCOPE OF THE STUDY

It is practically impossible to include all the procurement decision stages in a single study such as this. Consequently, the scope of this study will be limited to outsourcing decisions which fall within approved procurement plan cost, categories of services to be outsourced, prequalification exercise, vendor and price selection technical evaluation and the last stage, which is approval of contract award. These are the decision areas which are critical to the effective procurement of public sector functions and services. In addition, the study comprises of all the twenty five (25) Federal Government Ministries as at 31st December 2015. The study covers eighteen year period form 1998-2015. This has to deal with the pre-policy reform period (1998-2006) and the post policy reform period (2007-2015) in Nigeria.

1.8 OPERATIONAL DEFINITION OF TERMS

- i. **"Accounting Authority"** means the person charged with overall responsibility for the functioning of a Ministry, Extra-Ministerial Department or Corporation;
- ii. **"Bid Security"** means a form of security assuring the bidder shall not withdraw a bid within the period specified for acceptance and shall execute a written contract within the time specified in the bid;
- iii. **"Debar"** means the placing of a firm company or natural person on a list of persons ineligible to participate in any procurement proceedings under this Act;
- iv. **"Certificate of no objection"** means the document evidencing and authenticating that due process and the letters of the Act have been followed in the conduct or effect payment to contractors, suppliers from the Treasury;
- v. **"Contractor supplier"** means any potential party to a procurement contract with the procuring entity and includes any corporation, partnership, individual, sole proprietor,

- joint stock company, joint venture or any other legal entity through which business is conducted;
- vi. **"Excessive price"** means a monetary value proposed by a bidder for any procurement which is in the estimation of the Bureau unreasonable and injudicious after consideration of the actual value of the item in question plus all reasonable imputations of cost and profit;
 - vii. **"Interim performance certificates"** means evidence that a contractor or supplier has performed its obligations under procurement contract up to a level stipulated by the contract but not meaning completion;
 - viii. **"International Competitive Bidding"** means the solicitation of bids from both domestic and foreign contractors and suppliers;
 - ix. **"Lowest evaluated responsive bid"** is the lowest price bid amongst the bids that meets all the technical requirements and standard as contained in the tender document.
 - x. **"Margin of Preference"** means the extra mark up on price allowed any domestic contractor or supplier bidding under International Competitive Bidding without being otherwise disadvantageous to the terms of price;
 - xi. **"Minor Value"** means a monetary value which is not in excess of the monetary thresholds set for any approving authority by the Bureau;
 - xii. **"Monetary Threshold"** means the value limit in Naira set by the Bureau outside of which an approving authority may not award a procurement contract.
 - xiii. **"National Competitive Bidding"** means the solicitation of bids from domestic contractors and suppliers registered or incorporated to carry on business under Nigeria Law;
 - xiv. **"Open Competitive Bidding"** means the offer of prices by individuals or firm competing for a contract, privilege or right to supply specified goods, works, construction or services;
 - xv. **"Procurement proceedings"** means the initiation of the process of effecting a procurement up to award of a procurement contract;
 - xvi. **"Procuring Entity"** means any public body engaged in procurement and includes a Ministry, Extra-Ministerial Office, Government Agency, Parastatals and Corporation;
 - xvii. **"Public Procurement"** means the acquisition by any means of goods, works, or services by the government;
 - xviii. **"Relevant authority"** includes Economic and Financial Crimes Commission and Independent Corrupt Practices Commission;

- "Solicitation Documents"** means the bid solicitation documents or any other documents for solicitation of offers proposals or quotations;
- xix. **"Special Purpose Goods"** means any objects of armaments ammunition mechanical electrical equipment or other things as may be determined by the President needed by the Armed Forces or Police Force as well as the services incidental to the supply of the objects;
 - xx. **"Substantially Responsive"** means the response to bid solicitations which virtually answers to all needs of a procuring entity as stipulated in the old solicitation documents;
 - xxi. **"Threshold"** refers only to the approving and not the act process of award
 - xxii. **"Validity Period"** means the period during which a bid agrees not to increase the cost of bids or to remove, components of the bid;
 - xxiii. **Outsourcing:** Procurement of works/goods/services from outside the organization rather than from within, Procurement and Outsourcing are used interchangeably in this study.
 - xxiv. **Outsourcing Decisions:** A conclusion reached by public sector managers in favour of outsourcing. It covers selection of goods and services to outsource, planning and budgeting for them, sourcing and selection of vendor and finally the awarding of contract.
 - xxv. **Off shoring:** This is the transfer of an organizational function to another country, regardless of whether the work is outsourced or within the same corporation" (Wikipedia, the free encyclopedia: 2008).
 - xxvi. **Outsourcing Benefits:** Outsourcing benefits in this study refers to cost savings from outsourcing, efficiency, effectiveness, value for money, economy, and accountability.
 - xxvii. **Goods Not Outsourced:** These are goods and services that are not subject to any outsourcing laws and regulations including the Public Procurement Act 2007 such as Procurement of Military Hardware and the minting the Nigerian currency.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 CONCEPTUAL REVIEW

2.1.1 Outsourcing

In business, outsourcing involves the contracting out of a business process to another party (compare business process outsourcing). The term “outsourcing” dates back to at least 1981. Outsourcing sometimes involves transferring employees and assets from one firm to another, but not always. Outsourcing is also the practice of handing over control of public services to non - profit oriented organizations.

Outsourcing can also be viewed as any assistance from an intermediary that is more capable of or familiar with certain practices than in-house production. Outsourcing includes both foreign and domestic contracting, and sometimes includes off shoring (relocating a business function to another country). Financial savings from lower international labour rates can provide a major motivation for outsourcing/off shoring. The opposite of outsourcing is in-sourcing, which entails bringing processes handled by third-party firms in-house, and is sometimes accomplished via vertical integration. However, a business can provide a contract service to another business without necessarily in-sourcing that business process (Urquhart 2002).

Two organizations may enter into a contractual agreement involving an exchange of services and payments. Outsourcing is said to help firms to perform well in their core competencies and mitigate shortage of skill or expertise in the areas where they want to outsource. In the early 21st century, business increasingly outsourced to suppliers outside their own country, sometimes referred to as off shoring or offshore outsourcing. Several related terms have emerged to refer to various aspects of the complex relationship between economic organizations or networks, such as near shoring, crowd-sourcing, multi-sourcing and strategic outsourcing. Outsourcing can offer greater budget flexibility and control. Outsourcing makes it possible for organizations to pay for only the services they need and when they need them. It also reduces the need to hire and train specialized staff, brings in fresh engineering expertise, and reduces capital and operating expenses. One of the biggest changes in the early 21st century came from the growth of groups of people using online technologies as a way to build a viable service delivery business that can be run from virtually anywhere in the world. The preferential contract rates that can be obtained by temporarily employing experts in specific areas to deliver elements of a project purely online means that there is a growing number of

small businesses that operate entirely online using offshore contractors to deliver the work before repackaging it to deliver to the end user. One common area where these business models thrive is in providing website creation, analysis and marketing services. All elements can be done remotely and delivered digitally, and service providers can leverage the scale and economy of outsourcing to deliver high-value services at reduced end-customer prices.

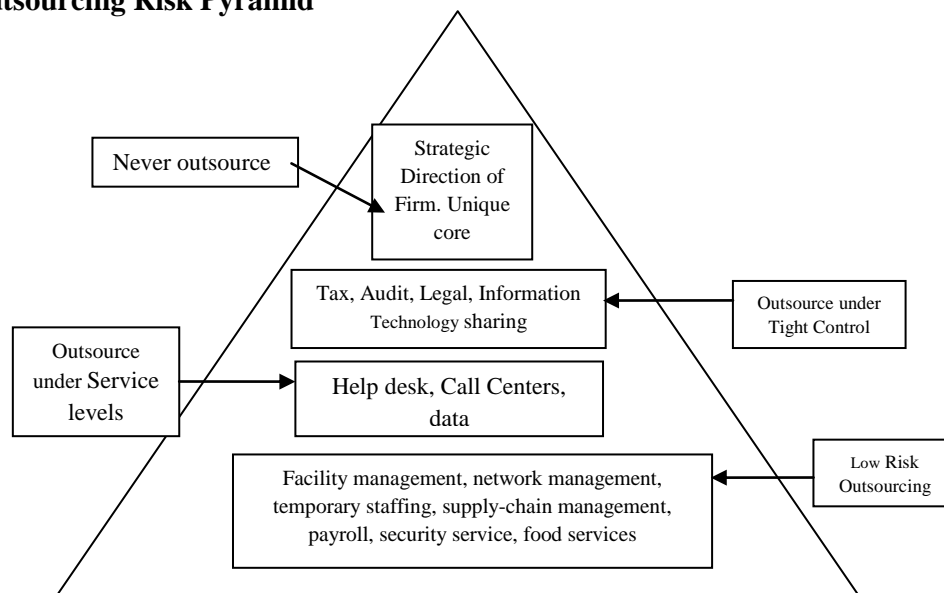
“Do what you do best and outsource the rest” has become an internationally recognized business tagline first “coined and developed” in the 1990’s by the “legendary management consultant” Peter Drucker. The slogan was primarily used to advocate outsourcing as a viable business strategy. It has been said that Drucker began explaining the concept of “Outsourcing” as early as 1989 in his Wall Street Journal (WSJ) article “Sell the mailroom”. From Drucker’s perspective, a company should only seek to subcontract in those areas in which it demonstrated no special ability. The business strategy outlined by his slogan recommended that companies should take advantage of a specialist provider’s knowledge and economies of scale to improve performance and achieve the service needed. In 2009 by way of recognition, Peter Drucker posthumously received a significant honour, when he was inducted into the Outsourcing Hall of Fame for his outstanding work in the field (Drucker 2009).

Outsourcing has inherent risks in it. In the process of outsourcing, companies may lose control of their operations. (Raiborn, Barfield & Kinney 1999) are of the opinion that, although companies may gain the best knowledge, experience, and methodology available in a process of outsourcing but they lose degree of control and outsourcing may result from company’s increased dependence on the suppliers. Thus the supplier may increase prices, reduce quality and fail in its delivery performance (Horngren, Foster & Datar 2001).

Outsourcing can reduce accountability as some authors argue. Where the terms of the contract is not properly stated, and there is no clear distinction of expectations from the supplier, there will be a shift of blame between the government and the supplier when the service is badly performed. If the government fails to make details of the contract available to the public it might be difficult to identify whose responsibility it is to perform the function or service Garriffith & Figgis (1998). Outsourcing lowers the level of privacy and protection that otherwise attaches to personal information and reduction in quality of service rendered can occur as a result of outsourcing.

Transaction cost involves cost associated with negotiating and managing contract and providing for retrenchment and or redundancy of staff, employment effects, and loss of jobs. (Raiborn, Barfield & Kenney 1999) recognized that risks exist in outsourcing and therefore advised that management should carefully evaluate the activities, which they outsource to overcome some risks. They show a model called outsourcing risk pyramid for assessing outsourcing risk. The model shows the activities that should not be outsourced by an organization, the ones to outsource under tight control, the ones to be outsourced under service level and the low risk outsourcing activities.

Fig. 2.1 Outsourcing Risk Pyramid



Source: Adopted from Raiborn, Barfield and Kinney (1999)

In any case (Horngren, Foster & Datar 2001) suggested that antidote for minimizing outsourcing risks is for companies to enter into long-term contract with suppliers. Such contracts will specify costs, quality and delivery schedules. In addition, managers of the purchasing company can establish loose partnerships or relationship alliance with a few key supplier (the vendor), which will enable them to build a culture and commitment for quality and timely delivery that achieve mutual benefits for both parties. According to Bragg (2006) even though there may be good reason for outsourcing, still there are a good number of risks associated with outsourcing which he feels the manager must put into consideration. The manager (s) making outsourcing decision must be aware of these risks before deciding to hand over functions to the supplier. He noted that, some functions can be outsourced at considerably less core areas to the organization than others. The less core areas are identified as those that can be outsourced at less than the core areas. Areas such as Investment Analysis, Cash flow

forecasting and Product pricing are identified as high risk functions for outsourcing. He assesses the level of risks by the efforts required to switch to a new supplier in the case of failure on the part of the supplier and the impact of this on organization's operations if not properly handled. Bragg (2006) classifies organizational functions into three namely the low risk functions, medium risk functions and the high risk functions.

Usually the decision to outsource is taken at a strategic level and it requires board approval Bragg (2006) opined that decision to outsource can be initiated at both low and high levels. The levels at which decision is taken depends on the function involved. A low risk function can be taken by a low level manager without notifying senior management while it is inappropriate to outsource high level functions without the input of the most senior executives of the organization. Bragg (2006) outlined the three steps to follow in contracting functions to suppliers:

The process of outsourcing normally starts with first, identifying the functions to be outsourced and providing a convincing evidence as to why of the decision. Contributing to this idea (Bragg, 2006) opined that a manager should consider at this level the underlying reasons why outsourcing is being chosen, whether it is necessary to outsource an entire functional area or just a task or tasks within the function. The necessity is to avoid handing over a function well performed by the in-house staff to a supplier who will not do better.

In this step an outsourcing supplier will be chosen. The supplier is chosen through the following procedures:

1. **Proposal Stage:** Requests for proposal are made through bids receive from suppliers.
2. **Supplier Competition:** The organization marks and scores each supplier under competitive setting. The government's executives meet a number of times with the prospective suppliers, organization's requirements are clarified and the supplier's responses are obtained. Some suppliers are disqualified out at this stage under what is known as down selection in the industry. Due diligence stage may be reached with the client organization with only two suppliers who may be asked to submit what is called "best and final offer" (BAFO), for the client to make final down selection decision to one supplier
3. **Negotiation Stage:** This stage involves the client and the supplier going through request for proposal, supplier's bids, Best And Final Offer (BAFO) submitted are involved with the aim of translating all these documents into a contractual agreement between the

client and supplier. At this level documentation and the final pricing structure are finalized and agreed upon. The agreement usually specifies or defines the terms under which the two parties can work together. The agreement governs the relationship between the supplier and the client. According to Bragg (2006) there are three significant dates that each party signs up to the contract thus the signature date, the effective date and a service commencement date. The signature date is the date on which the documents are signed; an effective date is the date when the contract terms become active; and a service commencement date is the date when the supplier will take over the services.

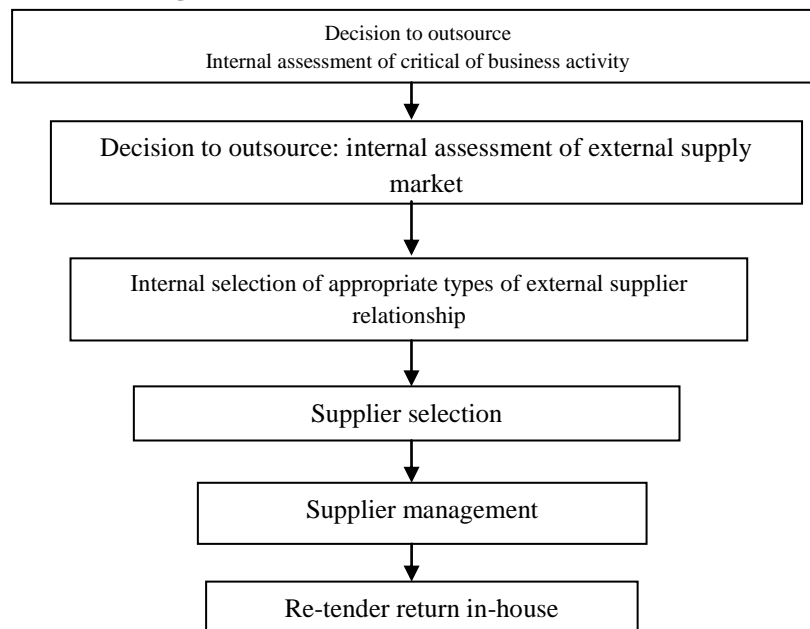
4. Termination and Renewal Stage: The contract can be renewed or terminated towards the end of its terms. Termination may involve taking back the service for in-sourcing or the transfer of services to another supplier Barly et al (2008) support the outsourcing process model introduced by Lonscale and Cox (1998) which is presented in page 18.

(Raiborn, Barfield and Kinney 1999) refer to outsourcing as outcomes of managers attempt to develop strategies that exploit the firm's core competencies. The authors introduced the idea of core competencies into their own definition, which they described as any critical function or activity in which an organization has a higher proficiency than its competitors. High proficiency can be interpreted to mean activities which the firm can do better or less expensively than its competitors. They are the root of competitiveness and competitive advantage and forms part of an organization's personality (Raiborn, Barfield & Kinney 1999). Hence companies outsource activities that are not viewed as core competencies to enable them to further develop their core competencies and devote additional resources to those skills or expertise that represent potential sources of competitive advantage. So the emphasis here is on core and non-core competencies but that is not to say that cost is not an important factor in in-source/outsource decisions.

Ezenwa (2006) defines outsourcing as transferring part of a company's functions to specialist suppliers, who have the capability to perform the service better than the company's itself. This author's definition includes one of the motivating factors considered in outsourcing decision. An organization may outsource because it lacks the capability for better production of the goods and services outsourced. But this is just one of the numerous reasons why organizations outsource. Ezenwa (2006) classifies outsourcing into tactical and strategic. In tactical outsourcing, the driving factor is cost reduction; that is, the firm engages in outsourcing simply

to reduce cost, while in strategic outsourcing, the main concern is long-term competitive advantage. He noted that outsourcing is now shifting base from tactical to strategic and that the factors that influence decision in strategic outsourcing include core competence, value chain activities and supplier-customer relationship. His definition rightly considered the idea of strategic outsourcing while neglecting tactical outsourcing. In a summary form, outsourcing is simply procurement of goods or services from outside the organization instead of providing the goods or services internally within the organization.

Fig. 2.2 The Outsourcing Process



Source: Lon scale and Cox, 1998

Barly (2008) stressed that many organizations have no formal outsourcing process, and as a result, they make short-term decisions based on reduction of overhead costs, rather than managing the risks and securing the value added and continuous improvement. They believe that the model allows organizations to assess the risks of outsourcing in terms of non-core/core competencies and the criticality of the activity.

2.1.2 Outsourcing Costs

These are the cost associated with contracting out the goods, services and functions to outside or independent contractors who have the comparative advantage, with respect to the prerequisite experience, expertise, personnel and the technology that would make their products competitive both in their immediate environment and globally. The outsourcing cost, though are cost incurred for involving an outside organization in rendering services or supply

of goods to the public sector organization, it is also the cost payable to the vendor, contractor or supplier for the goods supplied or services rendered (Chang 2007).

Outsourcing costs cannot be separated from outsourcing risks and outsourcing benefits. The risk of status quo, may lead to fear of accepting price already set not by the forces of demand and supply in the open market, but price which serves as a benchmark for comparing the prices quoted by bidders and the lowest responsive bid price, whichever is lower Domberge (1995).

The estimated cost for outsourcing by the public sector organizations are incorporated into the capital and recurrent annual budget of the public sector organization, it all depends whether the government wants to create, equity and investment of the private sector to render some services in the area of infrastructural development and growth of the economy. All these will help to control outsourcing planning and expenditure. When the cost of outsourcing is properly articulated in the annual budget it will help the public sector realize the gains of outsourcing in form of cost savings, efficiency, effectiveness, improved service delivery, reduction of wastages and compliance to best business practices (Easterly 2002).

2.1.3 Specification of Public Act 2007

According to section 57 PART X 1(1)-(13) stipulates of code of conduct for public officers, suppliers, contractors and service providers with regards to their standards of conduct acceptable in matters involving the procurement and disposal of public assets. The act also specified the items, services, works, contracts and functions to be outsourced such as Catering Services, laundry Services, Security Services, Information Communication Services, Hospital Services, Haulage and Transportation Services, Mail Delivery Services and host of others. These services must be taken into consideration based on the annual budgets of the public organizations involved in the contracting out these services.

The benefits of contracting out or outsourcing these services must not be restricted to be public institutions, but value added of the citizens or the generality of the public and the interest groups and stake holders. The Prices of such services so outsourced must be seen to be competitive by comparing the prices of outsourced goods and service with those produces in – house (or not outsourced). It is important to note that, cost savings is one of the major reasons why government embarks on outsourcing decision making. The money saved for not producing such goods and services could be used for the provision of other critical services are not outsourced. In addition, compliance to the outsourcing law has proved that money saved, could be used to finance other recurrent budget of the government as a short term arrangement or incorporated into the rolling plan of the government at the long run decisions.

2.1.4 Compliance to the Public Procurement Act of 2007

The compliance to the Public Procurement Act 2007 is state in (section 2, section 15 and 16). This will result to harmonization of the existing government policies and practices on public procurement to ensure probity, accountability and transparency in the procurement process. Secondly, it will establish pricing standards and benchmark the acceptable prices to the vendors. Thirdly, it will ensure application of fair, competitive, transparent value for-money standards and practices for procurement and ensure attainment and professionalism in the public procurement system. The provisions of the Act apply to all procurement of goods, works, and services carried on by federal government, all procurement entitles and all other entities which derive at least 35% of the fund appropriated for procurement from the federal share of Consolidated Revenue Fund. An exemption is procurement of special goods, works, and services involving national defense or national security (section 15). The basic principles of procurement are set out in section 16 of the procurement plans, lowest evaluated responsive bid, supported by prior budgetary appropriations. No procurement shall be formalized until the procurement entity has ascertained sufficiency of funds to meet the obligations and subject to the threshold in the regulation, and has obtained from the Bureau a “certificate of No objection to contract award”. Moreover public procurement shall be by open competitive bidding and should be conducted in a manner that ensures transparency, timeliness, equitable for ensuring accountability and in conformity with the acts and regulations. It must be conducted with the aim of achieving value for money and fitness for propose, and also in a manner that promotes competition, economy and efficiency. The Bureau has gone ahead to provide a procurement procedures manual for public procurement in Nigeria published in January 2008. The manual provides guidelines to all Federal Ministries, Extra-Ministerial Departments, Agencies, Parastatals, Corporations and other public entities set up by the constitution or national assembly. Section 2,1 of the Manual states that good public procurement is one that ensures economy and minimization of waste, efficiency in service delivery, fairness, reliability, transparency, accountability and ethical standards.

Outsourcing goes hand in hand with contracting out; in fact contacting out through competitive tendering is another name for outsourcing through competitive tendering in Nigerian which is regulated by the Public Procurement Act no 14 of 2007. The Act established the National Council on Public Procurement and the Bureau of Public Procurement as the Regulatory Authorities, are equally responsible for the monitoring and oversight of public procurement. The authorities are equally responsible for harmonization of the existing government policies and practices by setting standards and development of legal framework and professional

capacity for public procurement in Nigeria and other related matters. The National Council on Public Procurement consists of 12 members with its chairman being the Federal Ministry of Finance and the Director –General on the Bureau of Public Procurement as the Secretary.

2.1.5 Capital Expenditure

Capital Expenditure in outsourcing is a deliberate strategy by the government to create equity for the private sector participation in rendering those services in which they have a comparative advantage over the public sector organizations. The World Bank Assessment for the decay of infrastructural facilities and lack of maintenance was as result of non participation of the private sector organizations. It behooves on the government to create enabling business environment and give incentives by release funds as contained in the annual budget for outsourcing activities to thrive and the full benefits of outsourcing to be enjoyed by the citizens as some of these services are received at a very competitive prices (Horngren, Foster & Datar 2011).

2.1.6 Recurrent Expenditure

Recurrent Expenditures are typically made more than once in a year, and may even be made on a scheduled basis. Some expenses, such as laundry services, Catering services, security services, Haulage and many others are made periodically on daily, weekly or bi-weekly basis. Recurrent Expenditures in outsourcing excludes payments for capital assets (Raiborn, Barfield & Kenney 1999).

2.1.7 Total Capital Expenditure

Capital and Recurrent Expenditure are considered to be overall expenditure and account for all the expenditure budget of the public sector organizations doled out by the government as contained in the appropriation act or the annual budget of the government. Both the capital and Recurrent Expenditure are important in the outsourcing decisions of the public sector organizations as the success or failure of outsourcing decisions of the government are dependent on the capital and recurrent expenditure.

2.1.8 In-House- Cost

In-house cost refers to the cost incurred in conducting an activity or operation within the organization without contracting out such operations. An in-house operation is also an activity performed within the same business, using the company's assets and employees to perform the necessary tasks and the cost and prices of in-house goods and services are naturally higher than

those outsourced. Also they are higher than those outsourced. The determination as to whether to keep activities in-house or to outsource often involves analyzing the various costs and associated risks. How these costs are calculated may vary depending on the size and nature of the core business (Bragg 2006).

2.1.9 Procurement Plan Cost

Procurement plan cost provides the public sector organization and the outsourcing agencies a complete project procurement plan template, to help the stakeholders in outsourcing to quickly and easily create a proportionate cost to the benefits of outsourcing agencies. The initial cost incurred by way of planning procurement exercise is to ensure that the right products are bought at the right prices, the selection of vendor with the best expertise and technology and avoidance of reduction in the quality of the products outsourced.

2.1.10 Capital Expenditure and Outsourcing Cost

In a regulated economy, government may take a deliberate action in order to create opportunities of employment, development of infrastructure in the areas of road construction, power and energy, sea ports, railways and host of others. The government may decide to use indigenous contractors so as to stimulate the economy for economic development and growth. It becomes imperative that, the annual capital budget of the government will be the engine room that will house such projects. In addition, this cannot be achieved without giving consideration to outsourcing cost, must commonly, cost benefit analysis will reveal whether the outsourcing cost are critical in the areas of Vendor selection, open competitive bidding expenses and advertising for all of bidders (Ofoegbu 2011).

2.1.11 Recurrent Expenditure and Outsourcing Cost

Outsourcing recurrent expenditure excludes payments for capital projects as explained in the capital expenditure and outsourcing. The recurrent expenditure covers such areas as, security services, cleaning services, catering services, laundry services. Information technology services, Haulage services among others. The regularly occurrence of these services weekly, bi-monthly and monthly makes it imperative, that such services will be imperative, that such services will be taken care of in the recurrent expenditure budget. The decisions involved in choosing public functions to outsource, planning for outsourcing, selection of vendors and choice of contract price and the associated outsourcing costs (Allen 2015).

2.1.12 In-House Cost and Outsourcing Cost

In outsourcing decisions, the first step for many public sector organizations is to compare the cost of the goods and services when they are produced in –house or within the organization with the employees and the facilities of the public sector organizations. The second step is to apply cost – benefit and analysis to determine either to produce or to buy, in management accounting other scientific accounting tools are used to effectively make this decision. From experience, because of overhead costs the goods and services produce in –house are always high and expensive, this is where the public sector enjoys the benefits of outsourcing with respect to cost savings, cost reduction and other forms of rebate that makes the prices of outsourced goods and services most competitive Hodge (2010).

2.1.13 Procurement Plan Cost and Outsourcing Costs

The procurement plan cost are the cost of preparation before the actual outsourcing takes place. The attention of the stakeholders must be drawn to what is about to happen by way of advertising, tenders will be collected and a date for bidding with its conditionalities must be addressed. The selection process must also be completed within the stipulated period in law. Where these preliminary expenses, exceeds the outsourcing benefits, having given consideration to other outsourcing cost, the public sector organization may decide not to outsource but to produce such goods and services in-house Richards (2014).

2.1.14 Outsourcing Opportunities in Nigeria

Outsourcing industry is a sector with immense potentials for economic growth and development Akunyili (2009). Intra Net Work (2009) states that Nigeria outsourcing potential is enormous. It can help a nation to achieve long-term economic growth. In Nigeria it can be developed as a non-oil sector and can be used to empower the private sector. Outsourcing is a developing sector of the Nigerian economy, and it is said to be at its infant stage. Other countries such as India, China, Brazil, and Ghana are reaping outsourcing benefits. India is considered the global leader especially in off shoring market Intra Network (2009). Information Technology (IT) and infrastructure outsourcing are developing in Nigeria currently and it is expected to grow. Government involvement in Technological developments, promotion of ICT and the country's exposure to the global happenings in the outsourcing business will certainly help in developing the industry (Frost and Sullivan 2009).

It is envisaged that outsourcing business in Nigeria will outburst in the near future. There are much potential that attract offshore operations in Nigeria. The Nigeria's global competitive nature and her labour cost structure contribute to that. The areas of concentration are telecommunications, banking, financial services and insurance sectors. According to market analysts (Frost & Sullivan 2009) by the year 2015, outsourced contract center segment such as email and SMS services, Health and Medical Organization (HMO) sector will become the main areas of market growth. Outsourcing has been recognized as an area which needs development hence the Federal Government in 2007 enacted National Outsourcing Policy. The establishing of this policy has helped to convince the International World that Nigeria is ready for outsourcing business. Also government promoting ICT is evidence that outsourcing especially in IT business can flourish in the country. Government interest in outsourcing and off shoring was also demonstrated when in June 2009, the World Bank and Outsourcing Development Initiative organized a conference which was addressed by the Federal Minister for Information. The objective of the conference was to sensitize the public and private sectors in Nigeria, on the benefits which can accrue to Nigeria if outsourcing business is developed. It was also to enlighten them on the best way to position Nigeria as an off shoring destination for countries all over the world Akunyili (2000). Akunyili (2009) outlined the benefits that will accrue to the country as technological advancements, skills enhancement and human capital development, employment creation, wealth creation, and revenue generation.

The implication is that if all these are gained by the country as a result of outsourcing, the country's GDP will improve, and therefore, the people's standard of living will be raised. The best way to develop the industry is through public and private partnership. Experiences in India, China and Ghana are strong evidence that outsourcing industry required private public sector partnership if the objective is to be realized. When the industry is developed, Nigeria will become a destination for off shoring business for countries or developed countries all over the world (Akunyili 2000).

The concept of outsourcing remains the same even though the nomenclature differs from government to government and from country to country. Outsourcing in the public sector involves contracting out government services previously performed in-house to an outside supplier (Hunter & Healy 2002) define public sector outsourcing with a private sector to take responsibility for a process for which the government remains accountable. In their own definition (Gariffiths & Figgis, 1996) contend that outsourcing is an arrangement whereby a contracting agency enters into a contract with a supplier from outside that agency for the

provision of goods and / or services which were previously provided internally. Public sector outsourcing is not new, what seems to be new about it, is that for more than a decade, it has spread and widened in scope, and complex functions that are central to public administration are included in services outsourced (Hunter & Healy 2002). For instance at the earlier stage of outsourcing in the Western Countries, government outsourcing was primarily applied to functions such as maintenance, security, and foodservice. Now the services have widened in scope to include information technology. It has become a very important tool used by public sector managers for effective management of government resources. Steelyard (1998) opines that outsourcing has continued to gain popularity in both the private and public sectors. He observed that, while the private sector is turning to outsourcing for a wide range of functions, governments in various countries are turning to the opposite or being forced to seriously consider reliance on outsourcing.

Government all over the world have been evolving new approaches that would enable them manage their resources in order to be able to cater for the ever increasing responsibilities to their citizens. As a result, public sector management is undergoing some reform processes from time to time. New management initiatives are introduced. Nigerian government introduced some reforms in every aspect of her economy which is still ongoing. Within these reforms, the government seeks for private sector participation in the provision of goods and services which were previously provided alone by the government. Hence, government now shifts from the usual production of goods and services to the use of competitive tendering and outsourcing for procurement of goods and services which can be called outsourcing, with the intention of reducing cost of doing business in all public sector institutions in Nigeria and as stipulated by the Public Procurement Act of 2007.

The present era of global competitiveness has made organizations concentrate on their core competencies. Their core competencies are those productive activities which earn them competitive advantage over others. What this means is that, organizations now concentrate on the production of product/service components in which they have a higher degree of proficiency than their competitors (Raiborn, Barfield & Kinney 1999) state that core competencies are the roots of competitiveness and competitive advantage. Organizations produce in-house, those goods or services they can produce most efficiently and contract out those goods or services they could only produce at a much higher cost Prager (1994). While organizations exploit their core competencies, non-core competencies are outsourced. Outsourcing is the procurement of works/goods/services from outside the organization rather

than from within. By outsourcing non core activities are contracted out by while organizations concentrating on their core area of activities and become proficient in them and produce at a cheaper rate than their competitors. This arrangement will be better achieved with the application of Cost -Benefit -Analysis, if properly utilized; a better result will be achieved by saving costs.

Outsourcing has become very significant in management of organizations financial resources. Apart from enabling companies gain some competitive advantage, researchers such as (Gariffith & Figgis 1998) Bragg (2006) identified cost reduction, increased efficiency and enhanced accountability allows for better skills and technology, lower level or capital investment and performance improvement as reasons why outsourcing is significant.

Outsourcing has become global and common practice in most industrialized nations (Jensen & Stonecash 2004) both in public and private organizations. For instance in the USA. American Express Company outsourced processing of customer bills payments to U.S. Postal Services in mid 1997 because U.S. Postal Services has monopoly of first class mail delivery (Raiborn, Barfield & Kinney 1999). McDonnell Douglas contracted out all of its computer and telephone services to IBM and Business land. British Petroleum outsourced a divisional finance department to Arthur Anderson (an Accounting Firm) Mobil Oil also contracted out refinery maintenance and AT & T outsourced its credit-card processing. Pitney Bowes. Xerox and Ameriscribe contracted with U.S businesses of all sizes for copying, faxing, and mail room facilities (Prager 1994). The less industrialized Nations are not left out.

In Nigeria outsourcing is also practiced. For instance, Famafirm (a Business Process Outsourcing firm, and legal experts in brief writing), provides legal outsourcing to law firms in Nigeria, and companies in commonwealth countries. The National Mail Transportation is outsourced to private transport companies in the National Mail Route Network (NMRN). Some states in Nigeria outsourced revenue collection to private companies Sansui (2008). There are now private sector participation into virtually all processes and operations of the Nigerian Postal Services (NIPOST) this has brought remarkable improvements in the organizations since the year 2000 (Chigbu 2005). But the implications on the annual budget of the public sector organizations must be compared with the perceived benefits of outsourcing.

In the public sector which is the main focus of this study, outsourcing has become a means of contracting out to private sector firms the responsibility for a function or process for which the government remains accountable (Hunter & Healy2001). In different countries of the world,

the government has made the private sector become active participant in the production of public goods and services through outsourcing. Outsourcing is not new but what is actually new is the discovery of outsourcing as a useful tool that enables governments world over in the management of their finances (Gariffith & Figgis 1997). Governments across the globe have shifted from the usual purchasing of goods and services from the private sector to the wholesale use of competitive tendering and outsourcing as a management reform process. Open competitive tendering is a transparent process of inviting supply bids from the public and selecting suppliers based on their technical and financial proficiency. There are a good number of reasons for outsourcing in the public sector. They include cost saving and budget control (Jumoh & Wood 2002) budget pressure and demand for improved service delivery Jonas (1994) increased expectations of services provided by government agencies, increased pressure to improve efficiency, and reduction in cost Keller (2004) in their study of human resource outsourcing in public sector, identified cost saving, avoidance of capital outlay and turning fixed cost into a variable as three basic financial drivers of outsourcing, while (Hunter & Healy 2001) recognized global fiscal pressure, and increased demand for government services with much reduced financial base as what drove governments into deploying outsourcing as a solution. By outsourcing according to Prager (1994) government authorities can avoid some bureaucratic barriers and focus on their most critical operations, and relegate the remaining operations to contractors.

However, outsourcing is not without its risks which include loss of control, over dependence on supplier, loss of privacy, and quality reduction (Gariffith & Figgis 1998) (Raiborn, Barfield and Kinney 1999) Bragg (2006). Consideration must be given to the various price tags in outsourcing such as Standard Price, Quoted Price, Least Price, Bench Mark Price and the Vendors Price. Outsourcing started at different times in various countries. In the United Kingdom, United States of America and New Zealand, outsourcing started in 1970s and 1980s. It was introduced in Britain in the 1980s by the Conservative Government of Margaret Thatcher. The aim then was to downsize blue-collar Council and National Health Scheme (NHS) workforce and cut costs. Then outsourcing was seen as a means of rolling back the "bureaucratic" state, and injecting into moribund services the competition needed to increase quality and responsiveness. The USA and UK started the forces that have now caught on worldwide. As a result of its proven record of success (Caroll & Eger III 2000) describe it as something of a mantra in modern public management. In the last two decades, western democratic governments have been using the strategy of outsourcing and competitive tendering as a reform process and which fiscally challenged governments have adopted as a financial tool

for new public management initiative Jonas (1994) (Gariffith & Figgis 1997). All these are believed to have resulted to economic growth and development and great improvement in the country's Gross Domestic Product (GDP). A range of activities are being contracted out in the Western countries. They include building and equipment maintenance, cleaning, catering, prison management, information technology, telecommunications, waste management, mail services, printing, training, legal services security, and a host of others. However, the commonly outsourced services by the public sectors include garbage collection, road maintenance, and job training (Caroll & Eger III 2004). In African, countries like Botswana and Zimbabwe, they have contracted out a number of services such as maintenance, security, non-clinical health services, cleaning, laundry, catering, and billing.

Recently the Federal Government of Nigeria embarked on various reform initiatives which are expected to usher in transparency, effectiveness, efficiency, cost reduction and value-for money delivery in public expenditure Obasanjo (2004). The most relevant reforms to the study are the Public Service Reform which downsized the number of public servants through outsourcing, Adegoroye (2000) and the Public Procurement Reform which monitors the procurement processes (through competitive tendering) of government ministries, parastatals, agencies and extra ministerial bodies. These reforms are sequel to a World Bank's Report on "Nigeria Country Procurement Assessment" which identified so many weaknesses in the procurement system. An earlier report on "Restructuring Urban infrastructure in Nigeria" found that one of the reasons why Nigeria's infrastructural facilities were crumbling was because the private sector was excluded from provision of such. The report noted that water supply, sewerage, sanitation, drainage, roads, electricity, waste disposal all suffer from years of serious neglects and routine maintenance on them, was almost zero World Bank Reports (1996 & 2000). Through these reform initiatives services such as security, cleaning, catering laundering, hospitals consultancy maintenance and others are being outsourced through competitive tendering by some public sector organizations. The success of this programme depends on a number of things but most essentially on how outsourcing decisions are made and the information base available for such decisions.

2.1.15 Reforms in the Nigerian Public Sector and Outsourcing

A diagnostic study carried out by the Office of the Head of Service of the Federation in the year 2002 revealed among other anomalies that:

- a. The Nigeria Civil Service had about 60% of staff within the age bracket of 40 years and above.
- b. Unskilled staff within grade level 01-06 constitutes about 70% of the entire work force.
- c. There was prevalence of ghost workers as a result of poor personnel records and payroll control system.
- d. Presence of non-transparent and procurement system.

(Ayuba, Tsado, & Inyang 2008). Moreover, Adegoroye (2007) highlighted that the percentage distribution of Federal Civil Service by cadre as at 2005 was as shown in the table below:

Table 2.1 Percentage Distribution of Federal Civil Service by Cadre as at 2005

Item	Percentage
Directorate Cadre	2.0%
Non-Directorate Graduate officer cadre	10.0%
Executive, Technical and Clerical class	18.0%
Sub-Clerical, Miscellaneous and un-established grades	70.0%

Source: Culled from Adegoroye, 2007, P.6.

Obasanjo (2005) states that, government had just discovered that nearly 80% of its resources were being allocated to recurrent expenditure, while only 20% was deployed to capital projects. This situation adversely affected national economic growth and the government was then putting in place policies to reverse the trend. All these called for intervention and measures that would ensure complete overhaul of the civil service hence the reforms.

Economic management reforms, government reform and strengthening of institutions, and transparency, accountability and anti-corruption reforms, public service reforms. The overall objective of reforms in the public service is to transform the services so that it can become a viral and accountable institution, with a capacity to respond to the developmental challenges of the nation by delivering improved services to the citizens. There were institutional arrangements for coordination and implementation of these reforms. They include:

- a. Anti-corruption reforms of Independent Corrupt Practices and other Related Offences Commission (ICPC).
- b. The Economic and Financial Crimes Commission (EFCC)
- c. National Information Technology Development Agency (NITDA)
- d. The Budget Reform at the Budget Office,

- e. Public Procurement at the Budget Monitoring and Price Intelligence Unit (BMPIU)
- f. Accounts at the Office of the Accountant General of the Federation (AGOP)
- g. Audits at the Office of the Auditor-General for the Federation (OAUGF)
- h. Tax Reforms at the Federal Inland Revenue Services
- i. Ports and Customs Reforms at the Nigerian Customs Services (NCS)
- j. Judicial Reform (Adegoroye, 2007:51-52).

A body known as Bureau of Public Service Reform (BPSR) was established and assigned with the responsibility of coordinating the implementation of the reforms (Ayuba, Tsado, & Anyang 2008). The Public Service Reform Strategy Document was formalized in July 2003 while the Bureau was established in February 2004 as an institution platform for Public Generic Guidelines for reforms on Ministries, Departments and Agencies (MDA's) and another for Parastatals. The reform guidelines were first implemented in six MDA's thus Federal Ministry of Finance, Federal Ministry of Solid Mineral Development, National Planning Commission, State House, and Federal Capital Territory. The implementation was extended to the rest of the Civil Service in 2005. The reform programme is being implemented in phases and the first phase ended in 2007. On all of the measures embarked upon for the delivery of the Civil Service from its staffing problems, this was through the injection of new entrants into the Civil Service and disengaging the unproductive ones. As these people are engaged their services would either be handled by the new intakes or outsourced to the private sector. The actions taken by the government to implement the programmes phase one include the implementation of the monetization policy in which accommodation, fueling and maintenance of official vehicles and transport, furniture, utility, duty tour, domestic servants, and medical allowances, leave grants, meal subsidy, and motor vehicles loan have been partially or fully monetized Adegoroye (2007). Monetization is seen as an effort and part of government plans to reduce government spending as well as eliminate waste Obasanjo (2004).

Monetization came about because, over the years, it was discovered that government expenditure had continued to rise, partly because of the benefits in-kind given to public servants. Examples of such benefits are: accommodation, transport facilities, chauffeur driven vehicles, free medical services and highly subsidized electricity, and telephone services. The cost of providing these amenities had become so large that little was left for funding of capital projects. The guideline set out the criteria for disengagement of certain categories of staff especially those whose services were no longer required. These were those jobs monetized, outsourced or abolished. Services affected were cleaners, drivers, cooks, security men,

messengers etc. these categories of staff were disengaged by paying them their severance from service and terminal benefits. This payment stated in April 2008, after the conclusion of the first phase. Some of these services were outsourced to the private sector thereby engaging in Public Private Partnership which, involves promotion of partnership between the government and the private sector in order to eliminate the burden of the dwindling government funds. The private partnership incorporated into the reform initiative meant to help the Nigerian's public service to embrace global best practices in the service. It must be remembered that in 2003, the National Economic Empowerment Strategy (NEEDS) was introduced as a pilot programme on which all reform initiatives of government in various sectors are anchored for proper alignment within the overall goal of promoting good governance and accelerated national development.

NEEDS is a Micro Economic Framework that was Anchored on:

- a. Promoting private enterprises by creating enabling environment for private sector to grow, create jobs, and generate wealth.
- b. Empowering the Nigerian people by creating jobs, providing affordable houses for the people, and improving health care services
- c. Changing the way government does its work by identifying the core business of government and sticking to them while allowing the private sector to run business and provide other services for which they have comparative advantage over government, Adegoroye (2007). It was envisaged that this would make government jobs to decline and the cost of running government to reduce drastically.

It is in line with the point number (c) above that the monetization policy was formulated and implemented. This was the focal point of outsourcing activities in the public sector. The government institutions are expected to contract out those services in which they have less competitive advantage to the private sector and then focus on their core activities. In the process of outsourcing, contracts are awarded. The reform covers the area of contract awards because it is a means through which government funds are siphoned into private bank accounts of individuals. The Obasanjo administration took over the government in 1999, he felt that sound procurement policies and practices are among the essential elements of good governance (Countries Procurement Assessment Report 2003). Placing public procurement systems on the right position, at both federal and state levels, was one of the highest priorities for controlling corruption and achieving value for money in public expenditure management.

Therefore, in the year 2000, the government of the federation engaged a team of consultants led by Rogati Kayani to review the structure, the existing framework, the procedures and

practices of the country's public sector procurement, and see how they differ from formal organization and other risks associated with procurement processes. It is pertinent to mention here that procurement cannot be separated from outsourcing because outsourcing involves contracting out through competitive bidding and affects the economy and social lives of every Nigerian. The large part of corruption revolves around procurement process. (Interra Networks Inc 2009).

Some of the findings of the group were:

- a. That the regulation of public procurement then had no permanent measure, for surveillance and control.
- b. There was no permanent body outside the purchasing entities monitoring and controlling the procurement process.
- c. No central policy making entity for public procurement rather ad hoc circulars were issued by the ministry of finance and in some cases the presidency.

The system was said to have relied heavily on high degree of self control within the ministries and other government entities and could be seen as lack of transparency by the suppliers/contractors. It was sequel to this that Nigeria immediately established a due process office popularly known as Budget Monitory and Price Intelligence Unit in year 2000 and subsequently issued Public Procurement Act of 2007.

2.1.16 Reason for Outsourcing in Nigeria

Companies primarily outsourced to reduce certain costs- such as peripheral or “non-core” business expenses, high taxes, high energy cost, excessive government regulation/mandates, production and/ or labour costs. The incentive to outsource may be greater for U.S. companies due to unusually high corporation taxes and mandated benefits, like social security, Medicare, and safety protection (OSHA Regulations). At the same time, it appears U.S. companies do not outsource to reduce executive or managerial costs. For instance, executive pay in the United States in 2007 was more than 400 times more than average workers in Nigeria, a gap twenty times bigger than it was in 1965. In 2011, twenty-six of the largest US corporations paid more to CEO's than they paid in federal taxes. Such statistics imply that the reason companies outsource is not to avoid costs in general but to avoid specific types of costs.

2.1.17 Benefit of Outsourcing to the Nigeria Economy

Many Countries of the world such as China, Brazil, India to mention but a few, are benefiting from outsourcing and Nigeria is not an exception. The outsourcing industry is a developing area of our economy. Though outsourcing is still at its developing stage and the existing opportunities are not maximally utilized, however, its reasonable impact is being felt in our economy especially in the following areas:

Revenue Generation:

Key sectors of the Nigerian economy such as Financial, Telecommunications, and Oil and Gas industries outsource some of their IT functions to third parties. IT outsourcing in particular is fetching some revenue to the economy. Its revenue earning was estimated at \$58.0 million in the year 2007, and it is estimated that by the year 2015, the revenue earning will increase to \$330.0 million (Frost & Sullivan 2009). Services outsourced mostly provide back-up and dedicated hosting. Disaster recovery is an IT outsourcing service which provides backup systems for companies to ensure continuity of business operations during power failure. The growth of outsourcing revenue and empowerment in IT outsourcing is expected because the Federal Government is now involved in ICT promotion, Technological developments and the country has been exposed to the global events (Frost & Sullivan 2009).

Improved Revenue Collections:

Many States Board of Internal Revenue engage consultants or rather outsource their tax collection while the assessment is made by the Board. This outsourcing services started around 1990's as a result of low revenue generation, and high incidence of tax evasion witnessed by various states and local governments in Nigeria. To accelerate internally generated revenue collections, the services of tax collections were outsourced to consultants and reasonable improvements have been recorded (Afolabi 2009).

Downsizing Tool:

Outsourcing has helped the Federal Government of Nigeria in downsizing the number of workers in the civil service thereby reducing waste and expenditure in government. Evidence shows that public officers in Federal, State and Local Governments amounted to 2,267,492 Adegroye (2004) about 590 public enterprise were owned by the Government and this constituted major drain on the economy of the country over the years Adegroye (2006). However, the federal government reform process in general and Public Service Reform in particular which affected various sections of the government institutions, resulted in

outsourcing of certain categories of jobs and staff rationalization. The reform exercise led to the disengagement of about 35,700 Officers in the civil service in the first phase. By 2008, the number increased to 41,000. In the parastatals the number disengaged was 38,000. This exercise saved a sum of #10.0billion to the country in 2007. Even though all the staff disengaged was not those whose services were outsourced but outsourcing of certain services boosted the number.

A study carried out in 2001 by Management Services Office (MSO) of the Office of the Head of Service of the Federation of Nigeria revealed that a deficiency was observed in the mix of skills and competencies of staff in the core civil service. A deficiency was observed in the composition of different cadre of staff in the civil service based on skills and competencies. According to the Adegoroye (2000) 70% of the 161,000 officers in the core civil service belonged to the Grade levels 01-06 comprising of cleaners, gardeners, security guards, drivers, messengers and clerical assistants. The University graduate population was about 12%. The point here is that outsourcing helped to solve the problem as all of these services which were formally executed by staff of Ministries, Extra-Ministerial Departments, Agencies and Parastatals have been outsourced to private organizations while the government institutions concentrate on their core functions.

Foreign Direct Investment:

Many IT companies have come into Nigeria to do business. They invested and ejected huge amount of money into the Nigeria economy. For instance Intra- Net Works Inc is a foreign company based in Atlanta, USA, engaged in facilities-based, telecommunications services. This company has its Nigeria Head Office in Abuja. It has invested over US\$3 million in establishing Business Process Outsourcing (BPO) operation in Abuja, Nigeria. The company has employed over 100 Nigerians who would have been roaming the streets of this country (Intra Net Works 2009). Another of such kind is C & I outsourcing, a division of C & I leasing PLC which has been granted license by the Federal Ministry of labour to recruit and practice outsourcing in Nigeria. Investments made by these outsourcing companies are of great benefit of the Nigerian citizens and the economy as well.

Job Creation:

Outsourcing creates jobs for University graduates. It is expected that this industry will create up to 1.0 million jobs in the next 5 years (Interra Network Inc 2009).

Economic Diversification:

Nigerian economy has so much depended on oil revenue, that other means of generating revenue has been neglected. The new outsourcing industry provides a new source of revenue for the country. (Interra Network 2009) projected that this industry is going to be another oil boom for Nigeria.

2.1.18 Challenges Facing Outsourcing Business in Nigeria

Some of the challenges hindering outsourcing business development in Nigeria include infrastructure. Human Capital Development, Finance/Funding and the Nigeria Factor (Interra Network 2009).

Infrastructure: Outsourcing companies are just operating on the existing telecommunications infrastructure. Unreliable power supply, Bandwidth, security and communications are the infrastructural problems faced by outsourcing companies in Nigeria (Interra Networks 2009)

Human Capital Development: The Nigeria employees require skills and general proficiency in the field where training is required, retention of Staff also discipline of staff all these are human capital development problems faced by outsourcing companies in Nigeria.

The Nigerian Factor: Most Nigeria business men believe that there is no need for outsourcing. They believe they can do it themselves (Interra Network 2009). Akunyili (2009) notes that the benefits of outsourcing are not understood by most businesses in Nigeria.

Limited Number of Outsourcing Companies: Outsourcing Companies in Nigeria are limited (Frost & Sullivan 2009) opines that limited number of companies that offer IT outsourcing services is a challenge to outsourcing growth in Nigeria.

Lack of Aggressive Marketing: (Frost & Sullivan 2009) observe that the existing outsourcing companies do not engage in aggressive marketing.

2.2 THEORETICAL FRAMEWORK

2.2.1 Agency Cost Theory

According to (Gariffith & Figgis 2002) Agency theory supports outsourcing by providing the analyses that helps the understanding of the structure of relationship between the principal (client) and vendor (supplier), this structural relationship became necessary because of agency problems. The relationship compels the agents to perform his obligation to the principal and not to act in his own interest. The Agency Cost Theory is the theory that supports this work, because such variables as procurement plans and stage, the annual budget of the public sector and open competitive bidding among other factors are well covered by this theory and this is the reason, the work is anchored on this theory. This particular theory argues that under conditions of uncertainty, and incomplete information, two agency problems arose: thus adverse selection and moral hazard (Baiman & Rajan 2002) Bolumole (2007). Adverse selection refers to the problem that, the principal cannot determine whether the agent will adequately perform the work for which he is being paid. On the other hand, moral hazard referred to the problem that if assigned the task, the supplier may have the same incentive to work as hard and as carefully in accomplishing the task as the buyer would if he retained the task. These are problems of lack of trust. These problems have led to development of safeguarding mechanism to guide outsourcing relationships. It is in the light of this that policies such as remuneration policies, monitoring policies and methods, performance-based bonuses, penalties, accounting techniques and attitude towards risk taking are made. By implication, "the agency cost theory" should find its application mostly in the outsourcing preparation stage, lowest evaluated responsive bid, sufficient fund on the annual budget, efficient service delivery and ethical standards in business practices. The notion from this theory is that instead of employment relationship, a contractual relationship between the principal and the agent may be the way to obtain optimum performance from the agent, base on this premise, the authors concluded that in outsourcing arrangement, the principal should specify in the contract, the outputs expected to be provided, clear performance incentives and penalties from non-performance by providers. In the others words, this theory supports formalized, comprehensive outsourcing processes for tendering and selection of vendors and outsourcing out. This work is anchored on the work of (Gariffith & Figgis 2002), because it takes care of all the requirements in, outsourcing decision making such as the laws, vendors selection, techniques used in choosing whether to outsource or not and the implications of outsourcing.

2.2.2 Transaction Cost Economic Theory (TCE)

According to (Perunovic & Pedersen 2007) Transaction Cost Economic theory adopts more of economics to outsourcing process it is assumed to be the most utilized of all the outsourcing theories, and the best decision making tool which has helped organizations to decide whether to outsource, or not to outsource, in this theory, the notion is that the organization's decision to outsource should be based on the relative cost, which comprises of cost of production and transaction cost of the exchange between the suppliers. Asset specificity according to Urquhart (2002) refers to the extent to which assets can be redeployed. It is believed that assets with high specificity involves large additional costs, and gives rise to transaction problems among the contracting parties. As a result, there may be, need to safeguard such asset investment against threat or opportunism. Based on this argument, the author concluded that goods and services with high assets specificity and uncertainty should be kept under the full responsibility and control of the company but assets with low specificity and uncertainty and relatively frequent can be outsourced. Urquhart (2002) explains that for each of the outsourcing processes or activities, a governance structure is established by implication.

Hierarchical governance refers to those activities that should not be outsourced. While highbred governance refers to those activities, which can be outsourced under tight control, Market governance describes those functions that can be outsourced. Bolumole (2007) expatiates further on the highbred governance by saying that some transactions are complex and so do not possess either hierarchical or pure market governance and the author suggests that such medium level assets specificity and high transaction frequency should be outsourced under tight control model for assessing the outsourcing risk which they refer to as outsourcing risk pyramid. The model specifies processes that should never be outsourced, those to be outsourced under strict control and those classified as low risk that can be outsourced with minimal risk.

Another issue that rose out of the transaction cost theory is that outsourcing decision is expected to reduce transaction cost as much as possible The transaction cost theory is used at the early preparation stage when examining the contribution of transaction cost and how the cost might be reduced, Urquhart (2002). Concludes that outsourcing decision will only appear rational if the saving from production as a result of outsourcing is more than the added transaction cost.

2.2.3 Public Choice Theory

Public choice theory supports executive government activities in the way private business is executed. (Gariffith & Figgis 1998) argued that, government employees are rational human being who are self interested in maximizing their personal income and influence of the executives in government usually like to obtain large budgets and as many staff as possible not minding what is actually required for efficient administration. These employees would like to take part in government decision-making. These bureaucrats and interested group try to manipulate or monopolize government policies for their own selfish interest. This leads to excessive growth of the government budget and distortion in allocation of resources. In order to cut down on this tendency, towards high jacking government policy and inefficiency, researchers argue that policy making should be separated from delivery (Gariffith & Figgis 1998). Instead of the public sector organization maintaining and expanding their service delivery functions, service delivery can be subjected to contracting or outsourcing. It is argued that competing for service contracts; cost of providing service by government will be reduced. This is because; a commercially motivated operator will have a financial incentive to minimize costs of the operation. This type of competitive discipline is absent in the public sector. With this theoretical framework, all that the government does is to develop outsourcing policy and monitor service delivery contracts.

2.2.4 Games Theory

Games theory has economic origin (Urquhart 2002). The games theory involves two players; the purchaser (outsourcer) and the vendor (the Outsourcee) in the case of outsourcing. The researchers argued that the games theory concept when applied to outsourcing implies that it may not necessarily be in the supplier's interest to co-operate with the client. Co-operation between the outsourcer and the outsourcee may depend on the results of several interactions. The result may be for the two players to co-operate or defect, with different pay offs. The strategies of players (clients and supplier) depend on what they believe about the motives of the other, but the information game may be asymmetric in that one can cheat on the other Urquhart (2002). The concept of core-competencies has been developed based on resource based theory (Perunvic & Pedeson 2007). At the earlier stage of outsourcing, transaction cost economic theoretical framework was seen as a generally acceptable and useful framework for analyzing outsourcing decision. However, as drastic changes involve in the way people conduct businesses, firms began to explore various means and strategies for organizing their operations Brain Central (2010). Actions taken by firms' in today's business operations cannot

only be explained from the perspective of reducing or eliminating transaction cost. This goes to support Ezenwa (2006) who opines that firm's objectives of outsourcing is shifting from tactical to strategic objectives. Tactical objective lays emphasis on cost reduction while strategic goes beyond to core-competencies. The theory of resource-based is founded on the premise that decision to outsource may arise because of the need to focus on core-competencies (Perunovic & Pederson 2007) defined core competencies as the collective learning in the organization especially how to co-ordinate diverse production skills and integrate multiple streams technologies. Urquhart (2002) strongly support this idea by reiterating that organizations which to maintain a distinctive product (competitive advantage) and will plug gaps in resources and capabilities in the most-effective manner. As the firm engages in core activities where it has competitive advantages, all those other non-core activities or peripheral operations can be outsourced (Perunovic & Pederson 2007) found the application of core-competencies concept in outsourcing as being very popular among researchers. No researcher on outsourcing theories concluded without given recognition to the competence concept. In the early years of outsourcing, especially in vendor's selection core competence concept can be applied because, vendor's competencies are expected to be a very important factor that influences successful outsourcing. In managing outsourcing relationships and reconsideration phases, the concept can also be applied. An extension of concept of core competence concept is in consideration that it is an impossibility for an organization to be expert in every aspects of the business activities or functions. Hence an organization should concentrate on the activities where it possesses valuable organized resources and capabilities. For those activities or tasks where it lacks organized resources and capabilities, it should be considered for outsourcing to external providers in order to overcome its weaknesses (Perunovic & Pederson 2007). The specialized provider (external providers) can achieve economies of large and learning curve effects which came about through concentration on a single area which enables them to provide their services at a lower cost (Kersten, Koch & Hohvath 2007).

(Perunovic & Pederson 2007) discussed this in their work, outsourcing process and theories. According to the authors, the social exchange theory explains interpersonal relations that take place because of social engagement and exchange. The authors further explain that economic cost benefit analyses are precondition for social engagement and exchange to take place. They maintained that human interaction result in exchange of resources, whether material or social. The exchange involves two people who receive reward or compensation from each other. The

implication of this theory guides the truncation between the clients who purchases services or goods from the vendor (the supplier). In the process, there is exchange of financial resources from the client to the vendor as reward for service rendered or goods supplied.

2.2.5 Resource- Dependent Theory

This theory is not as popular as others are. Of all the researchers Urquhart (2007) was the only researcher that discussed this concept. This theory emphasizes the importance of the environment of the organization. The external environment collaboration is enhanced and the recognition of the environment will enable the organization to adopt strategies that will enable it achieve three important goals thus; gain access to critical resources; stabilize relationship with external environment; and secure survival for public sector institutions. With rationalization of external environment collaboration it enhances the access to resources which are made more effective and efficient. The implication of this in outsourcing framework is that, there is no need for the organization (outsourcer) to understand the environment in which it operates, this will help it's evaluation of the vendors, managing relationship with the vendors and even reconsideration of outsourcing function of the public institutions Urquhart (2007).

2.3 EMPIRICAL REVIEW

(Perunovic and Pederson 2007) Outsourcing Off-Shore Activities in Oil and Gas Industry in Iran, a Sample of one hundred three (103) Oil and Gas Services Companies in Iran were used. The secondary data used were the financial statements of the companies using both regression and correlation analyses to determine the effect of the financial expenditure incurred in the production of the spare - parts in-house and the cost when they are outsourced or contracted out to determine the deviation and relationship between cost and profit. It was discovered that though the oil companies may have the expertise and competencies required for the fabrication and production of spare parts but that could result to low capacity utilization of machines and human resources It was recommended that if such spare-parts were to be produced in- house, they should be made available to other Oil and Gas companies in commercial quantity. It was also recommended that preference should be given to outsourcing the production of spare parts if they are only for the company requirements and in- house utilization.

(Jenson and Stone 2007) Refuse Collection Services. Primary data was collected through questionnaires administered on 160 respondents within Benghazi in Libya, Data for the study was analyzed using Pearson's Correlation Coefficients to determine the relationship among variables such as cost of disposal and radio-active effect of improper disposal of chemical and industrial waste. The researchers used cost- benefits- analysis to determine the cost of waste disposal of equipment, site dump, staff cost, administrative cost and., payment to local authority as part of the regulatory measure for proper disposal of refuse. Since independent variable (x) have positive relationship with the dependent variable (y) that shows that it is cheaper for such services to be contracted to independent contractors. It is recommended also that, independent contractors should be allowed to carry out the services of refuse collection and disposal.

Hodge (2010) Disparity between United States 20% Cost Savings and Australian 30% Cost Savings in Outsourcing. Data were collected from companies in United States and Australia. The data were analyzed using Pearson's Correlation Coefficient to determine their relationship or otherwise of the 20% US Cost Savings and 30% Australian Cost Savings. The researcher observed differences in the laws governing outsourcing in the United States and Australia. The Business Environment and the Socio- Economic Culture of the people formed the basis of such comparison. He recommended that the successes recorded all over the world with respect to outsourcing should be seen as a good business strategy to minimize cost and maximize profit. The outsourcing decisions could not be, a perception but a reality and if not a universal business strategy to eliminate unwanted business practices and make way for more efficient and profitable way of doing business through outsourcing.

Domberger, Meadoff and Thompson (2012) Impact of Outsourcing on Cost Savings and Cost Reduction they applied a Model of Discounted Cost Ratio and Discounted Revenue Ratio. It was discovered that Discounted Revenue Ratio to Discounted Cost Ratio and where the cost –benefit is equal to one, the project will break-even but where the cost ratio is greater than one, the Outsourcing Project is viable and profitable. It was recommended that outsourcing can be undertaken where the ratio is less than one which makes the outsourcing project viable and profitable. The measure proved to be effective when applied in outsourcing decision making.

Seader (2010) Outsourcing in the United States Routinely Results in 20% -30% Cost Savings over the Traditional Delivery Systems. The Australian and United States Industry Commission Reviewed the Study of Hodge (2007) after collecting data from the same companies and analyzing the data with Pearson's Correlation to determine the relationship between the two

companies cost savings of US 20% and Australian 30% The Australian and United States Industry Commission review by Seader in 2010 observed that the extent of the cost savings varied widely and that in some instances, of cost increase in outsourcing decisions of outsourcing on the each study has its own peculiar characteristics, which influences its level of cost savings He recommended that individual companies must be careful since the often quoted 20% and 30% may be deceptive and unlikely to apply to many public sector services. In a well articulated outsourcing decisions is likely cost savings to range from 12% -61%.

Ofoegbu (2011) Impact of Management Accounting Information on Outsourcing Decision Makings. Primary data were questionnaire, and interview was held with representatives of officers of the Bureau for Public Procurement (BPP). The Impact which the respondents identified are as follows: improved quality of service delivery, compliance with laws and regulations, increased efficiency and effectiveness of resources and reduction in cost and wastages. It was recommended that, good cost accounting system to be introduced in the Nigeria Public Sector, all cost expended on outsourcing projects to be capture regularly and timely. Appraisal of each project or service outsourced to know their individual contributions to the overall outsourcing success.

Elebiju (2009) Influence of Cost-Benefit Analysis on Outsourcing Decision Making. Null and Alternate Hypotheses were formulated. Ho: cost benefit analysis does not significantly influence decisions to outsource. To test this hypothesis, data on outsourcing and in-house costs of cleaning and security services were tested with the paired sample test. Analysis of cost and benefits as measured by cost reduction in outsourcing did not significantly influence decisions in the Nigeria Public Sector Institutions. The 13.66% in 2008, 12.61% in 2009 and combination of both cleaning and security costs showed that the organizations are outsourcing at a higher cost of 5.56%. Apart from cost, there are other benefits that are qualitative in nature and difficult to measure. The researcher recommended that cost-benefit- analysis must be given serious consideration in every outsourcing decision. Once an organization's needs and goals have been established a thorough cost-benefit- analysis must be conducted.

Bureau of Public Procurement (2008) Ascertainment of the Principal Objective of Government Outsourcing Decisions. Primary data were used and questionnaire. The Executive Involvement in Outsourcing Decisions, the Tender Board Members, Technical Evaluation Committee were circularized with questionnaire to ascertain the extent to which outsourcing decisions were successful or a failure. It was identified that following functions were outsourced. Security Service, cleaning service, Information Technology, laundry and Catering.

There is no doubt that Nigeria has embraced outsourcing in her public sector institutions. The sustainability of the venture is recommended the public sector managers should consider the objectives and the good intentions of the government to outsource some of its functions above personal interest.

Ibrahim (2002) Influence of Public Sector Annual Budget on Outsourcing Decisions. The Secondary data were used from the Bureau of Public Procurement, Budget Office Bureau of Public Service Reforms, Public Procurement Act. In his finding, Budget as a management accounting tool was influenced by outsourcing decisions in the organization. This means that the budget acted as a guide to those involved in the public sector outsourcing decisions. It helps as a control measure to see that the budgeted amount is not exceeded. The annual budget is recommended as a critical factor in the outsourcing decisions. The budget justifies when the outsourcing decision is a success or a failure, the amount expended or recovered that could result to cost savings in outsourcing.

Ikegwu (1998) Factors that have the greatest influence on the selection of Vendors/Contractors price. The Research Design considered three factors (i) Quality of Service (ii) Price estimated by the Public Sector Organization. The following Hypotheses were formulated in Null and Alternate offered by the Vendors Quoted Price. Scheffe Test was used in analyzing the responses. The result was further analyzed from the responses together of the three options is significantly higher using one way ANOVA. The result of the analysis gave an "f" value of 7.675, and a significant value of 0.001 which shows that the ANOVA result is significant at $P < 0.01$. the factor that mostly influence the choice of vendors is the quality of services rendered, and not the cost estimate quoted. It was recommended that Vendors should be properly selected in line with the Public Procurement Act 2007 through tendering and bidding. Those whose quality and price of job quoted and are competitive should be considered for the job improper selection of the Vendors must be avoided. Regular monitoring by the regulatory authority was also recommended.

Johnson (1999) The Impact of Government Annual Budget on Outsourcing Decisions. The secondary data was used from relevant academic journals, magazines, test books and internet down loads. A Null hypothesis was formulated. H_0 : expenditure decision is not significantly related to Government Annual Budget. The data used for the testing of the hypothesis were the actual cost of outsourcing of cleaning and security expenses and actual recurrent expenditure of the Government. Findings, the recurrent expenditure which the government used as the basis

of assessment of the performance of the public service reform under which outsourcing falls, was equally used to assess whether outsourcing has any impact on government recurrent expenditure. The result indicates that outsourcing expenditure on cleaning and security service in the public sector has significant positive impact on the overall budget of the organization under study. The budget is the engine room that houses outsourcing decisions. The control mechanism to avoid excess expenditure in outsourcing is the annual budget. The basis for a realistic and reliable outcome with efficiency in outsourcing is also the government annual budget when considered in perspective.

Hodge (1999) Overall Savings From Outsourcing Data were collected in the General Motor Manufacturing Company in US. The data were analyzed using Pearson's Correlation Coefficient to determine overall cost saving and cost expenditure. His findings showed that majority of the goods and services contracted out which are economically viable are 63% and the remaining 37% were at a loss. The goods and services when produced in-house are not economically viable must be avoided. There must be effective control and monitoring to see that those goods are not brought back to the company at higher prices. Only those Vendors with the right expertise and comparative advantage should be allowed to produce the items contracted out.

Deloitte (1996) Survey of Reasons for a Decrease in Outsourcing of Jobs Abroad. Public Opinion poll was used among the citizens of the United State and the Western Europe. Many jobs abroad have been replaced by technological advancement. US and Western powers were opposing. Outsourcing there was drastic increase in unemployment. It was also found that loss occurred primarily in the computer and electronic sector. There was public disenchantment with outsourcing off-shore jobs. Overseas companies such as LENOVO should reduced their rate of outsourcing jobs. The spare-parts of old machines should not be introduce into the market. More advanced technology and Scientific way of doing things must be introduced to reduce competition in the off- shore business.

Ogba (1999) Ascertainment of whether Outsourcing of Recurrent Expenditure in the Public Sector has positive impact on the Nigerian Economy. A survey method was used by the researcher the study involves an investigation of people's opinions or other manifestation through direct questioning. The Researcher isolated the relevant reliable accounting information capable of influencing outsourcing decision for effective result. The data facilitated the design of the research instrument and analytical tools that enabled the researcher

to ascertain the relationship between the two operative variables. The recurrent expenditure which the government used as the basis of assessment of the public service reform outsourcing falls, was equally used to assess whether outsourcing has any impact on government recurrent expenditure. The result indicates that outsourcing recurrent expenditure on cleaning and security services in the public sector has significant and positive impact on the overall budget of the organizations studied. Since recurrent expenditure is an important component of government budget attention must be paid for over or under estimate in its provision to outsourcing decisions. The budget should be used as a veritable tool in the control and monitoring of outsourcing expenditure and its benefits to the public sector institutions.

Krugman (2003) Role of the United State Military in Outsourcing. By observing the various activities and the hardwares and also improve on them. Findings, there was massive proliferation of small and medium arms and ammunitions because other countries are very desperate to sell or discard what they had in stock so as to embrace the latest military technology from United State. The regular monitoring of military capacities of all nations are necessary and there must be mutual co-operation and collaboration by all Nations of the world to exercise restraint in using such provocation including the United State of America.

Carol and Eger (2008) Mixed Records of Outsourcing Success or Failure. Primary data were collected through questionnaire and interview guide which was administered to more than 300 outsourcing companies within Tripo Libya. Data for the study were analyzed using Pearson's Correlation's coefficient to determine the relationship among the perceived variables which could cause result to success or failure of outsourcing in any organization. Findings showed that Bench Mark Price, Standard Price and Least Price constitute the dependent variable which, expertise competencies of the Vendors constitute the Independent variables. It was found that the success and failure rates cannot be at equilibrium, there must be a shift to the right hand side of the graph which is a sign of positivity and success. Efforts must be made to see that success rate and failure rate should not be at equilibrium, the standard price is more realistic than the Bench Mark Price and the least Price. Expertise of the Vendor and his competencies are critical factors that must be put into consideration in outsourcing decisions.

Allen (2005) Matrix for Success of Outsourcing in Reducing Public Expenditure. A model was developed by the relationship between successful outsourcing and reduction of public expenditure. The model also employed the standard regression techniques to regress the relationship between the dependent variables and explanatory variables while descriptive statistical and frequency distribution were used to facilitate the analysis. Data for the study

both institutions that were successful and institutions that were not successful in outsourcing who have used other methods than this model to eliminate any bias variable. Findings showed that there is a significant and positive relationship between the use of scientific modeling and successful outsourcing that results to reduction of government outsourcing expenditures. The following scientific accounting tools were recommended for successful outsourcing decisions among others: - Cost -Benefit-Analysis - Accounting Rate of Return - Internal Rates Returns - Statistical tools - Quality Control Techniques etc.

Sciulli and Wise (2004) Investigation of costing information and outsourcing of security services. The T-Test Analysis was used to test their hypotheses so as to determine the relevance of costing information on the outsourcing of security services in the government institutions. Findings showed that a scientific application of any relevant costing techniques such as Activity Based Costing (ABC) allows the organization to have a realistic and effective control of outsourcing expenses in particular, direct expenses and other overheads, this procedure makes room for efficiency, quality of products and profitability of outsourcing decisions. Activity Based Costing is one of the best tools in outsourcing decisions. It makes for efficiency, good quality of products provided by vendors and it also guarantees profit or return on investment.

Johnson (1999) Cost Saving and Outsourcing of Government functions in General Motors Manufactory US Activity Based- Costing and Standard Costing were used. Their findings showed that Standard Costing (Variance Analysis) and Activity-Based Costing provided strategy for cost reduction. Cost savings and quality of the services rendered by the vendors were not compromised. The application of Activity -Based- Cost and Standard Costing were seen as effective and imperative in outsourcing decisions that has to do with cost savings or cost reduction.

Scuilli (2000) Why Outsourcing should Drive Cost Down. A survey was conducted on subsidiary of a Japanese Motor Manufacturing Company in the United States. The T-Test was used to analyse his hypothesis so as to determine which costing technique is relevant in driving direct cost down. Finding showed that Activity - Based Costing (ABC) system allows an organization to have a realistic and effective control of all kinds of cost in particular when the intention is either reduction of cost or cost saving. It is recommended that cost are better controlled with the application of Activity-Based-Costing (ABC). The ABC allows for organization realistic efficiency and makes allowance for cost reduction or cost savings.

Karsten (2006) The Benefits and Public Sector Outsourcing. A survey method and the opinion of the players in outsourcing were sought through questionnaire on one hundred and seventy (170) people. The data collected were further analyzed. Pearson's correlation coefficient was used to test the relationship between the benefits and prices at which those functions were purchased by the public sector institutions. Findings, it was observed that jobs and business opportunities are created for the outsourcing companies, they are the immediate beneficiaries of outsourcing, the public enjoys efficient and effective services and possibility of reduced quality of such services. The Researchers recommended therefore, that since it is a win-win situation, outsourcing should be comprehensive and total in advancement and implementation for full benefit to all and sundry. The public sector institutions should be careful not to buy such goods and services contracted out at high prices but at a cheaper or reduced price.

Horngren, Foster and Datar (2001) Why Outsourcing may result to increased Dependence on the supplier. The secondary data were used and hypotheses were also formulated to test why outsourcing may result to increased dependency on the suppliers. Faghihi Hospital in Libya contracted out its Operation and Surgery Division. Diagnostic and Radiology Division Administrative and services Division. The researchers recommended that the actions of the Hospital were wrong since they have sold the Hospital out indirectly. The Goodwill of the hospital should not be compromised. There should be a clear division of indirect takeover and contracting out. They could be forced to close shop when completely taken over by the contracting company.

Raiborn, Barfield and Kinney (1999) Why companies may gain best knowledge and experience in outsourcing and lose degree of control. Data were collected with questionnaire basically on the issues why outsourcing companies may lose control of their goods and services. Mann-Whitney U (a non-parametric test) was used to investigate the difference in the dependent variables in terms of control variable. Franchise and outsourcing may compromise the quality and the secrets of the business, unhealthy competition and rivalry may be the order of the day. Franchising terms and conditions are not to be taken as outsourcing, the key area of the business should not be outsourced to avoid loss of control. The business secrets must be preserved and kept secret all the times.

Lindholm and Suomala (2004) Outsourcing by Government where the service can be purchased with fewer amount. Data for analysis was obtained from Mumbai Bank in India. Mann-Whitney U Test and Spearman's Correlation Coefficient were used to test the hypotheses and significant difference between the cost of outsourced goods and services not

outsourced. It was found that, the perception in which outsourcing was believed that it could result to the government paying lesser amount for goods and services contracted out is not always correct. An ideal scientific or statistical tool including account tools will give a better result to justify when outsourced of government functions could result to such goods and services being purchased.

Mhone (2003) Implications of using outsourcing for the private sector to benefit of the Public Sector Institution. A questionnaire was administered on 58 manufacturing of mining spare parts at Okaba Mines in Kogi State. Data were collected from questionnaire and the data were analyzed with descriptive statistics such as graphs, pie chart, frequencies and tables to explain the level of benefits enjoyed by the public sector by contracting out some of their services to the private sector. It was also observed that 73% benefits were enjoyed by the public sector. Those services in which the public sector lacked the comparative advantage should be contracted out to the private sector. The price at which such services will be returned to the public sector must be competitive and cheaper. If division of labour and specialization are put into consideration, the public sector will also get the product at a cheaper price.

Prager (1994) Why outsourcing will neither reduce government expenditure and increase in government efficiency. Data were obtained from primary source through the use of unstructured interview. He made use of simple percentages to analyze the data for the study. Findings revealed that outsourcing reduces government expenditure and increase efficiency when appropriate steps are taken. Given that all the important facts that has to do with successful outsourcing decisions. He recommended the adoption of appropriate pricing mechanism in bidding for the product to be outsourced. The institution that has the best comparative advantage in expertise should be considered first in outsourcing, buying the products at a high quality and cheaper price must be a critical factor to be considered.

Hunter & Healy (2002) How outsourcing has transformed Government Business in Australia. The population of the study were Australian Government Business, the sample size involves outsourcing organizations who are 89 in number and a decision model on who to include and who to be excluded in outsourcing success justify which of the organizations experienced transformation Nearly 40% of the public sector in Australia outsourced half of their total information technology as against the private sector with only 15%. There were evidences that outsourcing has helped in the transformation of government businesses in Australia and cost savings. It was recommended that, there should be no reliance that outsourcing will result to public sector transformation based on simple public sector expectations. Consideration must be

given to increasing government expenditure and limited resources in outsourcing decisions Budget and legislative constraints will put pressure to improve efficiency and reduce operational costs.

Quiggin (2002) Investigation of the Transitory Savings of Outsourcing. Primary data was obtained via questionnaire administered to companies. Data was analyzed using descriptive, analysis, logistic regression analysis and chi- square. Again, semi structured interview of 20 companies were studied. Findings, the cost savings of outsourcing cannot be transitory, if that occurs, it should be a failure and not transitory. It is recommended that if proper steps are taken in every outsourcing decision such as an accurate measurement of the outsourcing expenditures and projected benefits, the success rate will be above 60% or more.

Accenture (2002) Why Public Sector Outsourcing Results are Mixed Data for the study was obtained from primary source via questionnaire. The Researcher analyzed the data for the study, regressing the relationship between the dependent variables and independent variables. Results from the study showed that, there is a significant relationship between the outsourcing decision variables and the success of the outsourcing of public sector goods and in a study like this, behavioral and organizational variables are proxied to obtain a better result. Attitude to work technical characteristic rating would give a better result than perceived usefulness in outsourcing job. Performance and productivity when proxied as opposite for failure also would give a more realistic answer to the failure or success of outsourcing.

American Economic Association (1996) Globalization Outsourcing and Wage Inequality. The study was conducted in San Francisco in United States. A samples of 217 workers of different companies using both correlation and regression analysis to determine deviations and relationship of wages in outsourcing. It was discovered that workers of outsourcing companies were paid higher wage than the in-house production workers in US. They recommended that, the answer to companies survival is outsourcing of their services and this will also result to economic growth.

Atta & Thomas (2009) Observations and Recommendations of Public Procurement Act 2007. The study was undertaken by the National Assembly during a one-day round table talk on Outsourcing. Questionnaires were used on the participants of over 600 persons. It was found that there was no adequate law covering outsourcing transactions in Nigeria It was recommended that Outsourcing laws in Nigeria must be reformed and made workable and through Budget Monitoring and Price Intelligence Unit (BMPIU).

Baily (2009) Procurement Principle Management. The study was conducted in England. Primary data through questionnaire on 589 respondents were analyzed using Pearson's Product Moment Correlation for procurement principles and management on UK. It was found that competitive tendering gives equal opportunities to all the players. It was recommended by the authors that open competitive tendering and award of contracts based on comparative advantage must be encouraged.

Buchholz (2004) Bringing the Job Home, how the left created Outsourcing crisis This study was conducted in the New York USA. Data were collected from 310 companies in US and analyzed with both regression and correlation on how outsourcing created crisis and jobs must be returned back to US. It was discovered that outsourcing at all levels must not be home based such as off-shore outsourcing. It was recommended that in-house production must have a higher percentage to outsourcing of US jobs in particular overseas.

De Loof (1996) "Is outsourcing by the public sector organizations profitable"? The study conducted in Netherlands. He applied a model with correlation and regression analysis to determine the profitability of outsourcing in the public sector. It was discovered that outsourcing is profitable to the public sectors. It was recommended that the public sector organizations should aggressively embark on outsourcing of their products and services.

Davies (1998) "What's this India Business? Off-shoring & Global Services Revolution" The study was conducted in India. Primary data were used, questionnaire and interview guide were also used on the respondents of 2585 staff in the off-shoring activities in India. It was discovered that a lot of foreign exchange were attracted by the Indian workers in the off shoring business. The following recommendations were made, by the author to continue off-shoring, seek for new ventures, and improvement of their technology and workers welfare.

Domberger & Hall (1995) The Contracting Case Book: Competitive Tendering in Action. The T-Test Analysis was used to test the hypothesis so as to determine the relevance of competitive Tendering in Action. It was found that open competitive tendering remain the best option for the contractors to be given equal opportunities. It was recommended that open competitive tendering will not compromise the integrity and transparency of outsourcing.

Domberger, Meadow & Thompson (1986) Competitive Tendering & Efficiency: The case of Refuse Collection Matrix for Competitive Tendering and Outsourcing. It was discovered that in refuse collection to enjoy efficiency. Competitive tendering is the answer. They

recommended that for timely refuse collection, competitive tendering is the best instrument to be used.

Ekpendhio (2003) “Public Procurement Reforms: The Nigeria Experience” questionnaire, and interview were held with the representatives of the Budget and Monitoring Price Intelligent Unit. (BMPIU) primary data were used. It was the reforms that brought about the Public Procurement Act 2007. They recommended that the reforms must be continuous and dynamic so that the achievements made will not be lost over time.

Elibiju (2009) Are Governments Really Empowered to Outsource Tax Collection?. The members of the Board of Internal Revenue and the Federal Inland Revenue Services were circularized with questionnaire test with Pearson’s Chi-Square analysis to know the differences in their opinion. There were divergent views as to whether taxes collection should be outsourced as some states are doing. The states that outsourced their tax collection are reverting to status quo, the tax law does not approve that collection of taxes should be outsourced.

Gariffith, & Figgis (1997) Outsourcing and the Public Sector. The study was conducted in the United States, Industry Commission. The Pearson’s correlation was used to determine the benefits of outsourcing to the public sector institutions in the United States. It was found that outsourcing at every level has its own characteristics, merits and demerits. Although outsourcing has a universal acclaimed benefits, it is advisable to handle each case on its own merit for marginal benefits.

Hart, M. (2009) The Budget what does it mean for Outsourcing. The study was conducted in UK. The correlation and regression analysis were used to test the relationship and disparities between budget and outsourcing using secondary data. It was discovered that Budget is a veritable tool in making outsourcing decisions. The public sector annual budget is critical tool that drives outsourcing. Outsourcing is only justified when it is budgeted for.

Hira & Anil (2008) Outsourcing America: what’s behind Our National Crisis and How can we Reclaim American Jobs? This study was conducted in the AMACOM Industry in New York. Both the Correlation and Regression analysis were used. And on the secondary data was used to test the relationship and otherwise of Outsourcing and American Jobs. It was observed that jobs in America suffered at home and thrived overseas. They recommended 20% Outsourcing of Jobs at home front and 80% for off-shore activities overseas to reclaim jobs.

Hunter & Healy (2002) Outsourcing in Government: The Path to Transformation. This study was conducted in the United States of America. Secondary data was collected from companies in US and Pearson's Correlation was used to determine the effect of outsourcing on the transformation agenda of US. It was discovered that outsourcing is good tool for the economic transformation of United States economy. It was recommended by the authors that outsourcing is the vehicle that drives economic transformation, the gains of outsourcing will result to economic growth and GDP increase.

Huque (2007) Contracting Out and Trust in the Public Sector. This study was conducted in Hong Kong, China, Asia. A survey method was used by the Researcher and the secondary data were used to facilitate the relationship between contracting out and the trust of the vendors and service providers on the public sector which are the two operative variables. It was discovered that for outsourcing to be successful, there must be mutual trust between the public sector and the outsourcing agencies. It was recommended that the trust and integrity of the open competitive bidding must not be compromised and there must be increase in the momentum of outsourcing activities in Hong Kong.

Interra Networks (2009) The Nigeria Off-Shoring Opportunities The Next Oil Block. A sample of eighty five (85) oil and gas service companies in Nigeria were examined. The financial statements of the companies were used as the secondary data. The Regression analysis was used to regress off-shoring and opportunities in the Oil and Gas Industry in Nigeria. It was discovered that the indigenous oil services companies lacked the expertise and technology in off-shoring activities. It was recommended that a lot of opportunities exist in the off-shoring activities in the Oil and Gas Industry in Nigeria.

Irwin (2004) Outsourcing is good for America. This study was conducted by the Institute for Public Policy Research in US. Data were collected from companies in US. Correlation coefficient was used to determine outsourcing and the goodness in outsourcing to the American people. It was observed that outsourcing is to the benefit of the citizens and makes positive contribution to the economy. It was recommended among other things that, outsourcing creates jobs and makes service cheap and affordable

Jensen & Stonecash (2004) The Efficiency of Public Sector Outsourcing Contracts. The study was conducted in Australia Melbourne Institute of Applied Economics & Social Research. The Correlation analysis was used to determine relationship between Efficiency and Outsourcing. It was found that there is a significant and positive relationship between Outsourcing and

Efficiency. The Researchers recommended that a successful outsourcing activities, efficiency cost savings and blockage of wastages should be encouraged.

Kersten, Kochi, & Hohrath (2007) Motivation for the Outsourcing of Complex Logistic Services. The study was conducted at Hamburg School of Logistics, Germany. A model was developed to determine the relationship between outsourcing of complex logistic services and motivation for outsourcing. Findings showed that the previous successes recorded are the motivational factors for the outsourcing of complex logistics in Germany. The Researchers recommended that more successes would be recorded if there were no more complex logistic services Germany is known to have the expertise and technology for complex logistics and should continue the trend of outsourcing.

Khirallah (2002) Out with outsourcing and in with Co-Sourcing. Data were collected from a subsidiary of General Motors manufacturing in China. The data were analyzed using Pearson's correlation coefficient and co-sourcing. It was found that co-sourcing is in-house production which is expensive and uneconomical. Outsourcing was discovered to remain the best option. It was recommended that co-sourcing should not be encouraged but outsourcing remains the best option.

Koch, Dell, & Keller (2004) Human Resource Outsourcing in Government Organizations Emerging Trends Early Lessons. This study was conducted in the United States. Public Poll was used among the citizens of United States, the consequences of Outsourcing. Human Resource in Government Organizations to oversea's activities. It was discovered that, it is a necessity and the consequence may not be considered from the security of US and the entire world. It was recommended the Human Resource will be outsourced when it is absolutely necessary and for security operations.

Lacity, & Wilcox (2008) Information Systems and Outsourcing, Studies in theory and practice. The study was conduct in London. A model was developed to determine the relationship between Outsourcing and Information System. The model adopted Pearson's correlation coefficient were used to facilitate the analysis. It was observed the availability of information is a key driver to outsourcing information system and outsourcing are significantly correlated. It was recommended that information system is a critical aid to outsourcing to have good knowledge of outsourcing information system is a key driver.

Mankiw & Swagel (2005) The Politics and Economics of Off-Shore Outsourcing. The study was conducted in the United State. The T-Test analysis was used to test the hypothesis so as to determine the affect of politics and economics on off-shore outsourcing. It was found that Politics and Economics play a lot of roles in off-shore outsourcing. It is recommended that for successful outsourcing cannot be separated from politics and economics the integration of these variables will result to successful outsourcing.

Malvaine, (2008) Co-sourcing and more (outsourcing). It was discovered that outsourcing is preferred to co-sourcing, which is in-house production. It was recommended that outsourcing remains the best option for cheaper price, efficiency and stoppage to wastes.

Moyo, (2009) Its Infrastructure Outsourcing Boosted in Nigeria. The secondary data were used and hypotheses were also formulated to test the impact of outsourcing on the infrastructural development in Nigeria. It was discovered that infrastructural outsourcing will actually boost the economy. It was recommended that infrastructural maintenance development and sustainability requires that infrastructure should be outsourced.

Nadeem, (2009) The culture politics of outsourcing in India. This study was conducted in India. The T-Test analysis was used to test the hypothesis so as to determine the relationship between cultural politics and outsourcing. It was discovered that, there is a significant and positive relationship between outsourcing and cultural politics in India. It was recommended that cultural politics should not be inhibition to outsourcing such as the promotion of the India firms all over the world.

Domberger (1995) It is time to Outsource the Federal Civil Service. A survey method and the opinions of the civil servants were sought through questionnaire. One thousand, three hundred, (1300) workers were circularized. Mann-whiten Y (a non –parametric test) were used. It was observed that this would hardly work because it is like Franchise and Outsourcing will compromise quality, integrity, motivation and efficiency. It is recommended that the Federal Civil Service cannot be outsourced. The law will not support such an idea, and it will be counter- productive.

2.4 SUMMARY OF EMPIRICAL REVIEW

Table 2.2 Summary of Empirical Review

S/N	Author(s)	Topic	Methodology	Findings	Recommendations	Variables
1	Perunovic and Pederson (2007)	Outsourcing Off-Shore Activities in Oil and Gas Industry in Iran	A Sample of one hundred three (103) Oil and Gas Services Companies in Iran were used. The secondary data used was the financial statements of the companies using both regression and correlation analysis to determine the effect of the financial expenditure incurred in the production of the spare - parts in-house and the cost when they are outsourced or contracted out to determine the deviation and relationship between cost and profit	It was discovered that though the oil companies may have the expertise and competencies required for the fabrication and production of spare parts but that could result to low capacity utilization machines and human resources	It was recommended that if such spare-parts were to be produced in-house, they should be made available to other Oil and Gas companies in commercial quality. It was also Recommended that preference should be given to outsourcing the production of spare parts if they are only for the company. Requirements and in- house utilization.	Dep Var. Outsourcing Indep Var. Off-shore Activities
2	Jenson and Stone (2007)	Refuse collection Services	Primary data was collected through questionnaires administered on 160 respondents within Bengazi in Iraq ,Data for the study was analyzed using Pearson's Correlation Coefficients to determine the relationship among variables such as cost of disposal and radio-active effect of improper disposal of chemical and industrial waste	The researchers used cost-benefits-analysis to determine the cost of waste disposal equipment, site dump, staff cost administrative cost and payment to local authority as part of the regulatory measure for proper disposal of refuse	Since independent variable (x) have positive relationship with the dependent variable (y) that shows that it is cheaper for such services to be contracted to independent contractors. It is recommended also that, independent contractors should be allowed to carry out the services of refuse collection and disposal	Dep Var. Refuse Collection Indep Var. Cost of Disposal
3	Hodge (2010)	Disparity between US 20% cost savings and Australian 30% Cost Savings in Outsourcing	Data was collected from companies in United States and Australia. The data was analyzed using Pearson's Correlation Coefficient to determine their relationship or otherwise of the 20% US Cost Savings and 30% Australian Cost Savings.	The researcher observed differences in the laws governing outsourcing in the United States and Australia. The Business Environment and the Socio-Economic Culture of the people formed the basis of such comparison.	He recommended that the successes recorded all over the world with respect to outsourcing should be seen as a good business strategy to minimize cost and maximize profit. The outsourcing decisions could not be said to be a perception but a reality and if now a universal business strategy to eliminate unwanted business practices and make way for more efficient and profitable way of doing business through outsourcing	Dep Var. Outsourcing Indep Var. Cost Savings

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

4.	Domberger, Meadoff and Thompson (2012)	Impact of Outsourcing on Cost Savings and Cost Reduction	They applied a Model of Discounted Cost Ratio and Discounted Revenue Ratio	It was discovered that Discounted Revenue Ratio to Discounted Cost Ratio and where the cost -benefit is equal to one, the project will break-even but where the cost ratio is greater than one, the outsourcing Project is viable and profitable	It was recommended that outsourcing can be undertaken where the ratio is less than one which makes the outsourcing project viable and profitable. The measure proved to be effective when applied in outsourcing decision making.	Dep Outsourcing Var. Cost Reduction
5	Seader (2010)	Outsourcing in the United States Routinely Results in 20% -30% Cost Savings over the Traditional Delivery Systems	The Australian and United States Industry Commission Reviewed the Study of Hodge (2007 after collecting data from the same companies and analyzing the data with Pearson's Correlation determine the relationship between the two companies cost savings of US 20% and Australian 30%	The Australian and United States Industry Commission review by Seader in 2010 observed that the extent of the cost savings varied widely and that in some instances, of cost increase in outsourcing decisions of outsourcing on the each study has its own peculiar characteristics, which influences its level of cost savings	He recommended that individual companies must be careful since the often quoted 20% and 30% may be deceptive and unlikely to apply to many public sector services. In a well articulated outsourcing decisions is likely cost savings to range from 12% -61%	Dep Outsourcing Var. Cost of traditional Delivery System
6	Ofoegbu (2011)	Impact of Management Accounting Information on Outsourcing Decision Makings	Primary data was used, questionnaire, and interview were held with representatives of officers of the Bureau for Public Procurement (BPP)	The Impact which the respondents identified are as follows: improved quality of service delivery, compliance with laws and regulations, increased efficiency and effectiveness of resources and reduction in cost was wastages of	Availability of good cost accounting system to be introduced in the Nigeria Public Sector, all cost expended on outsourcing projects to be capture regularly and timely. Appraisal of each project or service outsourced to know their individual contributions to the overall outsourcing success.	Dep Outsourcing Decisions Var. Management Accounting

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

7	Elebiju (2009)	Influence of Cost-Benefit Analysis on Outsourcing Decision Making	Null and Alternate Hypotheses were formulated Ho: cost benefit analysis does not significantly influence decisions to outsource to test this hypothesis, data on outsourcing and in-house costs of cleaning and security services were tested with the paired sample test.	Analysis of cost and benefits as measured by cost reduction in outsourcing did not significantly influence decisions in the Nigeria Public Sector Institutions. The 13.66% in 2008, 12.61% in 2009 and combination of both cleaning and security costs showed that the organizations are outsourcing at a higher cost of 5.56%. A part from cost, there are other benefits that are qualitative in nature and difficult to measure	The researcher recommended that cost-benefit- analysis must be given serious consideration in every outsourcing decision. Once an organization's needs and goals have been established a thorough cost-benefit-analysis must be conducted	Dep Var. Outsourcing Indep Var. Cost-Benefit-Analysis
8	Bureau of Public Procurement (2008)	Ascertainment of The Principal Objective of Government Outsourcing Decisions	Primary data was used to source from questionnaire, the Executive Involvement in Outsourcing Decisions the Tender Board Members, Technical Evaluation Committee were circularized with questionnaire to ascertain the extent to which outsourcing decisions were successful or a failure	It was identified that following functions were outsourced Security Service cleaning service, information Technology, laundry and Catering.	There is no doubt that Nigeria has embraced outsourcing in her public sector institutions. The sustainability of the venture is recommended the public sector managers should consider the objectives and the good intentions of the government to outsource some of its functions above personal interest	Dep Var. Outsourcing Indep Var. Government objective for successful or failure in outsourcing
9	Ibrahim (2002)	Influence of Public Sector Annual Budget on Outsourcing Decisions	The Secondary data was used from the Bureau of Public Procurement, Budget Office Bureau of Public Service Reforms, Public Procurement Act.	In his finding, Budget as a management accounting tool was influenced by outsourcing decisions in the organization. This means that the budget acted as a guide to those involved in the public sector outsourcing decisions. It helps as a control measure to see that the budgeted amount is not exceeded	The annual budget is recommended as a critical factor in the outsourcing decisions. The budget justifies when the outsourcing decision is a success or a failure, the amount expended or recovered that could result to cost savings in outsourcing	Dep Var. Outsourcing Indep Var. Government Annual Budget

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

10	Ikegwu (1998)	Factors that have the greatest influence on the selection of Vendors/C on tractors price	The Research Design considered three factors (i) Quality of Service (ii) Price estimated by the Public Sector Organization. The following Hypotheses were formulated in Null and Alternate offered by the Vendors Quoted Price. Scheffe Test was used in analyzing the responses. The result was further analyzed from the responses together of the three options is significantly higher using one way ANOVA	The result of the analysis gave an "f" value of 7.675, and a significant value of 0.001 which shows that the ANOVA result is significant at $P < 0.01$. the factor that mostly influence the choice of vendors is the quality of services rendered, and not the cost estimate quoted	It was recommended that Vendors should be properly selected in line with the Public Procurement Act 2007 through tendering and bidding. Those whose quality and price job quoted and are competitive should be considered for the job improper selection of the Vendors must be avoided. Regular monitoring by the regulatory authority was also recommended.	Dep Var. Selection Vendors Indep Var. Contract Price
11	Johnson (1999)	The Impact of Government Annual Budget on Outsourcing Decisions	The secondary data was used from relevant academic journals, magazines, test books and internet down loads. A Null hypothesis was formulated expenditure decision is not significantly related to Government Annual Budget. The data used for the testing of the hypothesis were the actual cost of outsourcing of cleaning and security expenses and actual recurrent expenditure of the Government.	Findings, the recurrent expenditure which the government used as the basis of assessment of the performance of the public service reform under which outsourcing falls, was equally used to assess whether outsourcing has any impact on government recurrent expenditure.	The result indicates that outsourcing expenditure on cleaning and security service in the public sector has significant positive impact on the overall budget of the organization under study. The budget is the engine room that houses outsourcing decisions. The control mechanism to avoid excess expenditure in outsourcing is the annual budget. The basis for a realistic and reliable outcome with efficiency in outsourcing is also the government annual budget when considered in perspective.	Dep Var. Outsourcing Indep Var. Government Annual budget

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

12	Hodge (1999)	Overall Savings form Outsourcing	Data was collected in the General Motor Manufacturing Company in US. The data was analyzed using Pearson's Correlation Coefficient to determine overall cost saving and cost expenditure	His findings showed that majority of the goods and services contracted out which are economically viable are 63% and the remaining 37% were at a loss.	The goods and services when produced in-house are not economically viable must be avoided. There must be effective control and monitoring to see that those goods are not brought back to the company at higher prices. Only those Vendors with the right expertise and comparative advantage should be allowed to produce the items contracted out.	Dep Outsourcing Indep Overall savings Var. cost
13	Deloitte (2005)	Survey of Reasons for a Decrease in Outsourcing of Jobs Abroad	Public Opinion poll was used among the citizens of the United State and the Western Europe.	Many jobs abroad have been replaced by technological advancement. US and Western powers were opposing. Outsourcing there was drastic increase in unemployment. It was also found that loss occurred primarily in the computer and electronic sector. There was public disenchantment with outsourcing off-shore jobs.	Overseas companies such as LENOVO should reduced their rate of outsourcing jobs. The spare-parts of old machines should not be introduce into the market. More advanced technology and Scientific way of doing things must be introduced to reduce competition in the off-shore business.	Dep Var. Outsourcing Indep Var. Reasons for Decrease of outsourcing job abroad
14	Ogba (1999)	Ascertainment of whether Outsourcing of Recurrent Expenditure in the Public Sector has positive impact on the Nigerian Economy	A survey method was used by the researcher the study involves an investigation of people's opinions or other manifestation through direct questioning. The Researcher isolated the relevant reliable accounting information capable of influencing outsourcing decision for effective result. the data facilitated the design of the research instrument and analytical tools that enabled the researcher to ascertain the relationship between the two operative variables.	The recurrent expenditure which the government used as the basis of assessment of the public service reform outsourcing falls, was equally used to assess whether outsourcing has any impact on government recurrent expenditure. The result indicates that outsourcing recurrent expenditure on cleaning and security services in the public sector has significant and positive impact on the overall budget of the organizations studied.	Since recurrent expenditure is an important component of government budget attention must be paid for over or under estimate in its provision to outsourcing decisions. The budget should be used as a veritable tool in the control and monitoring of outsourcing expenditure and its benefits to the public sector institutions.	Dep Var: Variables outsourcing Indep Var. Nigeria Economy

Source: Researcher's tabulation 2017

Cond. Table2.2 Summary of Empirical Review

15	Krugman (2003)	Role of the United State Military in Outsourcing	By observing the various activities and the hardwares and also improve on them.	Findings, there was massive proliferation of small and medium arms and ammunitions because other countries are very desperate to sell or discard what they had in stock so as to embrace the latest military technology form United State.	The regular monitoring of military capacities of all nations are necessary and there must be mutual co-operation and collaboration by all notions of the world to exercise restraint in using such provocation including the United State of America.	Dep Var. Outsourcing Indep Var. Role of United States in Military Technology
16	Carol and Eger (2008)	Mixed Records of Outsourcing Success or Failure	Primary data was collected through questionnaire and interview guide which was administered to more than 300 outsourcing companies within Tripo Libya Data for the study was analysed using Pearson's Correlation's coefficient to determine the relationship among the perceived variables which could cause o result to success or failure outsourcing in any organization	Findings showed that Bench Mark Price, Standard Price and Least Price constitute the dependent variable which, Expertise competencies of the Vendors constitute the Independent variables. It was found that the success and failure rates cannot be at equilibrium, there must be a shift to the right hand side of the graph which is a sign of positivity and success.	Efforts must be made to see that success rate and failure rate should not be at equilibrium, the standard price is more realistic than the Bench Mark Price and the least Price. Expertise of the Vendor and his competencies are critical factors that must be put into consideration in outsourcing decisions.	Dep Var. Outsourcing Indep Var. Success or failures in organization
17	Allen (2005)	Matrix for Success of Outsourcing In Reducing Public Expenditure	A model was developed by the relationship between successful outsourcing and reduction of public expenditure. The model also employed the standard regression techniques to regress the relationship between the dependent variables and explanatory variables white descriptive statistical and frequency distribution were used to facilitate the analysis.	Data for the study both institutions that were successful and institutions that were not successful in outsourcing who have used other methods than this model to eliminate any bias variable. Findings showed that there is a significant and positive relationship between the use of scientific modeling and successful outsourcing that results to reduction of government outsourcing that expenditures.	The following scientific recommended for successful outsourcing decisions among others: - Cost -Benefit-Analysis - Accounting Rate of Return - Internal Rates Returns - Statistical tools - Quality Control Techniques etc.	Dep Var.: Outsourcing Indep Var. Public Expenditure Reduction

Source: Researcher's tabulation 2017.

Cond. Table 2.2 Summary of Empirical Review

18	Sciulli and Wise (2004)	Investigation of costing information and outsourcing of security services	The T-Test Analysis was used to test their hypotheses so as to determine the relevance of costing information on the outsourcing of security services in the government institutions	Findings showed that a scientific application of any relevant costing techniques such as Activity Based Costing (ABC) allows the organization to have a realistic and effective control of outsourcing expenses in particular direct expenses and other overheads this procedure makes room for efficiency, quality of products and profitability of Outsourcing decisions.	Activity Based Costing is one of the best tools in outsourcing decisions. It makes for efficiency, good quality of products provided by vendors and it also guarantees profit or return on investment.	Dep Var. Outsourcing Indep Var. Cost information of security services
19	Jumoh and Wood (2000)	Cost Saving and Outsourcing of Government functions in General Motors Manufactory US	Activity Based-Costing and Standard Costing were used	Their Findings showed that Standard Costing (Variance Analysis) and Activity-Based Costing provided strategy for cost reduction. Cost savings and quality of the services rendered by the vendors were not compromised	The application of Activity -Based-Cost and Standard Costing were seen as effective and imperative in outsourcing decisions that has to do with cost savings or cost reduction.	Dep Var. Outsourcing Indep Var. Cost savings
20	Scuilli (2000)	Why Outsourcing should Drive Cost Down	A survey was conducted on subsidiary of a Tapani se Motor Manufacturing Company in the United State. The T-Test was used to analyse his hypothesis so as to determine which costing technique is relevant in driving direct cost down.	Finding showed that Activity - Based Costing (ABC) system allows an organization to have a realistic and effective control of all kinds of cost in particular when the intention is either reduction of cost or cost saving	It is recommended that cost are better controlled with the application of Activity-Based-Costing (ABC). The ABC allows for organization realistic efficiency and makes allowance for cost reduction or cost savings.	Dep Var. Outsourcing Indep Var. Factors that drive down cost

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

21	Kakabadse and Kakabadse (2000)	The Benefits and Public sector Outsourcing	A survey method and the opinion of the players in outsourcing were sought through questionnaire on one hundred and seventy (170) people the data collected were further analyzed. Pearson's correlation co-efficient was to test the relationship between the benefits and prices at which those functions were purchased by the public sector institutions.	Findings, it was observed that jobs and business opportunities are created for the outsourcing companies, they are the immediate beneficiaries of outsourcing, the public enjoys efficient and effective services and possibility of reduced quality of such services.	The Researchers recommended therefore, that since it is a win-win situation, outsourcing should be comprehensive and total in advancement and implementation for full benefit to all and sundry. The public sector institutions should be careful not to buy such goods and services contracted out at high prices but at a cheaper or reduced price.	Dep Var. Outsourcing Indep Var. Benefits of outsourcing
22	Horngren, Foster and Data (2001)	Why Outsourcing may result to increased Dependence on the supplier	The secondary data was used and hypotheses were also formulated to test why outsourcing may result to increased dependency on the suppliers.	Faghihi Hospital in Libya contracted out its Operation and Surgery Division. Diagnostic and Radiology Division Administrative and services Division	The researchers recommended that the actions of the Hospital were wrong since they have sold the Hospital out indirectly. The Goodwill of the hospital should not be compromised. There should be a clear division of indirect takeover and contracting out. They could be forced to close shop when completely taken over by the contracting company.	Dep Var. Outsourcing Indep Var. Increased Dependence on Suppliers
23	Raiborn, Barfield and Kinney (1999)	Why companies may gain best knowledge and experience in outsourcing and lose Degree of control	Data was collected with questionnaire basically on the issues why outsourcing companies may lose control of their goods and services. Mann-Whitney (a non-parametric Test) was used to investigate the difference in the dependent variables in terms of control variable	Franchise and outsourcing may compromise the quality and the secrets of the business unhealthy competition and rivalry may be the order of the day.	Franchising terms and conditions are not to be taken as outsourcing, the key area of the business should not be outsourced to avoid loss of control. The business secrets must be preserved and kept secret all the times.	Dep Var. Outsourcing Indep Var. Lost of control of one's organization

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

24	Lindlohm and Suomala (2004)	Outsourcing by Government where the service can be purchased with fewer amount	Data for analysis was obtained from Mumbai Bank in India. Mann-Whitney U Test and Spearman's Correlation Coefficient to test the hypotheses and significant difference between the cost of outsourced goods and services not outsourced.	It was found that, the perception in which outsourcing was believed that it could result to the government paying lesser amount for goods and services contracted out is not always correct	An ideal scientific or statistical tool including account tools will give a better result to justify when outsourced of government functions could result to such goods and services being purchased.	Dep Var. Outsourcing Indep Var. Cheaper amount of goods and services
25	Martyn (2007)	Implications of using outsourcing for the private sector to benefit of the Public Sector Institution.	A questionnaire was administered on 58 manufacturing of mining spare parts at Okaba mines in Kogi State	Data were collected from questionnaire and the data were analyzed with descriptive statistics such as graphs, pie chart, frequencies and tables to explain the level of benefits enjoyed by the public sector by contracting out some of their services to the private sector. It was also observed that 73% benefits were enjoyed by the public sector.	Those services in which the public sector lacked the comparative advantage should be contracted out to the private sector. The price at which such services will be returned to the public sector must be competitive and cheaper. If division of labour and specialization are put into consideration, the public sector will also get the product at a cheaper price.	Dep Var. Outsourcing Indep Var. Private Sector Benefits
26	Prager (1994)	Why outsourcing will neither reduce government expenditure increase government efficiency	Data was obtained from primary source through the use of unstructured interview. He made use of simple percentages to analyze the data for the study.	Findings revealed that outsourcing reduces government expenditure and increase efficiency when appropriate steps are taken is given to all the important facts that has to do with successful outsourcing decisions	He recommended the adoption of appropriate pricing mechanism in bidding for the product to be outsourced. The institution that has the best comparative advantage in expertise should be considered first in outsourcing, buying the products at a high quality and cheaper per price must be a critical factor to be considered.	Dep Var. Outsourcing Indep Var. Reduction in Government Expenditure

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

27	Hunter Healy (2001)	How outsourcing has transformed Government Business in Australia	The population of the study were Australian Government Business the sample size involves outsourcing organizations who are 89 in number and a decision model on who to include and who to be excluded in outsourcing success justify which of the organizations experienced transformation	Nearly 40% of the public sector in Australia outsourced half of their total information technology as against the private sector with only 15% There were evidences that outsourcing has helped in the transformation of government businesses in Australia and cost savings.	It was recommended that, there should be no reliance that outsourcing will result to public sector transformation based on simple public sector expectations. Consideration must be given to increasing government expenditure and limited resources in outsourcing decisions Budget and legislative constraints will put pressure to improve efficiency and reduce operational costs.	Dep Var. Outsourcing Indep Var. Transformation of Government
28	Quiggin (2002)	Investigation of the Transitory Savings of Outsourcing	Primary data was obtained via questionnaire administered to companies. Data was analyzed using descriptive, analysis, logistics regression analysis and chi-square. Again, semi structured interview of 20 companies were studied.	Findings, the cost savings of outsourcing cannot be transitory, if that occurs, it should be a failure and not transitory	It is recommended that if proper steps are taken in every outsourcing decisions such as an accurate measurement of the outsourcing expenditures and projected benefits, the success rate will be above 60% or more.	Dep Var. Outsourcing Indep Var. Transitory Savings
29	Accenture (2002)	Why Public Sector Outsourcing Results are Mixed	Data for the study was obtained from primary source via questionnaire The Researcher analyzed the data for the study, regressing the relationship between the dependent variables and independent variables.	Results from the study showed that, there is a significant relationship between the outsourcing decision variables and the success of the outsourcing of public sector goods and	In a study like this, behavioral and organizational variables are proxied to obtain a better result. Attitude to work technical characteristic rating would give a better result than perceived usefulness in outsourcing job. Performance and productivity when proxied as opposite for failure also would give a more realistic answer to the failure or success of outsourcing.	Dep Var. Outsourcings Indep Var. Mixed outsourcing results.

Source: Researcher's tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

30	American Economic Association (1996)	Globalization outsourcing & wage inequality	The study was conducted in San Francisco in United States. A samples of 217 workers different companies using both correlation and Regression analysis to determine deviations and relationship of wages in outsourcing	It was discovered that workers of outsourcing companies were paid higher wage that the in-house production workers in US.	They recommend the answer to companies survival is outsourcing of their services and this will also result to economic growth	Dep Var. Outsourcings Indep Var. Mixed outsourcing results.
31	Atta, B. M. Akinbola J.A. & Thomas C. (2009)	Observations and Recommendations Public Procurement Act 2007	The study was undertaken by the National Assembly during a one-day round table talk on outsourcing. Questionnaires were used on the participants of over 600 persons	It was found that there was no adequate law covering outsourcing transactions in Nigeria	It was recommend that outsourcing laws in Nigeria must be reformed and made workable thorough Budget Monitoring and Price Intelligence Unit (BMPIU)	Dep Var. Outsourcing Indep Var. Public Procurement Act 2007
32	Baily, P. el tal (2008)	Procurement Principle Management	The study was conducted in England.. primary data through questionnaire on 589 respondents was analyzed using Pearson's product moment correlation for procurement principles and Management on UK.	It was found that competitive tendering gives equal opportunities to all the players.	It was recommended by the authors that open competitive tendering and award of contracts based on comparative advantage must be encouraged.	Dep Var. Procurement Principles Indep Var. Management of Procurement.
33	Buchholz, T.C. (2004)	Bringing the job Home How the left created outsourcing crisis	This study was conducted in the New York USA Data was collected from 310 companies in US and analyzed with both Regression and correlation on how outsourcing created crisis and jobs must be returned back to US	It was discovered that outsourcing at all levels must not be home based such as off-shore outsourcing	It was recommend that in-house production must have a higher percentage to outsourcing of US jobs in particular overseas.	Dep Var. Outsourcing Indep Var. Bringing the Jobs back Home to US

Source: Researcher's Tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

34	De Loof L.A.(1996)	Is outsourcing by the public sector organizations profitable?	The study conducted in Nether lands. He applied a model with correlation and Regression analysis to determine the profitability of outsourcing in the public sector	It was discovered that outsourcing is profitable to the public sectors	It was recommend that the public sector organization should aggressively embark on outsourcing of the products and services.	Dep Var. Outsourcing Indep Var. profitability on the public sector
35	Davies Paul (2004)	What's this India Business? Off-shoring & Global services revolution	The study was conducted in India. Primary data was used, questionnaire and interview guide were also used on the respondents of 2585 staff in the off-shoring activities in India	It was discovered that a lot of foreign exchange were attracted by the Indian workers in the off shoring business	The following recommendations were made: - to continue off-shoring - seek for new venturing Improvement of their technology and workers welfare	Dep Var. Outsourcing Indep Var. Services revolution
36	Domberger S. & Hall C. (1995)	The contracting Case Book: Competitive Tendering in Action	The T-Test Analysis was used to test the hypothesis so as to determine the relevance of competitive Tendering in Action.	It was found that open competitive tendering remaining the best option for the contractors t be given equal opportunities	It was recommended that open competitive tendering will not compromise the integrity and transparency	Dep Var. Contracting Indep Var. Competitive Tendering in Actions
37	Domberger S. Meadow C.S. & Thompson D (1986)	Competitive Tendering & Efficiency: The case of refuse collection	Matrix for competitive tendering and outsourcing	It was discovered that in refuse collection to enjoy efficiency competitive tendering is the answer	They recommended that for timely refuse collection competitive tendering is the best instrument to be used	Dep Var. Refuse collection Indep Var. competitive Tendering
38	Ekipendhio S.A. (2003)	Public Procurement Reforms: the Nigeria Experience	questionnaires, and interview held with the representatives of the Budget and majority Unit (BMPIU) Price Intelligent Unit and Bureau of Public Procurement Primary data was used	It was the reforms that brought about the about the public procurement Act 2007	The recommended that the reforms must be continuous and dynamic so that the achievements made will not be lost over time	Dep Var. Outsourcing Indep Var. Public Sector Reforms
39	Elibiju A. (2009)	Are Governments Really Empowered to outsource tax collection.	The members of the Board of Internal Revenue and the inland Revenue Services were circularized with questionnaire test with Person's Chi-Square analysis to know the differences in their opinion	There were divergent views as to whether tax collection should be outsourced as some states are doing	The states that outsourced their tax collection are reverting to status quo the tax law not approves that collection of tax should be outsourced	Dep Var. Outsourcing Indep Var. Tax collection

Source: Researcher's Tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

40	Gariffith, G & Figgis (1997)	Outsourcing and the Public Sector	The study was conducted in the united States. Industry commission. The Person's correlation was used to determine the benefits outsourcing to the public sector institutions in the United States	It was fund that outsourcing at every level has its own characteristic merits and demerits	Although outsourcing has a universal acclaimed benefits it is advisable to handle each case at its own merit for marginal benefits	Dep Var. Outsourcing Indep Var. Benefits of outsourcing
41	Hast, M. (2009)	The Budget what does mean of outsourcing	The study was conducted in UK. The correlation and Regression analysis were used to test the relationship and dispirits between budget and outsourcing using secondary data.	It was discovered that Budget is a veritable tool in making outsourcing decisions	The public sector annual budget is critical tool that drivers outsourcing. Outsourcing is only justified when it is budgeted for	Dep Var. Outsourcing Indep Var. Budget
42	Hira R. & Anil H. (2008)	Outsourcing America: what's behind our National Crisis and How can Reclaim American Jobs	This study was conducted in the AMACOM Industry in New York. Both the Correlation and Regression analysis were used on the secondary data to test the relationship and otherwise of O&AJ	It was observed that jobs in America suffered at home and thrived overseas	The recommend 20% Outsourcing of Jobs at home front and 80% for off-shore activities overseas to reclaim jobs	Dep Var. Outsourcing Indep Var. American Jobs
43	Hunter R. D. & Healy J.T. (2002)	Outsourcing in Government: the path to Transformation	This study was conducted in the United States of America Secondary data was collected from companies in US and Person's Correlation was used to determine the effect of outsourcing the effect of outsourcing on the transformation agenda of US.	It was discovered that outsourcing is good tool for the economic transformation of United States economy	It was recommended by the authors that outsourcing is the vehicle that drives economic transformation the gains of outsourcing will result to economic growth and GDP increase	Dep Var. Outsourcing Indep Var. Transformation of American
44	Huque S. A. (2007)	Contracting out and trust in the public sector	This study was conducted in Hong Kong, China, Asia. A survey method was used by the Researcher the secondary data used facilitated the relationship between contracting out and the trust of the vendors and service providers on the public sector which are the two operative variables	It was discovered that for outsourcing to be successful their must be mutual trust between the public sector and the outsourcing agencies	It was recommend that the trust and integrity of the open competitive bidding must not be compromised and there must be increase in the momentum of outsourcing activities	Dep Var. Contracting out Indep Var. Trust in the public Sector

Source: Researcher's Tabulation 2017

Cond Table 2.2 Summary of Empirical Review

45	Interra Networks (2009)	The Nigeria off-shoring opportunities the next oil block	A sample of Eighty five (85) oil and gas services companies in Nigeria. The financial statements of the companies were used as secondary data. The Regression analysis was used to regress off-shoring and opportunities in the Oil and Gas Industry in Nigeria	It was discovered that the indigenous oil services companies lacked the expertise and technology in off-shoring activities	It was recommend that a lot of opportunities exist in the off-shoring activities the oil and Gas Industry in Nigeria	Dep Var. off-shoring Indep Var. Opportunities
46	Irwin, A.D (2004)	Outsourcing is Good for America	This study was conducted by the institute for public policy Research in US. Data was collected from companies in US. Correlation coefficient was used to determine outsourcing and the goodness in outsourcing to the American people	It was observed that outsourcing is to the benefit of the citizens and makes positive contribution to the economy	It was recommended among other things that outsourcing creates jobs makes service cheap and affordable	Dep Var. Outsourcing Indep Var. Benefits of Outsourcing
47	Jensen H.P.& Stonecash E.R. (2004)	The Efficiency of public sector outsourcing contracts	The study was conducted in Australia Melbourne Institute of Applied Economic & Social Research. The Correlation analysis was used to determine relationship between Efficiency and outsourcing	It was found that there is a significant and positive relationship between outsourcing and Efficiency	The Researchers recommended that a successful outsourcing activities efficiency cost savings blockage of wastages should be encouraged	Dep Var. Outsourcing Indep Var. Efficiency
48	Kersten, W. , Kochi, J. & Hohrath, P. (2007)	Motivation for the outsourcing of complex logistic services	The study was conducted at Hamburg school of Logistics, Germany A model was developed to determine the relationship between outsourcing of complex logistic services and motivation for outsourcing	Findings showed that the previous successes recorded are the motivational factors for the outsourcing of complex logistics in Germany	The Researchers recommended that more success would be recorded no more complex logistic services Germany is known to have the expertise and technology for complex logistics and should continue the trend of outsourcing	Dep Var. Outsourcing Indep Var. Motivation for complex logistics

Source: Researcher's Tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

49	Khirallah, D.R (2002)	Out with outsourcing and in with co-sourcing	Data was collected from a subsidiary of General Motors manufacturing in China. The data was analyzed using Pearson's correlation coefficient and co-sourcing	It was found that co-sourcing is in-house production which is expensive and uneconomical outsourcing was discovered to remain the best option	It was recommended that co-sourcing school not be encouraged but outsourcing remains the best option.	Dep Var. Outsourcing Indep Var. Co-sourcing
50	Koch, J., Dell, D. & Keller, L. (2004)	Human Resource outsourcing in Government organizations Emerging Trends early Lessons	This study was conducted in the United States Public Poll was used among the citizens of United States, the consequences of outsourcing Human Resource in Government organizations to overseas activities	It was discovered that, it is a necessity and consequence may not be considered from the security of US and the entire world.	It was recommended the Human Resource will be outsourced when it is absolutely necessary and for security operations	Dep Var. Outsourcing Indep Var. Human Resources
51	Lacity, M. & Wilcox L.P. (2008)	Information systems and outsourcing : studies in theory and practice	The study was conducted in London. A model was developed to determine the relationship between outsourcing and information system. The model adoption Pearson's correlation coefficient were used to facilitate the analysis	It was observed the availability of information is a key driver to outsourcing information system and outsourcing are significantly correlated	It was recommended that information system is a critical aid to outsourcing to have good knowledge of outsourcing information system is a key driver.	Dep Var. Outsourcing Indep Var. Information system
52	Mankiw, G. & Swagel P. (2005)	The politics and Economics of off-shore outsourcing	The study was conducted the United State. The T-Test analysis was used to test the hypothesis so as to determine the affect of politics and economics on off-shore outsourcing	It was found that politics and Economics play a lot of role in off-shore outsourcing	It is recommend that for successful outsourcing cannot be separated from politics and economics the integration of these variably will result to successful outsourcing	Dep Var. Outsourcing Indep Var. Politics and Economics
53	Malvaine, A.R. (2008)	Co-sourcing and more (outsourcing)	A survey was conducted China motor manufacturing company. The T-Test was used to analysis the hypothesis to determine in-house production (co-sourcing) and outsourcing	It was discovered that outsourcing is preferred to co-sourcing which is in-house production	It was recommended that outsourcing remains the best option for cheaper price efficiency and stoppage to wastes	Dep Var. Outsourcing Indep Var. Co-sourcing

Source: Researcher's Tabulation 2017

Cond. Table 2.2 Summary of Empirical Review

54	Moy, M. (2009)	Its Infrastructure outsourcing Boosted in Nigeria	The secondary data was used and hypotheses were also formulated to test the impact of outsourcing on the infrastructural development in Nigeria	It was discovered that infrastructural outsourcing will actually boost the economy	It was recommended that infrastructural maintenance development and sustainability requires that infrastructure should be outsourcing	Dep Var. Outsourcing of infrastructure Indep Var. Boost of Nigeria Economy
55	Nadeem, S. (2009)	The culture politics of outsourcing in India	This study was conducted in India the T-Test analysis was used to test the hypothesis so as to determine the relationship between cultural politics and outsourcing	It was discovered that, there is a significant and positive relationship between outsourcing and cultural politics	It is recommended that cultural politics should not be inhibition to outsourcing such as the promotion of the India firms all over the world	Dep Var. Outsourcing Indep Var. Cultural Politics
56	Dapojoye, O. (2009)	His time to outsource the federal	A survey method and the opinion of the civil servants were sought through questionnaire. One thousand, three hundred, (1300) workers were circularized Mann-whiten Y (a non – parametric test) was used	It was observed that this would hardly work because it is like Franchise and outsourcing will compromise quality, integrity motivation and efficiency	It is recommended that the Federal Civil Service cannot be outsourced. The law will not support such an idea, at will be counter-productive	Dep Var. Outsourcing Indep Var. Federal Civil Service operations

Source: Researcher's Tabulation 2017

2.4.1 Summary of Literature Review

In all the literatures reviewed, there was much attention paid to the reasons for outsourcing, occasionally, the benefits of outsourcing and the risk associated with outsourcing decisions were also discussed by the authors. There was little or no attention given to the procurement of some classes of goods which are not covered by the Procurement Act and other outsourcing laws.

In Nigeria, such classes of goods and services which are not covered under the procurement Act are the military arms and ammunitions, the minting of the Nigerian currency and the training of military personnel by other countries. It is now obvious, from the recent developments in the country, that these areas are now conduit pipes through which the resources of the government are wasted, stolen and bastardized.

2.5 Gap in Literature

Raiborn, Barfield and Kinney (1999) in their diagram of Outsourcing Risk Pyramid suggested that strategic direction of the firms unique core services should never be outsourced. They also suggested that Tax, Audit, Legal and Information Technology sharing should be outsourced under tight control. The above suggestions may be correct when they are applicable to be United States environment and not in Nigeria. (See pages 103-104).

The researchers observed this gap and modified the Outsourcing Risk Pyramid to show that what we should not outsource are things like the production of arms and ammunitions for security reasons and what we should outsource under tight control are things like, minting of Nigeria currency, negotiable instruments and other military hardwares.

The second gap is on the classification of outsourcing in which Ezenwa (2006) said tactical decisions are required for cost reduction and that strategic decisions would results to cost savings.

The researchers noticed a gap in these classifications, because, there may not be a much difference between cost reduction and cost savings. The researchers had to suggest that core competences where the contractor has comparative advantage, with the right expertise and technology; it is only a deliberate action that would result to cost reduction. Cost savings which is activity based, will only occur based on value chain activities which may not necessarily be under strategic decision making.

The third segment added to the classification which is very necessary is the trust and integrity of the contractor which will result to good customer relationship between the public sector organizations and the outsourcing agencies.

The scope of Public Sector Procurement Act 2007 was restricted to some classes of goods and services not covering off-shore activities and procurement of security hardwares and minting of the Nigeria currency. The final gap was the perceived successes of outsourcing activities in Nigeria and all of a sudden, the Americans and the European Union are reverting to co-sourcing which is in-house production of their goods and services so as to create jobs for their citizens.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

This study is concerned with determining the effect of Public Procurement Act 2007 on outstanding decisions with focus on Nigerian Government Ministries as at 31st December, 2015.

The research study adopted in this work is the exploratory/formulative research study. The main purpose of such study is that of formulating a problem for more precise investigation or for developing the working hypotheses from an operational point of view.

The data type employed in this is the Panel Data. Panel Data are data that have the features/elements of time series and cross sectional data.

The research design employed in this study is the ex-post facto research design, in order to establish the meaningful relationship between Public Procurement Act 2007 and outsourcing decisions. This study is treated as ex-post facto research since it relied on historical data. This is appropriate because ex-post facto research aims at measuring and establishing the relationship between one variable and another or the impact of one variable on another, in which the variables involved are not manipulated by the researcher (Onwumere, 2005). An ex-post facto research determines the cause-effect relationship among variables. It is most useful in investigating variables that cannot be observed experimentally, such as those studies in this work. Ex-post Facto seeks to find out the factors that are associated with certain occurrence, conditions, events or behaviours by analyzing past events or already existing data for possible causal factors (Gujarati, Porter & Gunasekar 2013; Kothari & Garg 2014).

3.2 AREA OF THE STUDY

The area of this study is the entire public sector organizations in Nigeria, in the exclusion of Extra- Ministerial Departments, Agencies and Commissions. The core public service were chosen because, they have fully embraced the stipulations of the public procurement Act 2007 under the supervision and monitoring of the Bureau of Public Procurement Council.

The exclusion of the Extra-Ministerial Departments and Agencies are deliberate because they are yet to embrace the full application of the Public Procurement Act 2007, as they claimed that the Ministries, Departments and Agencies (MDAs) are not holistic and uniformed in operations. Nigeria as a sovereign state has about one hundred and fifty million people base on

the 2006 census. Nigeria is bounded in the North by Niger Republic, in the South by Equatorial Guinea, by the East Cameroon and by the West Accra Ghana.

3.3 POPULATION OF THE STUDY

The population of the study consists of the twenty five (25) Nigerian Government Ministries from 1998 to 31st December 2015 (See Appendix 1).

3.4 SAMPLE SIZE AND SAMPLING METHOD

Non-probability method was adopted to determine the sample size. This research adopted convenience sampling technique based of the merger of some of the ministries from thirty (30) ministries to (25) ministries (Appendix I). In view of this, the twenty five (25) ministries represent the sample size for this study, for an eighteen (18) year period spanning from 1998-2015. The eighteen (18) years period is chosen in order to have a fairly, reasonably, reliable and up-to-date available financial data for the pre (1998-2006) and post (2007-2015) policy reform era.

3.5 SOURCES OF DATA

The study used data derived from secondary sources. The secondary data was obtained from CBN statistical bulletin, Federal Ministry of Finance, Budget office of the Federation, publications of the bureau of public services reform, public procurement Acts, Federal Government Policies and circulars on procurements and outsourcing, relevant academic journals (national and international), magazines, textbooks and internet downloads. The data covered nine (9) years pre policy reform (1998-2006) and nine (9) years post policy reform (2007-2015).

Table 3.1 Description of Independent Variables (Public Procurement Act 2007)

Variables	Description
Capital Expenditure	These are Capital Expenditure identified by the Government in form of projects to be executed in a particular year representing a segment of the annual budget.
Recurrent Expenditure	These are expenditures in the annual budget that are so frequent because of their indispensability, it is also a segment of the annual total budget.
Total Annual Expenditure	The total annual expenditure comprises the total capital expenditure and the total recurrent expenditure of the annual budget.

In-House-Cost of Goods not outsourced	These are the cost of goods and functions not outsourced but are produced in –house by the government organizations.
Procurement Plan Cost	These are the cost of advertising the bid, open competitive bidding cost, selection of vendor cost before the actual outsourcing is embarked upon.
Stochastic Disturbances	These refer to those variables which can also have influence on the organizations expenditure on outsourcing decisions but could not be captured in this work.

Source: Researcher’s Field Survey 2017.

3.6 METHOD OF DATA ANALYSIS

The analysis of data for this study were done based on the data collected from publications of the Federal Ministry of Finance, Budget Office of the Federation and CBN statistical bulletin of the selected Federal Government Ministries.

Both the dependent and independent variables were computed from the data extracted from publication of the Federal Ministry of Finance, Budget Office of the Federation and CBN statistical bulletin of the selected Federal Government Ministries.

Inferential statistics of the stated hypotheses were carried out with the aid of E-view 9.0 statistical software, using coefficient of correlation which is a good measure of relationship between two variables, which tells us about the strength of relationship and the direction of relationship as well.

Regression analysis predicts the value of a variable based on the value of the other variable and explains the impact or effect of changes in the values of variable on the values of the other variables. Ordinary Least Square (OLS) Regression Analysis was used for the study.

Chow test was employed to determine whether there is any structural change or significant impact in the relationship that exist between CAPEX, RECEX, TOTEX, IHCST, PRCST and OUTSCST before and after the introduction of Public Procurement Act 2007.

3.7 MODEL SPECIFICATION

The following models will be used to test the hypotheses as follows:

$OUTSCST = \beta_0 + \beta_1 CAPEX + E$	-	-	-	H₀₁
$OUTSCST = \beta_0 + \beta_1 RECEX + E$	-	-	-	H₀₂
$OUTSCST = \beta_0 + \beta_1 TOTEX + E$	-	-	-	H₀₃
$OUTSCST = \beta_0 + \beta_1 IHCST + E$	-	-	-	H₀₄
$OUTSCST = \beta_0 + \beta_1 PRCST + E$	-	-	-	H₀₅

Where:

OUTSCST	=	Outsourcing Cost
CAPEX	=	Capital Expenditure
RECEX	=	Recurrent Expenditure
TOTEX	=	Total Expenditure
IHCST	=	In - House Cost
PRCST	=	Procurement Plan Cost

3.8 DESCRIPTION OF RESEARCH VARIABLES:

This research analysis will use both dependent and independent variables.

Dependent Variable

The dependent variables in this study is outsourcing decisions (proxy by outsourcing cost {OUTSCST}) made by the public sector organizations. Outsourcing decisions in this study is defined as decisions involved in choosing public functions to outsource.

Independent Variables

The independent variable used in the analysis is Public Procurement Act 2007. It is measured by Capital Expenditure (CAPEX), Recurrent Expenditure (RECEX), Total Expenditure (TOTEX), In-house-cost (IHCST) of Goods not outsourced and Procurement plan cost (PRCST) of the public sector organizations in Nigeria.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

The values for Public Procurement Act (proxy by CAPEX, RECEX, TOTEX, IHCST and PRCST) and outsourcing decisions (proxy by OUTSCST) were obtained from Federal Ministry of Finance, Budget Office of the Federation, Abuja and Central Bank of Nigeria (CBN) statistical bulletin 2015. These data were analyzed and presented based on research objectives and hypotheses that guided this study. The study therefore considered only secondary data for the analysis and test of hypotheses.

Table 4.1 OUTSCST, CAPEX, RECEX, TOTEX, IHCST and PRCST values from 1998 to 2015

YEARS	OUTSCST	CAPEX	RECEX	TOTEX	IHCST	PRCST
1998	131,028,392	110,064,738,262	28,921,038,736	138,985,776,998	234,561,973	1,072,667,328
1999	140,919,189	198,028,382,672	33,106,328,385	231,134,711,057	288,901,982	1,119,398,393
2000	155,233,844	239,450,985,000	44,610,213,736	284,061,198,736	319,018,373	2,082,737,334
2001	165,739,409	438,655,315,439	56,865,782,819	495,521,098,258	311,038,494	1,937,788,493
2002	181,739,028	321,378,198,742	44,300,911,745	365,679,110,487	211,038,394	2,110,838,393
2003	178,209,172	241,688,300,923	37,013,749,507	278,702,050,430	209,173,894	2,201,782,783
2004	180,290,921	351,300,496,212	43,902,468,194	395,202,964,406	258,839,029	3,082,838,922
2005	184,920,182	352,385,873,090	41,850,735,402	394,236,608,492	272,910,174	2,001,126,833
2006	198,082,832	259,323,312,870	36,721,427,906	296,044,740,776	301,837,383	1,782,100,374
2007	210,890,202	290,024,102,430	50,086,544,312	340,110,646,742	397,253,783	1,093,794,744
2008	226,718,930	565,112,345,804	78,165,467,890	643,277,813,694	411,009,273	1,903,843,742
2009	274,692,012	211,234,587,999	44,743,109,543	255,977,697,542	409,182,922	2,748,840,931
2010	300,129,434	111,527,997,980	26,117,362,431	137,645,360,411	589,172,393	2,903,874,389
2011	212,098,490	188,387,456,367	23,001,942,129	211,389,398,496	499,816,526	4,190,283,873
2012	229,103,734	201,342,374,698	38,543,909,875	239,886,284,573	562,728,293	3,307,837,282
2013	314,774,917	159,309,068,453	29,735,323,133	189,044,391,586	691,616,490	3,479,088,676
2014	411,312,131	235,579,985,735	43,178,199,097	278,758,184,832	741,702,328	5,404,467,861
2015	419,008,451	306,060,533,426	54,250,684,965	360,311,218,391	754,396,757	9,286,868,471

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2016
Federal Ministry of Finance
Budget Office of the Federation

4.2 ANALYSIS OF DATA

Inferential statistics of the stated hypotheses were carried out using coefficient of correlation which is a good measure of relationship between two variables it, tells us about the strength of relationship and the direction of relationship as well. Ordinary Least Square regression (OLS) analysis predicts the value of a variable based on the value of the other variable and explains the impact or effect of changes in the values of variable on the values of the other variables. Chow test is used in a regression model involving time series data, to enable the researcher determine if there is a structural change in the relationship between the regress and (Y) and the regressor (X).

The following models specification will be used to test the research hypotheses:

$OUTSCST = \beta_0 + \beta_1 CAPEX + E$	-	-	-	Ho₁
$OUTSCST = \beta_0 + \beta_1 RECEX + E$	-	-	-	Ho₂
$OUTSCST = \beta_0 + \beta_1 TOTEX + E$	-	-	-	Ho₃
$OUTSCST = \beta_0 + \beta_1 IHCST + E$	-	-	-	Ho₄
$OUTSCST = \beta_0 + \beta_1 PRCST + E$	-	-	-	Ho₅

4.3.1 TEST OF HYPOTHESIS 1

Ho₁: Capital expenditure has no significant effect on outsourcing cost of public sector organizations in Nigeria.

Model Specification:

$OUTSCST = \beta_0 + \beta_1 CAPEX + E$	-	-	-	Ho₁
-----------------------------------------	---	---	---	-----------------------

Legend:

β_0 = Constant term (intercept)

β = Coefficients to be estimated

E = Error term/unexplained variable(s)

OUTSCST: Outsourcing Cost

CAPEX: Capital Expenditure

Table 4.3.1: Descriptive Statistics of Operational Variables

	OUTSCST	CAPEX	RECEX	TOTEX	IHCST	PRCST
Mean	8.334644	11.38791	10.60446	11.45545	8.579623	9.388797
Median	8.310452	11.38124	10.62848	11.44932	8.551442	9.333615
Maximum	8.622223	11.75213	10.89301	11.80840	8.877600	9.967869
Minimum	8.117365	11.04165	10.36176	11.13876	8.320507	9.030465
Std. Dev.	0.145611	0.184750	0.128935	0.173715	0.185524	0.241678
Skewness	0.608290	-0.141009	0.113787	-0.063144	0.262953	0.516722
Kurtosis	2.542504	2.815643	2.998578	2.796541	1.799907	3.211356
Jarque-Bera	1.267027	0.085142	0.038844	0.043008	1.287601	0.834509
Probability	0.000024	0.000323	0.000765	0.008726	0.000000	0.000000
Sum	150.0236	204.9824	190.8804	206.1980	154.4332	168.9983
Sum Sq. Dev.	0.360446	0.580252	0.282613	0.513007	0.585124	0.992941
Observations	18	18	18	18	18	18

Source: Researcher's computation using E-View 9.0, 2016

From the 4.2 above, the mean serves as a tool for setting benchmark. The median re-ranks and takes the central tendency. While the maximum and minimum values help in detecting problem in a data.

The standard deviation shows the deviation/dispersion/variation from the mean. It is a measure of risk. The higher the standard deviation, the higher the risk.

The standard deviation is a measure that summarizes the amount by which every value within a dataset varies from the mean. It is the most robust and widely used measure of dispersion. When the values in a dataset are pretty tightly bunched together, the standard deviation is small. When the values are spread apart the standard deviation will be relatively large (Azuka, 2011).

In many datasets, the values deviate from the mean value due to chance and such datasets are said to display a normal distribution. In a dataset with a normal distribution, most of the values are clustered around the mean, while relatively few values tend to be extremely high or extremely low. Many natural phenomena display a normal distribution (Azuka, 2011).

The standard deviation in the study for the period 1998-2015 is 0.145611, 0.184750, 0.128935, 0.173715, 0.185524 and 0.241678 for OUTSCST, CAPEX, RECEX, TOTEX, IHCST and PRCST respectively. For such distributions, it is the case that 0.15%, 0.18%, 0.13%, 0.17%, 0.19% and 0.24% of values are less than One Standard Deviation (1SD) away from the mean values of OUTSCST, CAPEX, RECEX, TOTEX, IHCST and PRCST respectively.

Skewness and Kurtosis are contained in Jarque-Bera. Positively skewed is an indication of a rise in profit while negatively skewed is an indication of loss or backwardness.

Jarque-bera is used to test for normality; to know whether data are normally distributed.

Table 4.3.1 shows that, but for CAPEX and TOTEX with the negative values of 0.141009 and 0.063144 all other data variables are positively skewed.

According to Jarque-Bera Theory:

H_0 = not significantly normally distributed

H_1 = significantly normally distributed

When probability value (PV) is less than 10% = Accept H_1 , (It is significant)

When probability value (PV) is greater than 10% = Accept H_0 (It is not significant)

Table 4.3.1 reveals that OUTSCST, CAPEX, RECEX, TOTEX, IHCST and PRCST with probability value of 0.000024, 0.000323, 0.000765, 0.008726, 0.000000, and 0.000000 respectively are less than 10%. So invariably, the variables are significantly normally distributed.

Table 4.3.2: Correlation matrix of variables

	OUTSCST	CAPEX	RECEX	TOTEX	IHCST	PRCST
OUTSCST	1.0000	-0.0541	0.0920	-0.0424	0.8706	0.8040
CAPEX	-0.0541	1.0000	0.8562	0.8985	-0.2120	0.0159
RECEX	0.0920	0.8562	1.0000	0.8828	-0.0583	-0.0025
TOTEX	-0.0424	0.8985	0.8828	1.0000	-0.2018	0.0120
IHCST	0.8706	-0.2120	-0.0583	-0.2018	1.0000	0.7021
PRCST	0.8040	0.0159	-0.0025	0.0120	0.7021	1.0000

Source: Researcher's computation using E- View 9.0, 2016

Interpretation of Correlation Matrix Result

It is indicated in table 4.3.2 that OUTSCST has a negative weak relationship with CAPEX (-0.0541) and TOTEX (-0.0424) because the degree of relationship the variables is below 10%.

A positive weak association exists between OUTSCST and RECEX (0.0920). While a positive strong relationship exist between IHCST (0.8706), PRCST (0.8040) because the level of relation is more than 70%.

Table 4.3.3: OLS Regression Analysis showing the relationship between OUTSCST and CAPEX.

Dependent Variable: OUTSCST
Method: Least Squares
Date: 11/15/16 Time: 07:40
Sample: 1998 2015
Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.820583	2.240848	3.936270	0.0012
CAPEX	-0.042671	0.196750	-0.216882	0.0310
R-squared	0.502931	Mean dependent var		8.334644
Adjusted R-squared	0.459386	S.D. dependent var		0.145611
S.E. of regression	0.149873	Akaike info criterion		-0.853621
Sum squared resid	0.359389	Schwarz criterion		-0.754691
Log likelihood	9.682593	Hannan-Quinn criter.		-0.839980
F-statistic	0.047038	Durbin-Watson stat		1.194079
Prob(F-statistic)	0.000002			

Source: Researcher's computation using E-View 9.0, 2016

Interpretation of Regressed Result

The regressed coefficient correlation result in table 4.3.3 shows the existence of a negative and statistically significant relationship between CAPEX ($\beta_1 = -0.042671$) and OUTSCST at 5% significant level. The probability value for the slope coefficient shows that $P(x_1 = 0.0310 < 0.05)$. This implies that CAPEX has a statistically significant relationship with OUTSCST at 5% significance level. The coefficient of determination obtained is 0.50 (50%), which is commonly referred to as the value of R^2 . The cumulative test of hypothesis using R^2 to draw statistical inference about the explanatory variables employed in this regression equation, shows that the R-Squared value shows that 50% of the systematic variations in the dependant variable can be jointly predicted by all the independent variables. 50% was explained by unknown variables that were not included in the model. The Durbin-Watson statistic of 1.194079 indicates that there is no auto-correlation problem. The overall significance of the model Prob > F-statistic (0.000002) is statistically significant at 5%.

Model Specification

$$\text{OUTSCST} = 8.820583 - 0.042671\text{CAPEX}$$

The model shows that for there to be one unit increase in OUTSCST, there will be 0.042671 multiplying effect decrease of CAPEX.

The implication of the finding is that a decrease in CAPEX will definitely lead to an increase in OUTSCST.

Decision Rule:

Accept the null hypothesis (H_0) if the p-value of the test is greater than 0.05, otherwise reject.

Decision:

The P-value of the test is 0.000002 which is less than 0.05. Hence, reject H_0 and Accept H_1 .

Conclusion:

Since the p-value of the test is less than 0.05, then there exists enough evidence to reject the null hypothesis and conclude that there is a statistically significant relationship between OUTSCST and CAPEX. Furthermore, that CAPEX positively and significantly affects outsourcing cost of public sector organizations in Nigeria at 5% significant level.

Table 4.3.4: Chow Test showing the structural change in the relationship between OUTSCST and CAPEX

Chow Breakpoint Test: 2007

Null Hypothesis: No breaks at specified breakpoints

Varying regressors: All equation variables

Equation Sample: 1998 2015

F-statistic	14.15308	Prob. F(2,14)	0.0004
Log likelihood ratio	19.90576	Prob. Chi-Square(2)	0.0000
Wald Statistic	28.30616	Prob. Chi-Square(2)	0.0000

Source: Researcher's computation using E-View 9.0, 2016

Decision Rule:

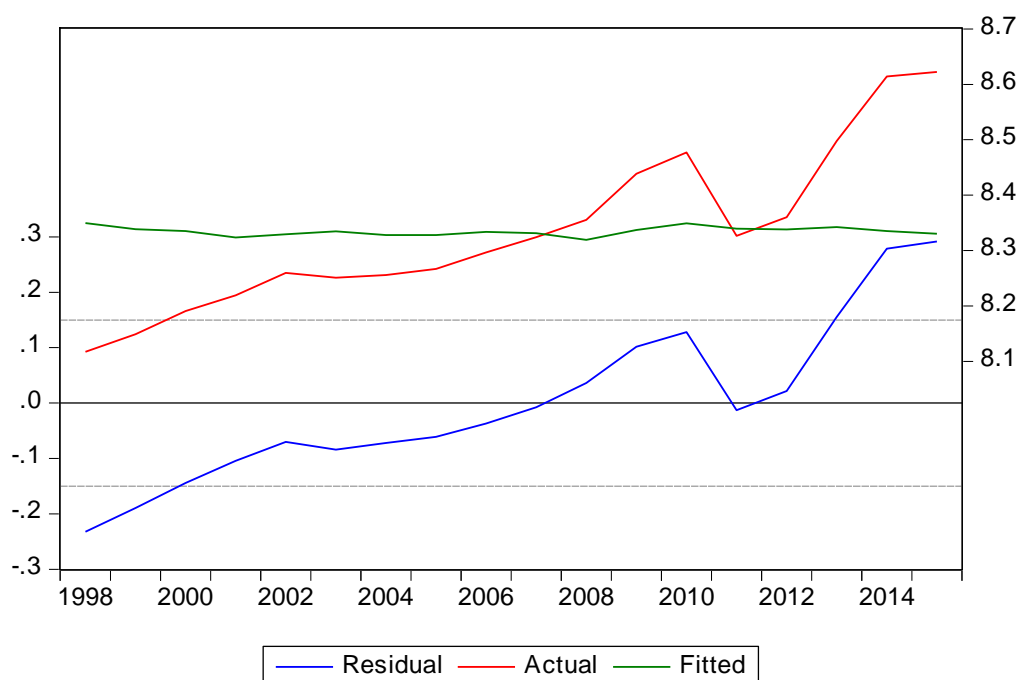
If the calculated F statistic value is greater than the table value, then there is an impact or structural change in the relationship, otherwise no impact. Hence H_1 is accepted and H_0 rejected.

Interpretation of Post Regression Analysis

Table 4.6 shows that the F- distribution table value at Prob. F (2, 14) is 3.74, which is less than the calculated value at 14.15308. Consequently, the null hypothesis is rejected for the alternative which states that capital expenditure has significant effect on outsourcing cost of public sector organizations in Nigeria. Little wonder that the sig. value of 0.0004 is statistically significant at 5%. This further confirms that Public Procurement Act 2007 has a high impact

level and has impacted a significant structural change on the relationship that exist between CAPEX and OUTSCST of public sector organizations at 5% level of significance.

Figure 4.3.1: Chow Test Result at Break Point 2007 between OUTSCST and CAPEX



Source: Researcher's computation from table 4.5, using E-view 9.0, 2016

Interpretation of Chow test graph result

The Chow test result in figure 4.3.1 above shows whether there is a structural change in the relationship that exist between OUTSCST and CAPEX from 1998–2006; which is the Pre Public Procurement Act reform period and 2007-2015; which is the Post Public Procurement Act reform period.

Figure 4.3.1 depicts that the introduction of Public Procurement Act (PPA) 2007 has a significant impact on the relationship that exist between OUTSCST and CAPEX. Prior the introduction of PPA 2007 it is empirically shown in figure 4.3.1 that there is a weak relationship between OUTSCST and CAPEX, but from 2007, it could be seen that there is a structural change in the association that exist between OUTSCST and CAPEX which is significantly impacting as could be deduced from the breakpoint from 2007-2015. Hence, the adoption of Public Procurement Act 2007 has a structural and statistically significant impact on the relationship that exists between OUTSCST and CAPEX of public sector organizations in Nigeria at 5% significance level.

4.2.2 TEST OF HYPOTHESIS II

H₀₂: Recurrent expenditure has no significant effect on outsourcing cost of public sector organizations in Nigeria.

Model Specification:

$$\text{OUTSCST} = \beta_0 + \beta_1 \text{RECEX} + E \quad - \quad - \quad - \quad \mathbf{H_{02}}$$

Legend:

β_0 = Constant term

β_{it} = Coefficients to be estimated

E_{it} = Error term/unexplained variables (s)

RECEX = Recurrent Expenditure

Table 4.2.1: OLS Regression Analysis showing the relationship between OUTSCST and RECEX.

Dependent Variable: OUTSCST

Method: Least Squares

Date: 11/15/16 Time: 07:29

Sample: 1998 2015

Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.233047	2.981519	2.425960	0.0275
RECEX	0.103880	0.281137	0.369501	0.0166
R-squared	0.428461	Mean dependent var	8.334644	
Adjusted R-squared	0.353510	S.D. dependent var	0.145611	
S.E. of regression	0.149457	Akaike info criterion	-0.859183	
Sum squared resid	0.357396	Schwarz criterion	-0.760253	
Log likelihood	9.732646	Hannan-Quinn criter.	-0.845542	
F-statistic	0.136531	Durbin-Watson stat	1.210686	
Prob(F-statistic)	0.000011			

Source: Researcher's computation using E-View 9.0, 2016

Interpretation of Regressed Result

The regressed coefficient correlation result in table 4.2.1 shows the existence of a Positive and statistically significant relationship between RECEX ($\beta_1=0.103880$) and OUTSCST at 5% significant level. The probability value for the slope coefficient shows that $P(x_1=0.0166<0.05)$.

This implies that RECEX has a statistically significant relationship with OUTSCST at 5% significance level. The coefficient of determination obtained is 0.43 (43%), which is commonly referred to as the value of R^2 . The cumulative test of hypothesis using R^2 to draw statistical inference about the explanatory variables employed in this regression equation, shows that the R-Squared value shows that 43% of the systematic variations in the dependent variable can be jointly predicted by all the independent variables. 57% was explained by unknown variables that were not included in the model. The Durbin-Watson statistic of 1.210686 indicates that there is no auto-correlation problem. The overall significance of the model Prob > F-statistic (0.000011) is statistically significant at 5%.

Model Specification

$$\text{OUTSCST} = 7.233047 + 0.103880\text{RECEX}$$

The model shows that for there to be one unit increase in OUTSCST, there will be 0.103880 multiplying effect of RECEX.

The implication of the finding is that an increase in RECEX will definitely lead to an increase in OUTSCST.

Decision Rule:

Accept the null hypothesis (H_0) if the p-value of the test is greater than 0.05, otherwise reject.

Decision:

The P-value of the test is 0.000011 is less than 0.05. Hence, reject H_0 and Accept H_1 .

Conclusion:

Since the p-value of the test is less than 0.05, then there exists enough evidence to reject the null hypothesis and conclude that there is a positive and statistically significant relationship between OUTSCST and RECEX. Furthermore, that RECEX positively and significantly affects outsourcing cost of public sector organizations in Nigeria at 5% significant level.

**Table 4.2.2: Chow Test showing the structural change in the relationship between
OUTSCST and RECEX**

Chow Breakpoint Test: 2007
Null Hypothesis: No breaks at specified breakpoints
Varying regressors: All equation variables
Equation Sample: 1998 2015

F-statistic	12.30293	Prob. F(2,14)	0.0008
Log likelihood ratio	18.25824	Prob. Chi-Square(2)	0.0001
Wald Statistic	24.60585	Prob. Chi-Square(2)	0.0000

Source: Researcher's computation using E-View 9.0, 2016

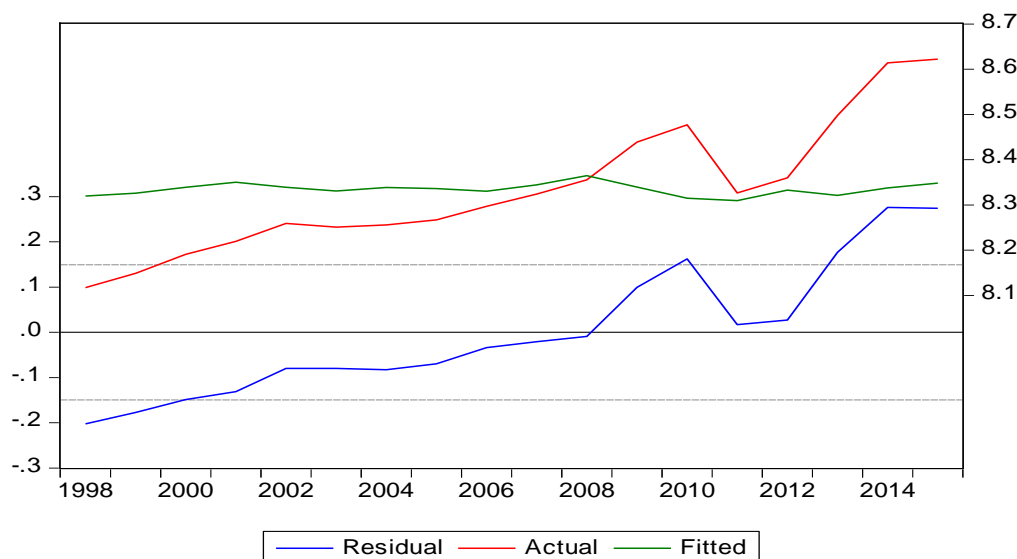
Decision Rule:

If the calculated F statistic value is greater than the table value, then there is an impact or structural change in the relationship, otherwise no impact. Hence H_1 is accepted and H_0 rejected.

Interpretation of Post Regression Analysis

Table 4.2.2 shows that the F- distribution table value at Prob. F (2, 14) is 3.74, is less than the calculated value at 12.30293. Consequently, the null hypothesis is rejected for the alternative which states that recurrent expenditure has a significant effect on outsourcing cost of public sector organizations in Nigeria. The sig. value of the model (0.0008) is statistically significant at 5%. This buttress the point that Public Procurement Act 2007 has a high impact level on the relationship that exists between RECEX and OUTSCST of public sector organizations at 5% level of significance.

Figure 4.2.1: Chow test result at Break Point 2007 between OUTSCST and RECEX



Source: Researcher's computation from table 4.2.2 using E-View 9.0, 2016

Interpretation of Chow test graph result

The Chow test result in figure 4.2.1 above shows whether there is a structural change in the relationship that exist between OUTSCST and RECEX from 1998–2006; which is the Pre Public Procurement Act reform period and 2007-2015; which is the Post Public Procurement Act reform period.

Figure 4.2.1 depicts that the introduction of Public Procurement Act (PPA) 2007 has a significant impact on the relationship that exist between OUTSCST and RECEX. Prior the introduction of PPA 2007 it is empirically shown in figure 4.2.1 that there is a weak relationship between OUTSCST and RECEX, but from 2007, it could be seen that there is a structural change in the association that exist between OUTSCST and RECEX which is significantly impacting as could be deduced from the breakpoint from 2007-2015. Hence, the adoption of Public Procurement Act 2007 has a structural change and statistically significant impact on the relationship that exists between OUTSCST and RECEX of public sector organizations in Nigeria at 5% significance level.

4.3.3 TEST OF HYPOTHESIS III

H₀₃: Total expenditure has no significant effect on outsourcing cost of public sector organizations in Nigeria.

Model Specification

$$\text{OUTSCST} = \beta_0 + \beta_1 \text{TOTEX} + E \quad - \quad - \quad - \quad \mathbf{H_{03}}$$

Table 4.3.1: OLS Regression Analysis showing the relationship between OUTSCST and TOTEX

Dependent Variable: OUTSCST

Method: Least Squares

Date: 11/15/16 Time: 07:44

Sample: 1998 2015

Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.742012	2.398648	3.644558	0.0022
TOTEX	-0.035561	0.209367	-0.169851	0.0073
R-squared	0.381800	Mean dependent var		8.334644
Adjusted R-squared	0.300588	S.D. dependent var		0.145611
S.E. of regression	0.149958	Akaike info criterion		-0.852487
Sum squared resid	0.359797	Schwarz criterion		-0.753557
Log likelihood	9.672386	Hannan-Quinn criter.		-0.838846
F-statistic	0.028849	Durbin-Watson stat		1.196148
Prob(F-statistic)	0.000007			

Source: Researcher's computation using E-View 9.0, 2016

Interpretation of Regressed Result

The regressed coefficient correlation result in table 4.3.1 shows the existence of a negative and statistically significant relationship between TOTEX ($\beta_1 = -0.0355610$) and OUTSCST at 5% significant level. The probability value for the slope coefficient shows that $P(x_1 = 0.0073 < 0.05)$. This implies that TOTEX has a statistically significant relationship with OUTSCST at 5% significance level. The coefficient of determination obtained is 0.38 (38%), which is commonly referred to as the value of R^2 . The cumulative test of hypothesis using R^2 to draw statistical inference about the explanatory variables employed in this regression equation, shows that the R-Squared value shows that 38% of the systematic variations in the dependent variable can be jointly predicted by all the independent variables. 62% was explained by unknown variables that were not included in the model. The Durbin-Watson statistic of 1.196148 indicates that there is no problem of serial correlation in the model. The overall significance of the model Prob > F-statistic (0.000007) is statistically significant at 5%.

Decision Rule:

Accept the null hypothesis if the P-value of the test is greater than 0.05, otherwise reject.

Decision:

The P-value of the test (0.000007) is less than 0.05, therefore H_1 is accepted and H_0 is rejected.

Conclusion:

TOTEX has a negative relationship and statistically significant effect on OUTSCST of public sector organizations in Nigeria at 5% level of significance.

Table 4.9: Chow Test showing the structural change in the relationship between OUTSCST and TOTEX

Chow Breakpoint Test: 2007

Null Hypothesis: No breaks at specified breakpoints

Varying regressors: All equation variables

Equation Sample: 1998 2015

F-statistic	12.30293	Prob. F(2,14)	0.0008
Log likelihood ratio	18.25824	Prob. Chi-Square(2)	0.0001
Wald Statistic	24.60585	Prob. Chi-Square(2)	0.0000

Source: Researcher's computation using E-View 9.0, 2016

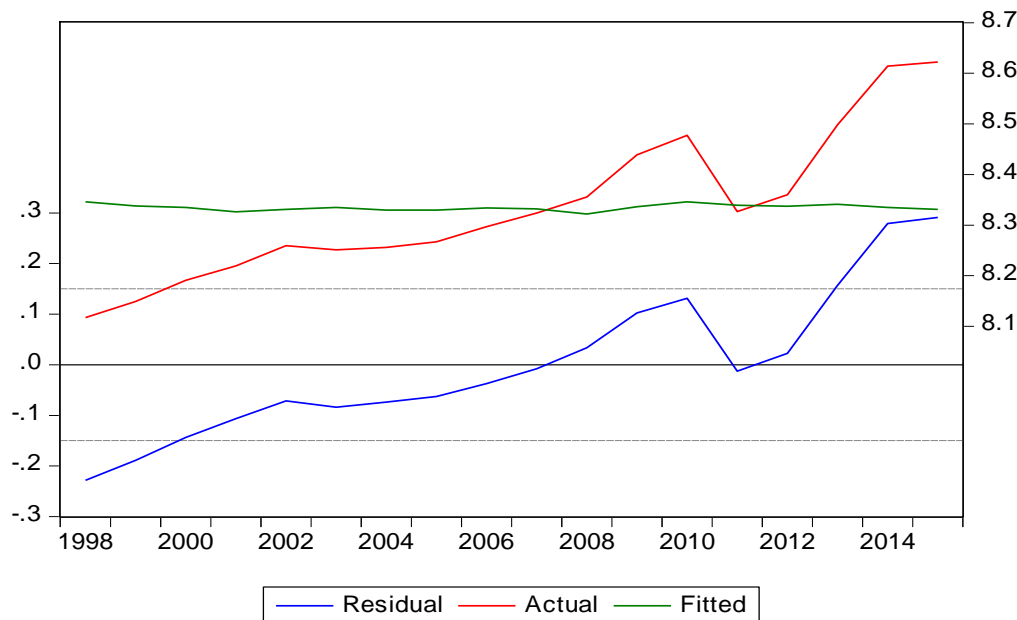
Decision Rule:

If the calculated F statistic value is greater than the table value, then there is an impact or structural change in the relationship, otherwise no impact. Hence H_1 is accepted and H_0 rejected.

Interpretation of Post Regression Analysis

The Chow test result in table 4.3.1 reveals that the calculated F-statistic of 12.30293 is greater than the table value at Prob. F(2, 14) which is 3.74. This is an indication that the adoption of public procurement Act 2007 impacts significantly on the degree of relationship that exists between OUTSCST and TOTEX at a probability value of 0.0008 which is statistically significant of 5%.

Figure 4.3.1: Chow test result at Break Point 2007 between OUTSCST and TOTEX



Source: Researcher's computation from table 4.9 using E-View 9.0, 2016

Interpretation of Chow test graph result

The graph result of the Chow test result in figure 4.3.1 above explains how the introduction of public procurement Act 2007 has impacted a structural change in the relationship that exists between OUTSCST and TOTEX.

Chow test which is an impact tool is used to determine if the introduction of Public Procurement Act 2007 has any significant impact on the association between the regressand (OUTSCST) and regressor (TOTEX) from 1998–2006; which is the Pre Public Procurement Act reform period and 2007-2015; which is the Post Public Procurement Act reform period.

Figure 4.3.1 depicts that the introduction of Public Procurement Act (PPA) 2007 has a significant impact on the relationship that exist between OUTSCST and RECEX. Prior the introduction of PPA 2007 it is empirically shown in figure 4.3 that there is an insignificant relationship between OUTSCST and RECEX, but from 2007, which is the year of breakpoint, it could be seen that there is a structural change in the association that exist between OUTSCST and RECEX which is significantly impacting as could be deduced from the breakpoint from 2007-2015. Hence, the adoption of Public Procurement Act 2007 has a structural change and statistically significant impact on the relationship that exists between OUTSCST and RECEX of public sector organizations in Nigeria at 5% significance level.

4.3.4 TEST OF HYPOTHESIS IV

Ho₄: In – house Cost has no significant effect on outsourcing cost of the public sector organizations in Nigeria.

Model Specification

$$\text{OUTSCST} = \beta_0 + \beta_1 \text{IHCST} + E \quad - \quad - \quad - \quad \mathbf{Ho_4}$$

Table 4.3.1: OLS Regression Analysis showing the relationship between OUTSCST and IHCST

Dependent Variable: OUTSCST

Method: Least Squares

Date: 11/15/16 Time: 07:49

Sample: 1998 2015

Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.472304	0.828504	2.984058	0.0088
IHCST	0.683286	0.096545	7.077376	0.0000
R-squared	0.757903	Mean dependent var		8.334644
Adjusted R-squared	0.742772	S.D. dependent var		0.145611
S.E. of regression	0.073851	Akaike info criterion		-2.269103
Sum squared resid	0.087263	Schwarz criterion		-2.170173
Log likelihood	22.42193	Hannan-Quinn criter.		-2.255462
F-statistic	50.08926	Durbin-Watson stat		1.810336
Prob(F-statistic)	0.000003			

Source: Researcher's computation using E-View 9.0, 2016

Interpretation of Regressed Result

The regressed coefficient correlation result in table 4.3.1 shows the existence of a positive and statistically significant relationship between IHCST ($\beta_1=0.683286$) and OUTSCST at 5% significant level. The probability value for the slope coefficient shows that $P(x_1=0.0000 < 0.05)$. This implies that IHCST has a statistically significant relationship with OUTSCST at 5% significance level. The coefficient of determination obtained is 0.76 (76%), which is commonly referred to as the value of R^2 . The cumulative test of hypothesis using R^2 to draw statistical inference about the explanatory variables employed in this regression equation, shows that the R-Squared value shows that 76% of the systematic variations in the dependent variable can be jointly predicted by all the independent variables. 24% was explained by unknown variables that were not included in the model. The Durbin-Watson statistic of

1.810336 indicates that there is no problem of serial correlation in the model. The overall significance of the model Prob > F-statistic (0.000003) is statistically significant at 5%.

Decision Rule:

Accept H_0 if the P-value of the test is greater than 0.05, otherwise reject.

Decision:

Since there exist a positive and statistically significant level of 5% between OUTSCST and INHCST. Then H_1 will be accepted and H_0 rejected.

Conclusion:

Based on the empirical observation above, IHCST positively and significantly affect OUTSCST of public sector organizations in Nigeria at 5%.

Table 4.11: Chow Test showing the structural change in the relationship between OUTSCST and IHCST

Chow Breakpoint Test: 2007
Null Hypothesis: No breaks at specified breakpoints
Varying regressors: All equation variables
Equation Sample: 1998 2015

F-statistic	2.736960	Prob. F(2,14)	0.0992
Log likelihood ratio	5.940338	Prob. Chi-Square(2)	0.0513
Wald Statistic	5.473919	Prob. Chi-Square(2)	0.0648

Source: Researcher's computation using E-View 9.0, 2016

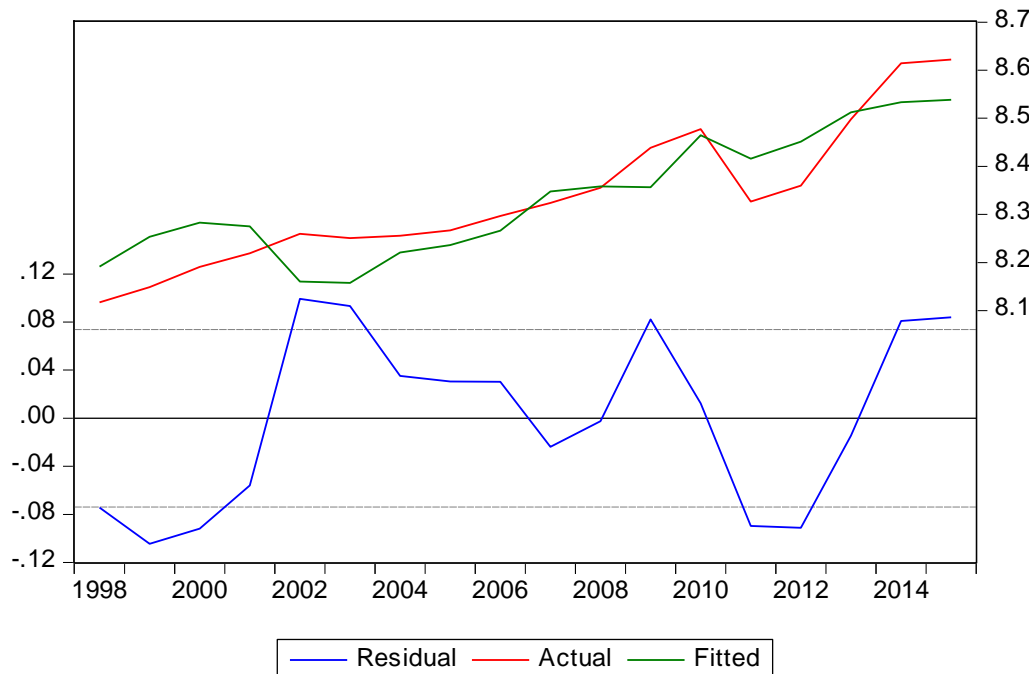
Decision Rule:

If the calculated F statistic value is greater than the table value, then there is an impact or structural change in the relationship, otherwise no impact. Hence H_1 is accepted and H_0 rejected.

Interpretation of Post Regression Analysis

The Chow test result in table 4.11 reveals that the calculated F-statistic of 2.736960 is less than the table value at Prob. F(2, 14) which is 3.74. This implies that the adoption of public procurement Act 2007 did not impact or cause any structural change on the degree of relationship that exists between OUTSCST and IHCST. Little wonder that the Sig. value is 0.0992, which is statistically not significant. Consequent upon this, H_0 which state that in-house cost (IHCST) has no significant effect on outsourcing cost of the public sector organizations in Nigeria will be accepted and H_1 will be rejected.

Figure 4.4.1: Chow test result at Break Point 2007 between OUTSCST and IHCST



Source: Researcher's computation from table 4.11 using E-View 9.0, 2016

Interpretation of Chow test graph result

It could be from the graph result of the Chow test result in figure 4.4 that the introduction of Public Procurement Act (PPA) 2007 has not significantly impacted on the relationship that exist between OUTSCST and IHCST. The level of relationship that existed between the regressand (OUTSCST) and the regressor (IHCST) before the introduction of PPA 2007 still prevails virtually on the same trend and pattern as could be seen from the breakpoint in 2007. In view of this, it would be said that PPA 2007 did not have significant impact or structural change in the association that exist between the variables.

4.5.1 TEST OF HYPOTHESIS V

H₀₅: Procurement plan cost has no significant effect on outsourcing cost of the public sector organizations in Nigeria.

Model Specification:

$$\text{OUTSCST} = \beta_0 + \beta_1 \text{PRCST} + E \quad - \quad - \quad - \quad \mathbf{H_{05}}$$

Table 4.5.1: OLS Regression Analysis showing the relationship between OUTSCST and PRCST

Dependent Variable: OUTSCST

Method: Least Squares

Date: 11/15/16 Time: 07:56

Sample: 1998 2015

Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.786826	0.841258	4.501386	0.0004
PRCST	0.484388	0.089574	5.407666	0.0001
R-squared	0.646353	Mean dependent var		8.334644
Adjusted R-squared	0.624250	S.D. dependent var		0.145611
S.E. of regression	0.089258	Akaike info criterion		-1.890142
Sum squared resid	0.127471	Schwarz criterion		-1.791212
Log likelihood	19.01128	Hannan-Quinn criter.		-1.876501
F-statistic	29.24285	Durbin-Watson stat		1.101756
Prob(F-statistic)	0.000058			

Source: Researcher's computation using E-View 9.0, 2016

Interpretation of Regressed Result

The regressed coefficient correlation result in table 4.5.1 shows the existence of a positive and statistically significant relationship between PRCST ($\beta_1=0.484388$) and OUTSCST at 5% significant level. The probability value for the slope coefficient shows that $P(x_1=0.0001<0.05)$. This implies that PRCST has a statistically significant relationship with OUTSCST at 5% significance level. The coefficient of determination obtained is 0.65 (65%), which is commonly referred to as the value of R^2 . The cumulative test of hypothesis using R^2 to draw statistical inference about the explanatory variables employed in this regression equation, shows that the R-Squared value shows that 65% of the systematic variations in the dependent variable can be jointly predicted by all the independent variables. 35% was explained by unknown variables that were not included in the model. The Durbin-Watson statistic of 1.101756 indicates that there is no problem of auto correlation in the model. The overall significance of the model Prob > F-statistic (0.000058) is statistically significant at 5%.

The regression equation is:

$$\text{OUTSCST} = 3.786826 + 0.484388\text{PRCST}$$

The implication is that for there to be a unit increase in OUTSCST, there must be a multiplying effect of 0.484388 of PRCST.

Decision Rule:

Accept the null hypothesis (H_0), if the P-value of the test is greater than 0.05, otherwise reject.

Decision:

Since the P-value of the test (0.000058) is less than 0.05, there exists enough evidence to reject the null hypothesis and accept H_1 .

Conclusion:

There is a positive significant relationship between OUTSCST and PRCST. More so, PRCST significantly influence OUTSCST of public sector organizations in Nigeria at 5% significance level.

Table 4.5.2: Chow Test showing the structural change in the relationship between OUTSCST and PRCST

Chow Breakpoint Test: 2007

Null Hypothesis: No breaks at specified breakpoints

Varying regressors: All equation variables

Equation Sample: 1998 2015

F-statistic	7.868524	Prob. F(2,14)	0.0051
Log likelihood ratio	13.56005	Prob. Chi-Square(2)	0.0011
Wald Statistic	15.73705	Prob. Chi-Square(2)	0.0004

Source: Researcher's computation using E-View 9.0, 2016

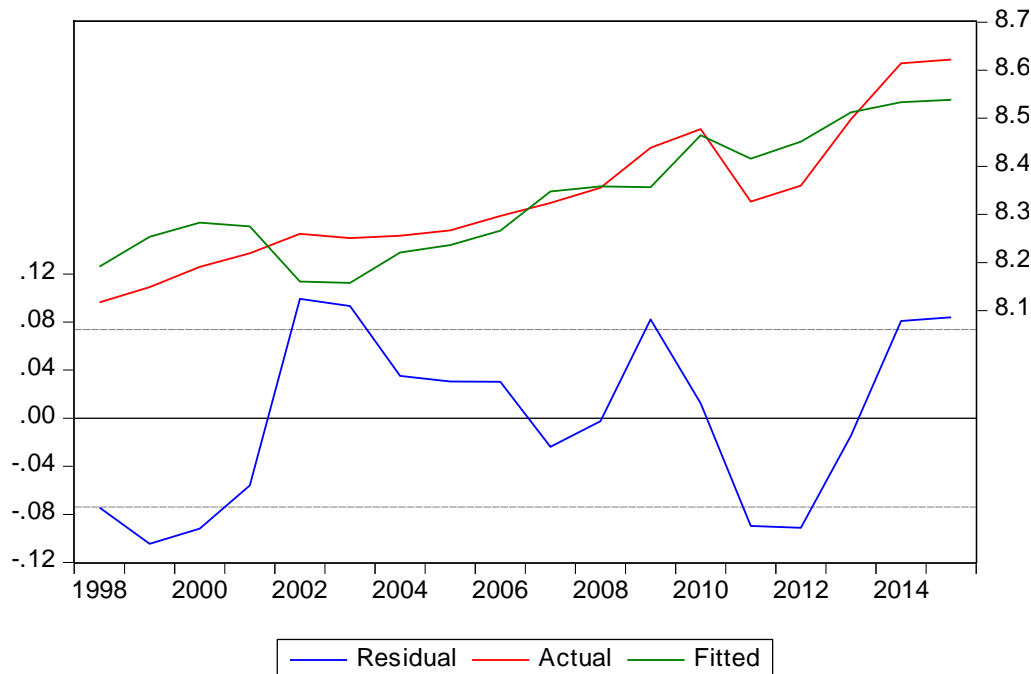
Decision Rule:

If the calculated F statistic value is greater than the table value, then there is an impact or structural change in the relationship, otherwise no impact. Hence H_1 is accepted and H_0 rejected.

Interpretation of Post Regression Analysis

The Chow test result in table 4.5.2 reveals that the calculated F-statistic of 7.868524 is greater than the table value at Prob. F(2, 14) which is 3.74. This is an indication that the adoption of public procurement Act 2007 impacts significantly on the degree of relationship that exists between OUTSCST and PRCST at a probability value of 0.0051 which is statistically significant of 5%. Thus, H_1 will be accepted.

Figure 4.5.1: Chow test result at Break Point 2007 between OUTSCST and PRCST



Source: Researcher's computation from table 4.13 using E-View 9.0, 2016

Interpretation of Chow test graph result

The Chow test result in figure 4.5.1 above explains if there is a structural change in the relationship that exist between OUTSCST and PRCST from 1998–2006; which is the Pre Public Procurement Act reform period and 2007-2015; which is the Post Public Procurement Act reform period.

Figure 4.5.1 depicts that the introduction of Public Procurement Act (PPA) 2007 has a significant impact on the relationship that exist between OUTSCST and RECEX. Prior the introduction of PPA 2007 it is empirically shown in figure 4.5.1 that there is a weak relationship between OUTSCST and PRCST, but from 2007 which is the year of breakpoint, it could be seen that there is a structural change in the association that exist between OUTSCST and PRCST which is significantly impacting as could be deduced from the breakpoint from 2007-2015. Hence, the adoption of Public Procurement Act 2007 has a structural change and statistically significant impact on the relationship that exists between OUTSCST and PRCST of public sector organizations in Nigeria at 5% significance level.

4.4 DISCUSSION OF FINDINGS

In the course of this study which determined the effect of public procurement Act 2007 on outsourcing decisions of public sector organizations in Nigeria, the following findings were made by the researcher:

1. There is a negative and statistically significant relationship between OUTSCST and CAPEX at 5% significant level. Table 4.1.1 shows that $\text{Prob} > F\text{-statistic} = 0.000002 < 0.05$ indicating that CAPEX has a statistically significant effect on OUTSCST at 5% level of significance. Furthermore, table 4.1.1 shows that Public Procurement Act 2007 has a statistically significant impact on the relationship between CAPEX and OUTSCST from 2007 to 2015 at 5% level of significance which was also confirmed in Figure 4.1 to have a structural change in the level of relationship that exists between the variables. In tandem with the finding of this study is the work of Li (2014) on economic influence analysis of offshore outsourcing in China. The study found a negative significant relationship between outsourcing and performance.
2. There is a positive and statistically significant relationship between OUTSCST and RECEX at 5% significant level. Table 4.2.1 shows that $\text{Prob} > F\text{-statistic} = 0.000011 < 0.05$ indicating that RECEX has a statistically significant effect on OUTSCST at 5% level of significance. Furthermore, table 4.2.1 shows that Public Procurement Act 2007 has a statistically significant impact on the relationship between RECEX and OUTSCST from 2007 to 2015 at 5% level of significance which was also confirmed in Figure 4.2.1 to have a structural change in the level of relationship between the variables. In agreement with the results of this study is the work of Wang (2014) on the economic effects of outsourcing based on China's economic development data. The results show that outsourcing has a relationship with productivity, trade, employment and innovation of China.
3. There is a negative and statistically significant relationship between OUTSCST and TOTEX at 5% significant level. Table 4.3.1 shows that $\text{Prob} > F\text{-statistic} = 0.000007 < 0.05$ indicating that TOTEX has a statistically significant effect on OUTSCST at 5% level of significance. Furthermore, table 4.3.2 shows that Public Procurement Act 2007 has a statistically significant impact on the relationship between TOTEX and OUTSCST from 2007 to 2015 at 5% level of significance which was also

confirmed in Figure 4.3.1 to have a structural change in the level of relationship that exists between the variables.

- 4 There is a positive and statistically significant relationship between OUTSCST and IHCST at 5% significant level. Table 4.4.1 shows that $\text{Prob} > F\text{-statistic} = 0.000003 < 0.05$ indicating that IHCST has a statistically significant effect on OUTSCST at 5% level of significance. Furthermore, table 4.4.1 shows that Public Procurement Act 2007 does not have a statistically significant impact on the relationship between IHCST and OUTSCST from 2007 to 2015 at 5% level of significance which was also confirmed in Figure 4.4.1 not to have a structural change in the level of relationship between the variables.
- 5 There is a positive and statistically significant relationship between OUTSCST and PRCST at 5% significant level. Table 4.5.1 shows that $\text{Prob} > F\text{-statistic} = 0.000058 < 0.05$ indicating that PRCST has a statistically significant effect on OUTSCST at 5% level of significance. Furthermore, table 4.5.1 shows that Public Procurement Act 2007 has a statistically significant impact on the relationship between PRCST and OUTSCST from 2007 to 2015 at 5% level of significance which was also confirmed in Figure 4.5.1 to have a structural change in the level of relationship that exists between the variables. In consistence with the findings of this study, Akewushola and Elegbede (2016) carried out a study on outsourcing strategy and organizational performance in Nigeria. The study found a significant relationship between outsourcing and organizational performance. The findings reveal that firms that outsource experience reduce average cost, increased sales turnover and profitability, enhance expertise, improve service quality, reduce staff strength, streamline the production process, reduced administrative burden and save time for core activities. Also the findings of the study carried out by Adama (2014), indicated that there is a significant relationship between personnel outsourcing and organizational competitiveness in Nigeria.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

1. The ordinary least square regression analysis suggests that, there is sufficient evidence to show that there is a structural change in the relationship between the regressand (y) and the regressor (x). the p – value 0.000002 which is less than 0.05. that is a negative relationship between OUTSCT and CAPEX.
2. Given the evidence that the services are non stationary and do not integrate, the study attests to the fact that the relationship between outsourcing and recurrent expenditure is positive at 5% significant level.
3. There is a negative and statistically significant relationship between OUTSCST and TOTEXAT at 5% significant level which shows a structural change in the level of relationship that exist between the variables.
4. There is a positive and statistically significant relationship between OUTSCST and IHCST at 5% significant level. Table 4.10 shows that $\text{Prob} \geq \text{F-Statistic} = 0.000003 \leq 0.05$ indicating that IHCST has a statistically significant effect on OUTSCST at 5% level of significance.
5. There is a positive and statistically significant relationship between TSCST AND PRCST at 5% significant level. Table 4.12 shows that $\text{Prob} \geq \text{F-Statistic} = 0.0000058 \leq 0.05$ indicating that PRCST has a statistically significant effect on OUTSCST at 5% level of significance.

5.2 CONCLUSION

This study concludes that Public Procurement Act 2007 has a negative effect on the outsourcing Decisions of Public Sector organizations in Nigeria with respect to capital Expenditure, Recurrent Expenditure and total Expenditure and a positive effect on in-House-cost, and procurement plan cost. Thus, the outcome is mixed and does not justify wholly, the reasons for outsourcing by public sector organizations in Nigeria.

5.3 RECOMMENDATIONS

1. The Capital Expenditure in the outsourcing project in Nigeria should be reviewed so as to make the burden on the annual budget of the public sector organizations more realistic. Therefore, this is the only cheap way of the Government creating equity in the private sector so as to reduce unemployment and such services available to the citizens

at affordable prices. This is supported by the work of Wartzman (2010) that the private sector should be empowered will receive the benefits and reduced prices.

2. The need to compare the outsourcing costs with the recurrent expenditure is one of the most important decisions in outsourcing. There are various services previously handled by the public sector organizations in –house such as the laundry services, security services, haulage and host of others. They were actually serving as a conduit pipes through which the resources of the public sector organizations were abused. The amount of money spent each year should not more than the capital expenditure which is not favourable for the benefits of outsourcing.
3. The Federal Government should stimulate the economy by reducing unemployment and creating more employment opportunities by making sure that that the total annual expenditure in the annual budget has a larger part of the money allocated to the capital expenditure and not the recurrent expenditure. The capital expenditure has a multiplier effect in developing the economy, facilitating industrialization and infrastructure and the recurrent expenditure is quite the opposite. This recommendation is supported by the studies of the American Economic Association, (1996).
4. Outsourcing costs should always be compared with the prices of goods not outsourced (or goods and services produced in-house). This is why cost-benefit- analysis becomes a very good accounting tool for such assessment. Although, there are some other considerations to be given attention, before taking the decisions either to outsource, or not to outsource. Such factors as political reasons, to empower a particular geo-political zone of the country, economic reasons, to create employment for the youths or socio-culture reasons to promote the culture and tourism potentials of the country.
5. A good plan should be put in place by the public sector organizations before embarking on outsourcing decisions.

The success and failure of every outsourcing decision is based on the outsourcing plan and the cost implications. When the initial cost of getting outsourcing programmes ready are not commensurate with the perceived benefits, the tendency is either to pull-out or abandon the project. The cost becomes a sunk cost which cannot be recovered and that is why the federal government and public sector organizations in Nigeria have a lot of abandoned projects all over the country.

5.4 CONTRIBUTIONS TO KNOWLEDGE

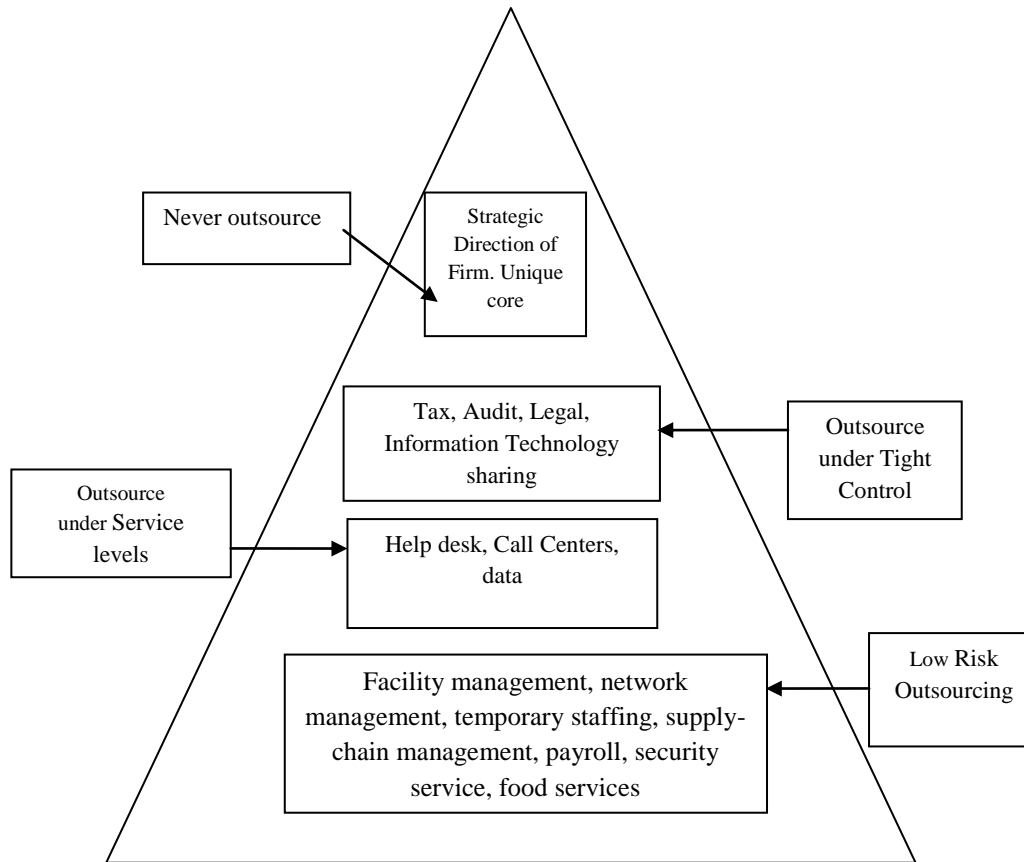
A gap was observed by the researchers on the Outsourcing Risk Pyramid by (Raiborn, Barfield and Kinney, 1999), in Nigeria, the outsourcing laws never covered the contracting out the minting of Nigeria currency and the procurement of arms and ammunitions for the Army, Air force, Navy, the Police Force and other Security Organizations. In the modified outsourcing pyramid, the researchers identified the peculiarity of these institutions in the Nigeria situation and the modification of the outsourcing risk pyramid to suit Nigeria environment as shown above is our contribution to knowledge.

Recently, the attention of the Federal Government has been drawn to a re-design of strategy for the outsourcing of those services that are not subject to the Public Procurement Act 2007 as a lot of scandals that are associated with the non inclusion of the identified items. The military hierarchy and politicians are having a free day in the abuse of the procurement process of “Never Outsource Items”.

The study identified a number of gaps in the following areas:

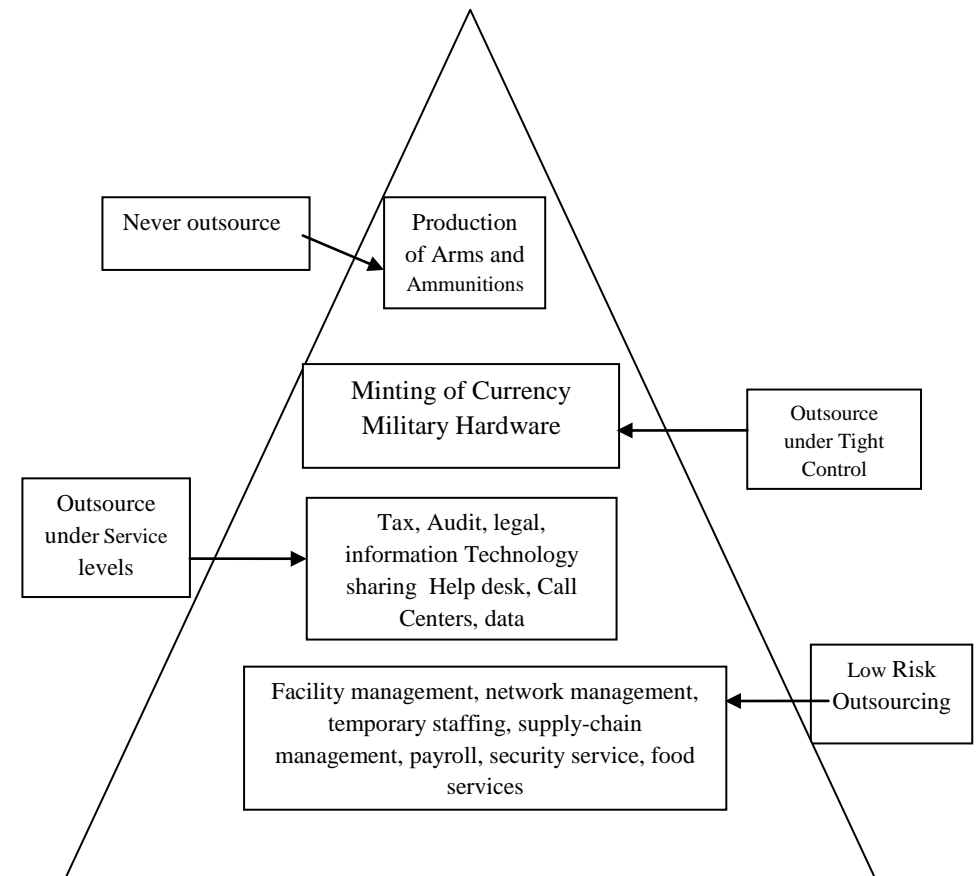
Outsourcing Pyramid of Raiborn, Barfield and Kinney as shown below:

Fig: 5.1 Outsourcing Risk Pyramid



Source: Adopted from Raiborn, Barfield and Kinney (1999)

Fig. 5.2 Modified Outsourcing Risk Pyramid



Source: Researchers Modified Outsourcing Risk Pyramid (2015)

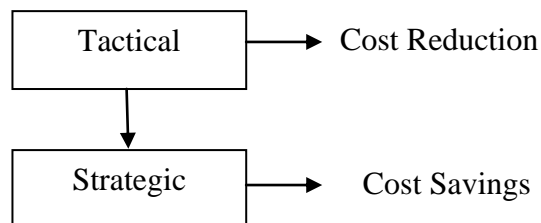
Explanation of the above Diagrams

The difference between the outsourcing Pyramid of Raiborn, Barfield and Kinney, in their pyramid the “Never outsource” are strategic Direction on of firm unique core services an under tight control are Tax, Audit, legal and information sharing technology. While that of the researcher as modified has “Never outsource” as production of Arms and Ammunitions and under tight control are the minting of currency and other military hardware.

There was a gap observed on the outsourcing Risk Pyramid of Raiborn, Barfield and Kinney because in the United States of America, United Kingdom and other International Communities, their laws covered the outsourcing of all government works, services and functions. But in Nigeria, it was observed that the outsourcing of Military hardware and minting of the Nigeria currency are not subjected to any outsourcing laws. The implication is that, the military and the politicians used this loophole to siphon the resources of the government. The modified outsourcing Risk Pyramid will serve as an eye opener, for the government to include such areas into the outsourcing laws and regulations for the purposes of accountability transparency and probity.

The second gap is the classification of outsourcing

Fig: 5.3

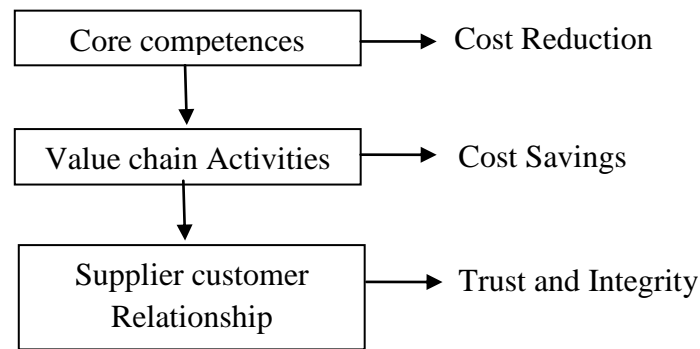


Source: Ezenwa Classification of Outsourcing (2006)

The above diagram depicts that tactical level of outsourcing would result to cost reduction and at strategic level, there would cost savings. Ezenwa (2006) sees cost reduction and cost savings as the driving forces for outsourcing which are quantitative in nature.

The gap that was filled by the researchers is that they looked beyond the quantitative aspect and included the qualitative aspects of outsourcing classifications.

Fig: 5.4



Researchers Modified Outsourcing Classification (2015)

Ezenwa, (2006), classified outsourcing into tactical and strategic; the driving force is cost reduction and cost savings. But the researchers observed that outsourcing consideration should not be on quantitative terms but the qualitative aspects should also be considered, such as core competences, value chain activities and supplier-customer relationship. Cost Savings is one of the most common factor associated with outsourcing. Any effort made to save cost by public sector institutions which may be disadvantageous to the interest and welfare of the citizens would be adjudged to be wrong. The researchers, therefore thought it wise that the issue should be the impact of outsourcing benefits on the welfare, longevity and quality service delivery to the citizens.

The researchers added qualitative factors which would be more effective in cost reduction which is a deliberate action to reduce cost and enhance cost savings which will result from cheap buying of materials.

5.5 SUGGESTION FOR FURTHER STUDIES

1. Effect of Public Procurement Act 2011 on Off-shore Outsourcing Decisions in Nigeria
2. Effect of Public Procurement Act 2007 on In-House- Production of Public Sector Goods and Services.
3. Comparative Analysis of Nigeria Outsourcing Decisions and other international communities.

REFERENCES

- Abama, F.O. (2014). Personnel outsourcing and organizations competitiveness. A dissertation of management, Faculty of Business Administration, University of Nigeria, Enugu Campus.
- Accenture Research (2007). "Sweden Public Sector Outsourcing Survey" 2006 US Accenture.
- Abimboye, D. (2009): Retrieved from: www.newswatchngr.com.
- Adams, R. A. (2005). *Public sector accounting and finance*, 4th edition: Corporate publishers ventures; Yaba Lagos.
- Adegoroye, G. (2006). *Propriety or procedure: Making delicate choices in reform management- a Nigerian case study*; Abuja: Bureau of public service reform.
- Adegoroye, G. (2007). "Public sector reform for sustainable development: The Nigerian experience; Abuja, bureau of public service reforms.
- Agiobenebo, T. J., Onuchukwu, O. & Ajie, H. A. (2000). *Public sector economics: Theories, issues and applications: 1*, (2nd Ed.). Port-Harcourt, LIMA computers.
- Alaofin, V. O. (2009). "Overcoming the challenges facing financial management:" Nigeria: *Country's corruption rating*" retrieved from www.allafrica.com.
- Allen, P. (2005). "Strategic imperatives for outsourcing in the Australian public sector"; Framingham: IDC Information and Data, Retrieved from <http://Www.Jstor.org>.
- Alster, N. (2005). *Customer disservice*, retrieved from: www.cfo.com.
- Akewushola, S. & Elegbede, N. (2016). Outsourcing strategy and Organizational performance: Empirical evidence from Nigeria manufacturing sector. Retrieved from <http://ww.wbiconpro.com>
- Ama, G.A. N. (2000). *Public sector accounting: Questions and answers* educational books and investments Ltd; Owerri.
- American Economic Association, (1996). Globalization, outsourcing and wage inequality. *The American Economic Review*, 86(2): San Francisco, American Economic Association.
- Aneesh a Global Labour: Algocratic modes of organization, sociological theory 27:4 December 2009.
- Anger, A. D. (1999). Privatization, contracting and the states: Lessons from state government experience, *Public Productivity and Management Review*, 22(4) June 1999, retrieved from: [Http://Www.Jstor.Org](http://Www.Jstor.Org).
- Anyanwu, A. (2002). *Research Methodology in Business and Social Sciences*, Owerri: Canon publishers Nigeria Ltd.
- Anyafu, A.M.O. (2000). *Nigeria public accounting & budgeting*, GAPRO foundation publishers, Enugu.
- Anyafu, A. M. O. (2002). *Public sector accounting*, GAPRO foundation publishers, Enugu
- Atta, B.M., Akinbola J.A. & Thomas, C. (2009). "Observations and recommendations on the Public Procurement Act 2007": As amended by the national assembly during a one-day roundtable held on Thursday Feb.12, 2009". Abuja retrieved from: www.ewsdiaryonline.com.
- Ayuba, S., Tsado, A. & Inyang, A. (2008). *Anchoring reforms: highlights of bureau of public services reforms strides*, Abuja, Bureau of public service reforms, (October, 2008), Volume 1, issue 1.

- Baily, D. & Soyoung, K. (2009). GE's immelt says US economy needs industrial renewal. U.K Guardian.
- Baily, D. & Soyoung, K. (2009). *Procurement principles and management*: 10th edition, England, prentice hall.
- Baldwin, R. (2006). *Globalization: The great unbundling*, chapter 1, in *globalization challenges for Europe*" secretariat of the economic council, finish prime minister's office, Helsinki, 2006.
- Bierce, P.C. & Kenerson, P.C. (2011). *Accounting and decision metrics in business process management and BPO*; retrieved from: www.outsourcing-law.com.
- Blinder, A. (2006). *Off-shoring: The next industrial revolution?* Foreign affairs, 85:2, 113.128
- Bonasia, J. (2010). Off-shoring, for good or ill, comes of age putting India on the map competitive world markets demand outsourcing, but it does drain domestic jobs. *Investor's business daily*.A04, retrieved from: <http://search.proquest.com/mutex.gmu.edu/>
- Bragg, M.S. (2006). *Outsourcing: a guide to selecting the correct business unit* (2nd Ed.), New Jersey: Willey John Willey & Sons.
- Brain, C. I. (2010). *Managerial accounting*; retrieved from: <http://www.ise.ac.uk>.
- Buchholz, TC. Bringing the jobs home: How the left created the outsourcing crisis: And how we can fix it. New York: Sentinel, 2004. Print 97-118.
- Bureau of Public Procurement, (2008). *Procurement procedures manual for public procurement in Nigeria*, Abuja: Bureau of public procurement.
- Butler, P. (2008). *A history of outsourcing*, retrieved from: <http://www.society.guardian.co.uk>.
- Caplan, R.S. & Atkinson, A. A. (1998). *Advanced management accounting*, prentice Hall New Jersey.
- Chukwuemeka, E.E.O. (2006). *Research methods and thesis writing: A multi-disciplinary approach*, Enugu, HRV publishers.
- Chang, H. (2007). *Cultural communities in a global labour market: Immigration restrictions as residential segregation*. USA: University of Pennsylvania Law School.
- Chumba, R.K., Chepkwony, P.K. & Tum, M. J. (2015). Effects of outsourcing of services on performance of manufacturing companies in Eldoret and Nandi Hills, Kenya. *International Journal of Business and Management Review*, 3(3), 46-49
- Condon, B. "Study: Tax code slashes tax for hugely profitable companies" USA today 8/16/2012.
- Congressional Documents and Publications, (2012, May 16), *Brown outlines "bring jobs home act"* aim at encouraging business to bring hobs back to the US 2012 federal information and news dispatch, Inc. retrieved from: <http://global.factivia.com/mutes.gmu.edu/>
- Copeland, B. (2007). *"Trade and the Environment: what do we do now"*, Ch.39 in Handbook on International Trade Policy, Ed. Kerr W, Gaosford J. and Edward Elgar Publishing.
- Croghan, L. (Feb.23, 2004). "Kerry Targets N.Y Firms: 'Benedicts Arnold' move sending jobs overseas": daily news.
- Da Costa, G. (2007). *"Nigeria's Obasanjo reforms government contract system before exit"*, U.S, voice of America, retrieved from: <http://www.voanews.com>.
- De Loof, L. A. (1996). *"Is outsourcing by the public sector organizations"*: Netherlands, international federation for information processing, retrieved from: <http://www.acs.org.au>.
- Dambatta, S.N. (2008). *"Federal permanent secretaries revisit reforms"*; *public service reformer*, maiden edition, bureau of public service reform, (October 2008) Vol.1, issue 1, PP12-14

- Dash, S.(2015). The economic implications of outsourcing. Institute of integrated learning and management, 1-28 www.sersc.org/journal,3(7)
- Davies, P. (2004). What's this India Business? Off-shoring, outsourcing and the global services revolution. London: Nicholas Brealey International, Print.
- Department of Information Resources, (1998). "*Outsourcing strategies*": Texas: The State of Texas, June.
- Domberger, S. & Hall C. (1995). The contracting casebook: Competitive tendering in action, Canberra, AGPS.
- Domberger, S., Meadow C. S. and Thompson D. (1986). *Competitive tendering and efficiency: The case of refuse collection*; fiscal studies 7(4), 69-78.
- Duening, N.T., Click R.L. (2005). *Essentials of business Process outsourcing*, S.A. John Wiley & Sons Inc.
- Easterly, W. (2002). "Solow's surprise: Investment is not the key to growth", Ch.3 in the elusive quest for growth: The MIT press, Cambridge.
- Ekpandio, S.A. (2003). "*Public sector procurement reforms: The Nigerian experience*", Nigeria, office of the secretary to the government, retrieved from: <http://www.wto.org>.
- Elebiju, A. (2009). "*Are governments really empowered to outsource tax collection?*" retrieved from: <http://www.allafrica.com>.
- England, S. (2002). London: Keble Ltd, retrieved from: <http://www.kablenet.com>.
- Everett, B. (2014). "*Borrowed time: Tale of a Walsh bill*": politico, retrieved 25 July 2014.
- Ezzamel, M., Morris J. & Smith A. J. (2005). "Accounting for new organizational forms: The case of sub-contracting and outsourcing". London, CIMA, Vol.2, No.3.
- Federal Government of Nigeria, (2006), *Policies of the federal republic of Nigeria the Obasanjo years 1999-2007 Vols.1&2*, Kaduna: Joyce Graphic Printers and Publishers Co.
- Forey, G., Jane L. *Globalization, communication and the workplace: Talking across the world*. New York: Continuum, 2011. Electronic Book #21-26.
- Gaidiene, Z., Skyrius, R. & Vilnius, L. (2006). "*The usefulness of management accounting Information: users' attitude*", retrieved from: <http://www.leidykla.eu>.
- Garrison, H.R., Noreen, E.W. (2000). *Managerial accounting* (Ninth Edition), Boston: McGraw Hill Irwin.
- Gillies, A. (2009). "*Refining corruption out of Nigeria oil part two: Progress and prospects*", No.6, April 2009, retrieved from: <http://www.cmi.no>.
- Gariffith, G. & Figgis, H. (1998). "*Outsourcing and the public sector*", U.S, briefing paper No.22/1997, retrieved from: <http://www.parliament.nsw.gov.au>.
- Gariffiths, D. (2002). "*The theory and practice of outsourcing*". England: Kudos information Ltd.
- Gillis, A. (2001). "Digital sweat shops. This 34, 6-6 retrieved from: <http://search.proquest.com/docview/203549187?accountid=14771>
- Gorg, H & Hanley, A. (2004). Does outsourcing increase profitability? Discussion paper 1372. Institute for the study of labour (12A) 2006/018-21
- Gujarati, D.N., Porter,, G.C. & Gunasekar, S. (2013). Basic Econometrics McGraw-Hill. companies, New Delhi.
- Hansen, D.R. & Mowen, M. M. (2003). *Cost management accounting and control, 4th edition*, South Western Ohio, academic internet publishers incorporated.
- Hanson, G. (2003). "What has happened to wages in Mexico since NAFTA", *NBER working paper series*, national bureau of economic research, Cambridge, MA.
- Hart, M. (2009). "The budget – what does it mean for outsourcing", UK, computer world UK.

- Hart, O., Shleifer, A. & Vishny, (1997). "*The proper scope of government: Theory and an application to prisons*"; Quarterly Journal of Economics 112, 1127-1161.
- Haus, M. (2011). "Best 10 Peter Drucker quotes". *Pmseed*. Retrieved; 26 April 2015.
- "Here, there and everywhere." *The economist* [London] N.D.: N. Page. *The economist*. 17 Jan. 2013: Web. 19 Jan. 2013. Retrieved:<http://www.economist.com/news/special-report/21569572-after-decades-sending-work-across-world-companies-are-rethinking-their-offshoring>.
- "*High corporate tax rates is misleading at*". Retrieved from: www.smartmoney.com: retrieved 2010-03-15.
- Hira, Ron, and Anil Hira *Outsourcing America*: "What's behind our national crisis and how we can reclaim American Jobs? New York: AMACOM, 2008. Print # 67-96.
- Hodge, G.A. (2007). "*Comparative tendering and contracting out: Rhetoric or reality*"; Public productivity and management review 22(4), 455 469.
- Horngren, C.T., Foster G. and Datar, S.M. (2001). *Cost Accounting: a Managerial Emphasis*, (10th Ed.), New Delhi, Prentice Hall Of India.
- Horngren, C.T., Sundem, G. L. & Stratton, W.O. (2005). *Introduction to management accounting*, (13th Ed.), Pearson: prentice hall.
- Horngren, C.T., Bhimani, A., Foster, G. and Datar, S.M. (1999). *Management and cost accounting*, Europe, prentice hall.
- Hunt, A. R. "letter from Washington: As U.S rich-poor gap grows so does public outcry" *NY times* 2/18/2007.
- Hunter, R.D., & Healy, J.T. (2002). "*Outsourcing in government: The path to transformation*", US, retrieved from: <http://www.accenture.com>.
- Huque, S.A. (2007). "*Contracting out and trust in the public sector: Cases of management from Hong Kong*". Springer Netherlands, public organizations review. Vol.5, Nov/Mar 2005, inqueas@mcmaster.cq.
- Ibrahim, A. (2002). "Local transparency international official lists conditions for ending corruption". Fordham, the institute for ethics and economic policy.
- Ifurueze, M.S.K. Ekezie, C.A. (2014). The effect of outsourcing cost on corporate performance. A study of Nigerian Brewery Industry. International Journal of Economics and Empirical Research, 2(3), 84-93
- Ikeagwu, K.E. (1998). *Groundwork of research methods and procedures*, Enugu, institute of development studies.
- Interra Networks, (2009). "*The Nigerian off-shoring opportunity: the next oil book*", retrieved from: <http://www.interranetworks.com>
- Irwin, A.D. (2004). "*Outsourcing is good for America*", Washington: American Enterprise Institute for public policy research (AEI).
- Jackson, S. & Sawyers, R. (2008). *Managerial accounting a focus on ethical decision making*, (4th Ed.). South-Western: Thomson Corporation.
- Jarrett, J. & Kraft, A. (1989). *Statistical analysis for decision making*, Boston: Allyn and Bacon.
- Jensen, H. P. & Stonecash, E.R. (2004). "*The efficiency of public sector outsourcing contracts: A literature review*". Australia, Melbourne institute of applied economic and social research, retrieved from: <http://www.melbourneinstitute.com>.
- Jamieson, D. (2013) "Public interest group challenges privatization of local state government services", *the Huffington Post*. July 1,; retrieved 2013-07-01

- Joel, F. (October 24, 2003). "The decline of corporate income tax revenues" (PDF): Center on budget and policy priorities; retrieved 2011-03-09.
- Johnson, I. E. (1999). Public sector accounting and financial control, financial training, Nigeria: 105 Litre Road Surulere, Lagos.
- Karsten, B.O. (2006). Productivity impacts of off shoring and outsourcing: A review working paper, OECD Directorate for Science, Technology and Industry (STI) 5-35.
- Kersten, W., Kochi J. & Hohrath, P. (2007). "*Motivation for the outsourcing of complex logistic services*", Germany: Hamburg School of Logistics.
- Khirallah, D. R. (September 2, 2002). "Out with 'outsourcing' and in with 'co-sourcing': Information week magazine; retrieved May 23, 2012.
- Koch, J., Dell, D. & Keller, L. (2004). *Human resource outsourcing in government organizations: Emerging trends, early lessons*", U.S: The conference board; retrieved from: <http://www.govexec.com>
- Kothan, C.R. & Garg, G. (2014). Research methodology method and techniques. New Age International Limited, Publisher, New Delhi.
- Koplan, S. R. & Atkinson A. A. (1987). *Advanced management accounting*, (2nd Ed.), London: Prentice Hall
- Krugman, P. (2003). "*The power of trust in manufacturer-retailer relationships*"; Harvard business review, Nov-Dec, 92 – 106
- Krugman, P. (2006). "Feeling no pain". *New York times*, March 6, 2006.
- Krugman, P. O. M. & Melitz, M. (2012). "East Asia: success and crisis". In international economics: Theory and policy, Addison-Wesley.
- Lacity, M. & Wilcox, L.P. (2008). "Information systems and outsourcing: Studies in theory and practice"; London: Palgrave.
- Li, E. (2014). Economic influence analysis of offshore outsourcing based on Host Country's view. International Journal of u-and e-service, science and Technology, 7(3), 63-72
- Lindholm, A. & Suomala, P. (2004). "*The possibilities of life cycle costing in outsourcing decision making*", Frontiers of E-Business research, anni.lindholm@tut.fi
- Lucey, T. (2002). *Management accounting* 4th Ed. London, ELST
- Lucey, T. (2002). *Quantitative techniques*: 6th Ed. Bodmin, MPG Books Ltd.
- Mankiw, G. & Swagel, P (2005). "*The politics and economics of offshore outsourcing*": Working Paper for the American enterprise institute for public policy.
- Mason, D.R., Lind, D. & Marshal, B. (1999). *Statistical techniques in business & economics*, Boston: Irwin Mcgraw-Hill.
- Matankari, S. D. (2008). *Status of public service reform and strategies for sustaining the reforms*, Abuja: Bureau Of public service reform, (Oct. 2008), Vol.1, Issue 1.
- Mcdonnell, I. B. (2005). "*Outsourcing UK public sector services – The moral hazards*", UK, the register; retrieved from: <http://www.theregister.co.uk>
- Malvaine A. R. (March 16, 2008), "*Co-sourcing and more*". *Human resources executive magazine*. Retrieved May 23, 12
- Mhone, Z.C.G. (2003). "The challenges of governance public sector reform and public administration in Africa: Some research issues": DOMN Bulletin, Volume X, Number 3, May 2003.
- Michael, W.M. (1991). *Managerial accounting: An introduction to concepts, methods and uses* (4th Ed.), New York: Harcourt Brace Jovanovich publishers
- Moyo, M. (2009). "*It infrastructure outsourcing boosted in Nigeria*", Afro News; retrieved from: <http://www.afrol.com>.
- Mirza, A. A. (2005). "*Role of management accounting in decision making*". Management accountant, Volume 14.5.

- Nadeem, S. (2009). Macaulay's (Cyber) Children: The cultural politics of outsourcing in India, cultural sociology.
- Not Council Directive 2001/23/EC on the approximation of the laws of the member states relating to the safeguarding of employees' rights in the event of transfers of Undertakings, businesses or parts of undertakings or businesses. EUR-Lex: Retrieved 2011-03-09.
- Nwadihoha, C.E. (2005). *Public sector accounting and auditing*, J.T.C. publishers Enugu.
- Nwadihoha, C.E. (2005). *Public sector accounting & finance* 2nd edition, Enugu: Ephraimites printing & publishing (Nigeria) limited.
- Nwadihoha, C.E. (2006). *Taxation in Nigeria (principles and practice)*: J.T.C. publishers, Enugu.
- Nwoko, C. (1971). *Decision accounting for executives*, Gethsemane consulting and publishing, Enugu.
- Obasanjo, O.M.A. (2005). *The vision and challenges* an opening address by President Olusegun Obasanjo on the occasion of the 34th annual conference of civil service commissions in the federation, Abuja, bureau of public service reform, Pp Xv – Xviii.
- Odo, M.O. (1992). *Guide to proposal writing in social and behavioral sciences*, Enugu: SNAAP press Ltd.
- Ofoegbu, G. N. (2011). Unpublished P.hD research dissertation, impact of management accounting information on outsourcing decision making: Nnamdi Azikiwe University.
- Ogba, L. (1999). *Elements of public finance*, T.O. Aboyami industries packaging, Agege, Lagos.
- Ogunbunmi, K. (2009). *"The tax man cometh"*, mediarelations@timbuktumedia.com.
- Ogundu, N.C. (2005). *Due process and procurement in the Nigerian public sector*, Holler Africa, info@hollerafrica.com.
- Okeke, O.A. (1995). *Foundation statistics for business decisions*, Enugu, (Nigeria): HMS Productions.
- Okonjo-Iweala, N. (2003). *Corruption, bane of economic growth*, Abuja; retrieved from: <http://www.fordham.edu>
- Okoye, E.I. (2009). Auditing for fraud in the hand book on fraud management and forensic accounting: Osisoma, B.C. (ed.); Enugu: EIDEMAH publishers.
- Okoye, E.I. (2009). Impact of fraud triangle on audit process: The Nigeria accountants view. The University advanced research journal, issue 1, July-September. Nigeria: INARED education publishers and management services.
- Okwoli, A.A.(2008). *Principles of financial accounting*, 3rd edition, Jos: Go-go International limited.
- Olapojoye, O. (2009). *"It's time to outsource the federal civil service"*; info@nigeriapolicyforum.org
- Olive, B. (2004). Outsourcing growing despite controversy. *Power*: 148(4), 19-20.
- Olubunmi, F. (1991). *Principles of local government accounting*: Lagos.
- Onwumere, J.U. (2005). *Business and economics research methods*, Lagos: Don-vinto Limited.
- Oshisami, K. (2000). *Government accounting and financial control*, Ibadan: Spectrum books limited.
- Osita, A. (2004). *New anti-corruption governments: The challenges of delivery*", U.S transparency international, retrieved from: <http://www.transparency.org>
- Osisoma, B.C. & Osisoma, H.E. (2009). Corporate government as an effective tool for conflict resolution: A diagnosis. *Journal of management sciences*
- "Outsourcing" *Oxford English Dictionary* (3rd Ed.), Oxford University Press, September 2005.
- "Outsource" *Oxford English Dictionary* (3rd Ed.), Oxford University Press, September 2005.
- Overby, S. (2007). *ABC: An introduction to outsourcing*; retrieved from: www.cio.com
- Perunovic, Z. & Pederson, L. J. (2007). *Outsourcing process and theories*, U.S.A.: POMS 18th annual conference.

- Prager, J. (1994). *Contracting out government services: Lessons from private sector, public administration review*, Vol.54, No.2, Mar/April 1994, American society for public administration, retrieved from: <http://www.jstor.org>.
- Public Procurement Act 2007
- Price water house Coopers LLP, (2007). Public sector not yet maximizing outsourcing benefits PWC.
- Quiggin, J. (1994). The fiscal gains from contracting out: Transfer or efficiency improvements". *Australian economic review* 27(3), 97-102
- Quiggin, J. (2002). *Contracting out: Promise and performance: Economic and labour relations review* 13(1), 88-104
- Raiborn, A.C., Barfield, T.J. & Kinney R.M. (1999). *Managerial accounting, 3rd Ed.*: New York: South western college publishing.
- Rama, K. K. (2008). Public sector financial management capability: Executive summary report, Wellington: UMR research limited.
- Riberiro, J. (2005). *Indian call center workers charged with citi bank fraud*; retrieved from: www.infoworld.com
- Richards, G. (2014). Warehouse Management: A complete guide to improving efficiency and minimizing cost in the modern warehouse (2nd Ed.): Walnut Street Suite 1100 Philadelphia PA 19102: Kogan Page Limited: P.316 ISBN 978 0 7494 6934 4. Retrieved 6b May 2015.
- Rodrik, D. (2007). Globalization for Whom, Ch.9 in *one economics many Recipes*, Princeton University Press
- Roger, De M. & Martin, J. (2006). *Public sector outsourcing*, United Kingdom; price water house coopers, retrieved from: <http://www.pwc.com>.
- Ross, J., Irani, L., Silberman, M.S., Zaldivar, A. & Tomlinson, B. (2010). "Who are the crowd workers Shifting Demographics in Mechanical Turk. CHI 2010
- Rowthorn, R. & Coutts, K. (2004). "Deindustrialization and the balance of payments in advanced Russell economies 1997": *UNCTAD discussion paper No.170*.
- "S. 2569 – Summary": *United State Congress*; retrieved 25-2-14.
- Sciulli, N. & Wise, V. (2004). "Public sector market testing/ contracting out, some implications For accounting and management, Australia: Victoria University.
- Sciulli, N. (2004). "The use of management accounting information to support contracting out decision making in the public sector": *Qualitative research in accounting and management*, Vol.1, No.2, PP 43-67.
- Sciulli, N. & Wise, V. (2004). "*Public sector market testing/ Contracting out: Some Implications for accounting and management*" retrieved from: nick.sciulli@vu.edu.au and victoria.wise@vu.edu.au.
- Sea Island Summit, (2004). Public procurement legislation, policy and administration: G8 information center.
- Shleifer, A. (1998). State versus Private ownership, *Journal of economic perspectives*, 12(4), 133-150
- Shuaib, Y.A. (2007). *BPP: Another anti-corruption agency*. The Nigerian Village Square, Retrieved From: yashaib@yahoo.com.
- Silva, N. & Santos, J.C. (2012). Cost management in IT outsourcing contracts: The path to standardization information management: 1-17.
- Soyambo, O. (2002). Techniques of data collection, questionnaire design and administration": In Anao, R. Abhulimen and Uche, U. Chibuike, (2002), *research design and implementation In accounting and finance*, Benin City, Lagos: University Of Benin Press.
- Steyaert, J. (1998). *White paper on outsourcing information technology*, Washington D.C., US general services administration, office of government wide policy; retrieved from: <http://www.acqsoline.com>.

- Stiglit, J. & Charlton, A. (2005). Trade can be good for development, Ch.2 in *fair trades for all*, Oxford University Press, Oxford, NY.
- Tammy, J. (2010) on *Hillary Clinton economics on NRO financial*; retrieved from: www.article.nationalreview.com, retrieved 2010-03-05.
- Tell Xerox to stop union busting and shipping jobs overseas. *American rights at work*: retrieved - 03-05.
- Terms and Definitions retrieved from: www.ventureoutsource.com. 2007.
- The Editorial, (2007). “*Nigeria: country’s corruption rating*”, Lagos, retrieved from: www.allafrica.com.
- The World Bank, (1996). *Restructuring urban infrastructure and services in Nigeria*, Washington: The World Bank, retrieved from: <http://www.worldbank.org>.
- The World Bank, (2000). *Nigeria country procurement assessment report: Volume 1*, Nigeria country department: Africa Region.
- Tomlinson, S. (2002). *Three officials held over \$2.5m in kick backs*, social African press association, June 30, 2002, retrieved from: <http://www.fordham.edu>.
- Upchurch, A. (1998). *Management accounting: Principles & practice*, London; Pitman publishing.
- Uremadu, S.O. (2000). *Modern public finance theory and practice*, Mindex Press: Benin City, Edo State.
- Urquhart, C. (2002). Applications of outsourcing theory to collaborative purchasing and licensing: Aberystwyth, MCB UP Ltd.
- U.S. lagging behind OECD corporate tax trends: *The tax foundation*. 2006-05-05: retrieved 2010-03-15.
- Veronique, D. R. (2010) on corporate flight & taxes on NRO financial, retrieved from: www.nationalreview.com. 2002-04-18 Retrieved 03-15.
- Vitasek, K. (2011). <http://www.forbes.com/2010/06/01/vested-outsourcing-microsoft-intel-leadership-managing-kate-vitasek.html> A New Way to Outsource; *Forbes*; retrieved; 26 April 2015.
- Vision Relocation Group, (2006), *Preparing an outsourcing cost/ benefits analysis* retrieved from: www.visionrelocation.com
- Wang, T. (2014). An empirical study of the economic effects of outsourcing based on China’s economic development data. *International Journal of Business and Social Science*, 5(11), 210-217.
- Weetman, P. (1999). *Financial & management accounting: An introduction*: 2nd ed., London; prentice hall.
- Williams, R. J., Bettner, S.M., Hakka F.S. & Meigs, F.R. (2002). *Financial and managerial Accounting: The basis for business decisions*; London: McGraw Hill.
- Wilkinson, J.W. (1993). *Accounting information systems: Essential concepts and applications*, 2nd ed., New York: John Wiley & Sons Inc.
- Wartzman, R. (2010). “The Drucker difference: Insourcing and outsourcing: The right mix”. *Bloomberg business* (Bloomberg L.P.): retrieved 6 May 2015. <http://www.businessweek.com/managing/content/feb2010/ca201024-507452.htm>. Insourcing and outsourcing: The right mix”. *Bloomberg Business* (Bloomberg Business.Com)
- Zogby International Survey Results Online At www.zogby.com

APPENDIX I

NIGERIAN GOVERNMENT MINISTRIES

A) POPULATION SIZE

1. Agriculture
2. Aviation
3. Communication Technology
4. Defence
5. Education
6. Environment
7. Federal Capital Territory
8. Finance
9. Foreign and Intergovernmental Affairs
10. Health
11. Information
12. Interior
13. Justice
14. Labour and Productivity
15. Lands, Housing and Urban Development
16. Mines and Steel Development
17. Niger Delta
18. Petroleum Resources
19. Police Affairs
20. Police Formation and Command
21. Power
22. Science and Technology
23. Special Duties and Inter-governmental Affairs
24. Culture and National Orientation
25. Trade and Investment
26. Transport
27. Water Resources
28. Women Affairs
29. Works
30. Youth Development

APPENDIX II

B) SAMPLE SIZE

- 1) Agriculture
- 2) Aviation
- 3) Defence
- 4) Education
- 5) Environment
- 6) Federal Capital Territory
- 7) Finance
- 8) Foreign Affairs
- 9) Health
- 10) Information
- 11) Interior
- 12) Justice
- 13) Labour and Productivity
- 14) Lands and Urban Development
- 15) Mines and Steel Development
- 16) Niger Delta
- 17) Petroleum Resources
- 18) Power, Works and Housing
- 19) Science and Technology
- 20) Trade and Investment
- 21) Transportation
- 22) Tourism, Culture and National Orientation
- 23) Water Resources
- 24) Women Affairs
- 25) Youth Development

APPENDIX III

OUTSCST, CAPEX, RECEX, TOTEX, IHCST and PRCST values from 1999 to 2016

YEARS	OUTSCST	CAPEX	RECEX	TOTEX	IHCST	PRCST
1998	131,028,392	110,064,738,262	28,921,038,736	138,985,776,998	234,561,973	1,072,667,328
1999	140,919,189	198,028,382,672	33,106,328,385	231,134,711,057	288,901,982	1,119,398,393
2000	155,233,844	239,450,985,000	44,610,213,736	284,061,198,736	319,018,373	2,082,737,334
2001	165,739,409	438,655,315,439	56,865,782,819	495,521,098,258	311,038,494	1,937,788,493
2002	181,739,028	321,378,198,742	44,300,911,745	365,679,110,487	211,038,394	2,110,838,393
2003	178,209,172	241,688,300,923	37,013,749,507	278,702,050,430	209,173,894	2,201,782,783
2004	180,290,921	351,300,496,212	43,902,468,194	395,202,964,406	258,839,029	3,082,838,922
2005	184,920,182	352,385,873,090	41,850,735,402	394,236,608,492	272,910,174	2,001,126,833
2006	198,082,832	259,323,312,870	36,721,427,906	296,044,740,776	301,837,383	1,782,100,374
2007	210,890,202	290,024,102,430	50,086,544,312	340,110,646,742	397,253,783	1,093,794,744
2008	226,718,930	565,112,345,804	78,165,467,890	643,277,813,694	411,009,273	1,903,843,742
2009	274,692,012	211,234,587,999	44,743,109,543	255,977,697,542	409,182,922	2,748,840,931
2010	300,129,434	111,527,997,980	26,117,362,431	137,645,360,411	589,172,393	2,903,874,389
2011	212,098,490	188,387,456,367	23,001,942,129	211,389,398,496	499,816,526	4,190,283,873
2012	229,103,734	201,342,374,698	38,543,909,875	239,886,284,573	562,728,293	3,307,837,282
2013	314,774,917	159,309,068,453	29,735,323,133	189,044,391,586	691,616,490	3,479,088,676
2014	411,312,131	235,579,985,735	43,178,199,097	278,758,184,832	741,702,328	5,404,467,861
2015	419,008,451	306,060,533,426	54,250,684,965	360,311,218,391	754,396,757	9,286,868,471

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2015

Federal Ministry of Finance

Budget Office of the Federation

OUTSCST,	=	Outsourcing Cost
CAPEX,	=	Capital Expenditure Cost
RECEX,	=	Recurrent Expenditure Cost
TOTEX,	=	Total Expenditure Cost
IHCST	=	In-House Cost
PRCST	=	Procurement Plan Cost