CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The global economic instability has considerably accepted and intensified the competition in many banks forcing banks to overlook their strategies and find new ways to deal with the challenging environment. Banks are increasingly turning to outsourcing strategy in an attempt to enhance their competitiveness and bank growth. Job outsourcing is a common practice in Banks and is a major element in business strategy. Nevertheless, every bank engages in one form of job outsourcing or the other, be it Zenith Bank, First Bank, UBA, Union Bank, Eco Bank and other studied banks.

In the past, banks operated and competed within the industry in a particular economy with little influence from environments external to the economy. This provided a form of insulation which helped to define the boundaries of their operations. Developments occasioned by globalization have pushed back the frontiers thereby making them more vulnerable to vagaries of competition from other parts of the world. This has increased the performance indices thereby increasing the pressure on the managers to perform and become competitive. The situation is also exacerbated by increasing demand by stakeholders for returns on their investments.

The pressure to make banks focus on core activities and become competitive in the market place has been the greatest concerns managers have to face in recent times (Farrell, 2010) which has resulted in strategic decisions that increase their competitiveness as well as their risks. Studies have shown that increased competiveness of banks is as a result of rapid technological change, core competencies, availability of skilled global workforce and globalization (Farrell, 2010; Marayanan, Jauaraman, Luo and Swaminathan, 2011). One of such strategic decisions is job outsourcing.

Job outsourcing is seen as a strategic decision that enables management to optimize their resources by making choice between keeping the entire processes of the organization in-house and accessing the market for competent partners. The task no doubt is a complex decision managers have to make. In doing so, managers focus on the capabilities of the organization and the possibility of reducing cost of processes. Infact ,cost cutting measure is now a major strategy of banks in other to maximize profit and still be in business as well as meet up with competition.This, according to Guistiniano and Clarioni (2013) is not simply a “make” or “buy” decision, while Lee (2006) sees it not only as an operational decision but a strategic one with far-reaching consequences. Outsourcing decisions according to Holcomb and Hitt (2007) are motivated by increased competitive pressure, rapid technological change dispersion of knowledge that makes the manager seek to tap into skills from other organizations.

Job outsourcing is a practice of having certain job functions done outside an organization instead of having an in-house department or employees handle them; functions can be outsourced to either a company or an individual.

Job outsourcing is a win-win situation for every bank who is involved in it. Banks can get their technical and back office business requirements and services handled at much lower cost.Some of these services are in form of cash movement from one bank to the other,employing of ad hoc staff via companies independent outsourcing companies of proven intergrity and so on.

Business Process Outsourcing (BPO) which is an integral part of outsourcing involves the contracting of the operations and responsibilities of a specific business process to a third party service provider. BPO is typically categorized into back office outsourcing which includes internal business functions such as Human Resources or finance and accounting, and front office outsourcing, which includes; customer related services such as contact centre services.

Business Process Outsourcing that is contracted outside a company's country is called offshore outsourcing. BPO, that is contracted to a company's neighbouring (or nearby) country is called nearshore outsourcing, often the business processes are information technology based, and are referred to as ITES-BPO, where ITES stands for Information Technology Enabled Service (Nellis and Parker, 2006).Knowledge Process Outsourcing (KPO) and Legal Process Outsourcing (LPO) are some of the sub-segments of business process outsourcing.

Organizational growth is what every bank strive to attain, regardless of their Size. Small firms want to get big, big firms want to get bigger. Organizations have to grow at least a bit every year in order to accommodate the increased expenses that develop overtime. Organizational growth has the potential to provide businesses with myriad of benefits such as greater ability to withstand market fluctuations, and increased survival rate, greater profits and organizational prestige for organizational members (Boggs and Robert 2004). Every bank desires growth because it is seen generally as a sign of success. This *is majorly why most banks resort to job outsourcing in order to meet the bottom* line which is profit maximization as well as meet up with stiffer competition that exists amongst banks in recent times. Disintegration of the value- creating potentials in the financial services sector has been on the increase and research shows that financial companies outsource significant parts of their regulated activities (Bank for international settlements Bis – 2005). According to the Bank this enables organizations to transfer risk management and compliance of third parties who may not be regulated or operate in a low cost.There is no doubt that bank is the most regulated in the world because of its centrality to the economy as well as the only company in the world that have peoples money as their raw material. The industry accounts for 5 percent of the world's GDP and it's expected to reach 10 percent in 2020 (Mudambi and Venzin 2010). The size and the importance no doubt account for the competitive working environment that leads to such strategic decisions.

1.2 STATEMENT OF THE PROBLEM

The worldwide trend in globalization has led to many banks to outsource their non – core activities to service providers and focus on their core competence. As a result of the diverse nature of business process,bank has to manage today, it is nearly impossible for a bank to manage all of its business processes by solely depending on its own expertise even if it is feasible, the bank may lose its focus and efficiency. The issue of combining many business processes that they cannot manage alone is a great challenge in the banking industry. The issue of quality management is a big problem to the banks in South East Nigeria as many customers complain of service delivery. Before now, banks were robbed more frequently than now and part of the reason being that cash pickup has been outsourced to private companies who bores almost all the risk at a slated sum.This has reduced the incidence of death of bank employee who had lost their lives during cash pick ups by their banks as well as reduced the rate at which banks losses money and vehicles on such exercise. Product or service quality suffers and this affects customer's satisfaction. Product or services quality is directly linked to business processes ranging from the operational, production defect, lack of managerial skill and inadequate or unavailability of support services. This certainly affects the organization.

Banks in South East Nigeria have adopted one form of outsourcing or the other especially since the beginning of global meltdown in 2008 as a strategy to survive, but it seems they do not concentrate on independent contractors to carry out this job outsourcing task. Some of these studied banks pay lip service to outsourcing embedded software projects, hiring developers who are flexible and can adapt to changes as quickly as possible. These frequently cause network failure in these banks slowing down service delivery. Sequel to the above stated problem, the study seeks to identify the extent to which job outsourcing relates to performance in selected banks in South East, Nigeria.

1.3 OBJECTIVES OF THE STUDY

The general objective of the study is to identify the extent of relationship that exists between job outsourcing and performance of selected banks in South East, Nigeria.The specific objectives are:

(1) To determine the extent to which business processes relate to expansion of selected banks in South East, Nigeria.

(2) To ascertain this type of relationship that exists between embedded outsourcing strategy and service delivery of selected banks in South East, Nigeria.

(3) To identify the extent of relationship that exists between independent outsourcing strategy (hierarchy) and customer satisfaction of selected banks in south East, Nigeria.

1.4 RESEARCH QUESTIONS

The following research questions were formulated for the study:

1. To what extent does business processes relate to expansion of selected banks in South East, Nigeria.
2. What type of relationship exists between embedded outsourcing strategy and service delivery of selected banks in South East, Nigeria
3. What is the extent of relationship that exists between independent outsourcing strategy (hierarchy) and customer satisfaction of selected banks in South East, Nigeria.

1.5 HYPOTHESES

These hypotheses were formulated to guide the study:

(1) **H_a:** There is a significant positive relationship between business processes and expansion of selected banks in South East, Nigeria.

(2) **H_a:**There is a significant positive relationship between embedded outsourcing strategy and service delivery of selected banks in South East, Nigeria.

(3) **H_a:** There is a significant positive relationship between independent outsourcing strategy (hierarchy) and customer satisfaction of selected banks in South East, Nigeria.

1.6 SIGNIFICANCE OF THE STUDY

The study will be beneficial to banks in South East Nigeria to devise strategies to outsource some jobs to improve organizational performance.Since bank growth is generally seen as a sign of success, it is pertinent for banks to outsource more jobs in order to reduce cost and maximize profit without compromising their set standards.Job outsourcing can equally help create employment opportunities to youths who are mostly used in the process of outsourcing,thereby reducing the crime wave in the society.

This will also provide a reference point for other scholars that may want to research on job outsourcing of banks in South East, Nigeria.

1.7 SCOPE OF THE STUDY

The study is delimited to ten (10) banks, two (2) banks selected from each stateof South East, Nigeria. The study also focused on job outsourcing and performance of these selected banks. The banks include First Bank of Nigeria, PLC, and

United Bank of Africa, Diamond Bank PLC, Access Bank PLC, Fidelity Bank, Keystone Bank, PLC, Zenith Bank, Eco Bank PLC, Guaranty Trust Bank and Union Bank.

1.8 LIMITATIONS OF THE STUDY

The study encountered the drawback of the busy schedule of the bank workers but this was mitigated by revisiting them during break periods.

Some of the top management of the branches used were not willing to give full answers to questions being asked for fear of breach of oath of secrecy.

It was observed that most branches had few staff which made it impossible for us to get full staff compliment.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

The concept of job outsourcing has enjoyed a huge corporate and research attention since the 1980s (Perunovic & Jorgen 2007). The increasing pressure on managers to innovate and make the right sourcing decisions, to retain competitive advantage in a globalized market place have been at the root of this, (Farrell, 2011), resulting in various approaches and outcomes. In spite of the varied motivations, there seem to be a consensus among researchers and managers that outsourcing is a very complex corporate decision to take and implement (Gilley &Rasheed, 2000, Perunovic & Jorgen, 2007; Giustiniano & Clarioni 2013, Kazmierczuk&Przemyslaw, 2014 Gilley and Rasheed, (2000) classified outsourcing into two categories namely peripheral outsourcing, which includes all activities that are not strategically relevant to the firm and core outsourcing, referring to those that have significant and strategic relevant to the business or the firm Giustiniano and Clarion (2013). Posit that outsourcing should not be seen as a simple ‘make or buy’ decision rather as a strategic decision to improve the performance of organizations. They also identified other aspects of outsourcing as off shoring, global sourcing and smart sourcing. In an era of rapid innovation, organizations have realized the need to continuously create knowledge, innovate processes and products and collaborate with partners to achieve organizational goals (Farrell, 2010).Many researchers view outsourcing as the transfer of some or major activities previously handled by an organization to a third party (outside vendors) (Farell, 2010; Barthelemy, 2003). This process of transferring of production unit or service functions to vendors is seen by Perunovicand Jorgen (2007), as being consistent with the views of a management approach that allows delegation to specialized and efficient external agents. It can therefore be inferred that outsourcing is primarily motivated by the need to have specialized services at competitive cost. Vendor selection and management of such relationships are critical in any outsourcing decision. Outsourcing is defined as a management approach that tends to achieveefficiency by concentrating its resources in areas of ore competence while taking advantage of external value adding potentials for other activities in order to achieve organizational goals.

There seems to be an agreement by researchers that outsourcing involves acquiring capabilities that ordinarily would have been provided internally from and external source (Giustiniano and Clarioni, 2013) however; there seems to be an unending debate on the reason or motive for such actions. Two different views have dominated this discussion. One view point posited that outsourcing decision are influenced by weighing the cost of internalizing the activities of the organization and taking advantage of market potentials (Giustiniano and Clarioni,2013). The other view suggests that outsourcing decisions are influenced by availability of resources in the organization and the capacity to utilize them in a competitive way.

2.1.1 JOB OUTSOURCING STRATEGY

Literature recommends that affective outsourcing strategy is critical to the success of job outsourcing and to reap better outsourcing benefits and firm performance, organizations have to align their job outsourcing strategy with the business strategy (Lee,2006), Lee et al (2004) relying on Williamson (1994) residual theory identified three forms of governance: hierarchy, market and network. Three corresponding gestalts were also formulated based on the governance types as follows independent outsourcing strategy (hierarchy) this strategy aims at developing internal competency by obtaining its resource needs and competencies from external organization. The competencies are then internalized thereby reducing the organizations dependence on external sources. This kind of relationship is characterized by buy- in contract, short-term contract duration and minimal;outsourcing Arms – length outsourcing strategy (market) is a loose outsourcing relationship with focus on improving the financial position of the organization through cost saving approaches (Lee,2006). This can be in the form of fee for service contract with medium term duration and selective in approach. Embedded outsourcing strategy (Network) encourages long term commitment and mutual interest. It allows for the exchange of relevant business information as a result of mutual trust leading to transfer and acquisition of knowledge. This contractual relationship is mostly in the form of a partnership, comprehensive and long- term in nature. Franceschini, Galetto, Pignatelli and Vareto (2003) used two terms “specificity” and complexity as criteria for defining four different outsourcing relationships on the basis of how high or low this degree of evaluation is thus;

Traditional vendor, temporary relationship, strategic relationship and Network organization. A critical analysis of the first three types of relationship compares with Lee et al (2004) classification while the forth is an extension of the partnership into the future where the two entities enjoy mutual trust and jointly seek to strengthen their synergy.

2.1.2 Benefits of Job Outsourcing:

Benefits of job outsourcing can be categorized into economic, technological and strategic (Lee 2006). So many reasons have been advanced by organization as reasons for outsourcing.

Holcomb and Hitt (2007) outline some of the benefits of outsourcing to include (a) Increased cash flow through exchange for internal factors of production, (b) free capital to fund future investment, and (c) provision of access to resources. Ozcelik and Altikermer (2013) identify factors that affect IT outsourcing decision which also serve as benefits of outsourcing, namely reduction in operation cost,cost predictability due to fixed contract, sharing risk on technology investment (outsourcing services or processes), access to specialized expertise, efficiency and political reasons. Kremic, Tukel and Rom (2006) included among others the following, quality improvement, increased speed, greater flexibility, access to skill and talents, augment staff, access to the latest technology infrastructure.

Independent outsourcing is hiring independent contractors if the outsourcing needs are handled by an individual.

VelyKholova (2017) lists five fundamental rules of outsourcing embedded software projects:

1. Examine the expertise and experience of the outsourcing provider
2. Analyze the technical stack of your remote embedded team.
3. Choose specialists with solid understanding of hardware requirements and capabilities
4. Use agile development strategies for maximizing project efficiency
5. Underestimating the importance of flexibility

2.1.3 Performance

Literature identified two different types of performance, (i) Operational performance which comprises of productivity, efficiency and quality, all geared towards achieving low cost, and (ii) strategic performance, which includes innovation, growth and competitiveness acquired through knowledge and firm capabilities (Laniato, Stefano, Luzzini, Lucia & Stefano, 2012). Gilley &Rasheed (2002) used what they called financial and non-financial performance criteria to measure the performance of an organization.Tobin's 9 specifications;Non-financial performance on the other hand, was measured sing the following criteria;

(1) Firm's research and development outlays

(2) Stability / growth of employment

(3) Process innovations

(4) Product innovations

(5) Employee compensation

(6) Employment Moral / job satisfaction,

(7) Customer relations, and supplier relations relative to their competitors.

Lee, Maranda &Kim (2004) Developed what they called measures of outsourcing success to include – operational efficiency, what they called measures of outsourcing success to include –operational efficiency, technological leadership and responsiveness to business needs. Outsourcing success or performance will be looked at in terms of the competitiveness of the bank.

Competitiveness is the ability of the organization to identify, meet and even surpass customer's expectations profitably (Institute of Management Accountants, 1996). Competitiveness can also be seen as the ability of firms to develop competence in areas such as product design, production and marketing beyond those offered by competitors in terms of price and quality competitiveness will be measured in terms of operational efficiency, technological leadership and responsiveness to business needs.

2.1.4 Outsourcing and Performance

The actual effect of outsourcing on performance has generated a lot of debate among management scholars and available empirical research has provided little insight on the extent outsourcing influences performance (Gilley &Rashed 2000).Gorzig and Stephen (2002) think there is no agreement on the question of whether outsourcing contributes to organizational performance. However, Gilley and Rasheed (2002) observe that outsourcing interacts with firm strategy and environment dynamism to predict performance hence there is no direct effect. Guistiniano and Clarioni (2013) posite that investment in core competencies rather than reducing cost in the short run results to higher performance. Barthelemy (2003) thinks that outsourcing is a very powerful tool to cut costs and improve performance. He therefore, affirmed that properly planned outsourcing results in overall performance of the firm.

On their part, Narentheren and Harim (2013) opine that proper alignment of cost leadership strategy as well as competitor orientation, which are the two major characteristics of outsourcing, enhance performance. Cost leadership according to them entails organizing and managing business activities so as to produce goods or service at the lowest cost in relation to competition. While competitor oriented organization use information collected from the market to adjust their competitive position in order to remain in competitive advantage position.

2.1.5 Bank processes and Expansion

The Bank processes are collections of linked tasks which find their end in the delivery of a service or product to a customer. Bank process can also be referred to as a set of activities and tasks that once completed will accomplish an organizational goal. Bank processes consist of core operational processes and non-core support processes. Organizations generally run their operations using several major core operational and non-core processes. Bank process is made up of all the factors which contribute either directly or indirectly to the added value of a service or product. These factors can be categorized into management processes, operational processes and supporting processes. Management processes govern the operation of a particular organization's system of operation. Operational process constitutes the core business. Supporting processes such as human resources and accounting are put in place to support the core processes. (Smith and Fingar 2006).

Mark, Desouza & Bonifazi et al (2006) pointed out that business process outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific bank function (or processes) to a third-party service provider. It has to do with establishing a partnership with a service provider. According to Thomas and Rick (2005) business process outsourcing (BPO) is defined as a movement of business processes from inside the organization to an external service provider. Business process outsourcing is therefore born out of a need for competitiveness. Business process outsourcing can also mean moving internal bank processes to external service provider to manage it based on an agreed upon service level agreements. It might be done with one or more service provider who will execute the transferred processes based on the customer's requirements (Saxena and Bharadwaj, 2009). Business process outsourcing indicates the outsourcing of the different phases of production, distribution, research and development, maintenance. Function under business process outsourcing is purchasing, accounting, manufacturing, machine, maintenance, equipment repair, security, cleaning. The firms that offer the services thus required are called service providers or third party providers. The business process outsourcing allows management to allocate more time and resources and concentrate on developing core competencies (Plunkelt Research, 2006).

Expansion is a business strategy in which growth is obtained by increasing the number of size of branches in which customers can get their product services. Expansion is a stage in a firm's life that is fraught with both opportunities and perils. Organizational growth in the bank can be measured by the number of branches. That is increase in branches. Bank can increase their operation by increasing product inventory or service render without making changes to facilities or other operating components. In pursuing growth strategy like outsourcing, they look for ways to reduce operating cost or improve efficiency. There are many ways to expand such as introducing a new outlet into new markets and position the bank for continued growth.

The issue of quality management in the Banking industry is of great concern because it affects their expansion potentials of firms. Customers are not satisfied with the quality of product and services provided by banks, hence there is constant decline in customer patronage, thereby making it difficult for the bank to expand beyond a particular location. The issue of quality management which is as a result of improper management of bank processes affects branch expansion.

2.2 Theoretical Framework

This study was anchored on the theory of resource based view proposed by Barney (1991) and transactional cost Economics (TCE) propounded by Coase (1937) popularized by the seminar works of Williamson (1975). resource dependence theory propounded by (Pfeffer and Salancik 1984). The core premise of the resource-based view is that resources and capabilities can vary significantly across firms, and that these differences can be stable. This theory has two assumptions, first, firm's resources are heterogeneous in nature and secondly resources are not perfectly mobile. This means that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Also resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (ie some of the resources cannot be traded in factor markets).

The resource dependence theory states that firms do not have all the resources they need, therefore, to some degree; they depend on their external environment for some resources. This means that banks depend on resources. These resources ultimately originate from an organization's environment. The environment to a considerable extent contains other organizations. The resources one organization needs are sometimes in the hand of other organizations, thus independent organization can therefore depend on each other. Organization's depend on multidimensional resources; labour, capital, raw material. Banks may not be able to come out with counter veiling initiatives for all these multiple resources. Hence, banks can adopt outsourcing strategy to get those resources in order to remain competitive and achieve bank growth.

In a nutshell, outsourcing is about acquiring resources from other organizations (service providers). Firms that lack valuable, rares inimitable and organized resources and capabilities shall seek for an external provider in order to overcome that weakness. In this view, this theory is in line with this study as it advocates for seeking external competence in other to remain in business which is an outsourcing strategy. An organization whose business processes are properly organized and managed tends to achieve growth. Once resources and capabilities are properly managed, growth and expansion is inevitable because organizations compete based on having or controlling valuable, rare and hard-to-imitate resources.

The TCE theory focused on economic approaches as the reason for outsourcing by weighing the cost of internal transaction and market transactions. It therefore implies that the bank should internalize transactions when contractual hazards are high and resort to the market (outsource) when how in relation to internal cost. Pries-Heje and Olsen (2011) define transaction cost as the cost associated with the transfer of ownership including organization, adjustment and regulation of services in the market. The theory further identified key drivers of integration namely, asset specification, appropriability or observability in an exchange.

The study therefore adopts an integrative approach by using the three theories. Based on the foregoing, it is implied that banks should internalize when the transaction cost is high and resort to the market when resources are weak to guarantee sustainable competitive advantage.

2.3 Empirical Review

As earlier enumerated, the main reason for this work is to find out the extent to which business processes relate to selected banks, to ascertain the type of

relationship that exists between job outsourcing strategy and service delivery as well as to identify the extent of these relationships.

Awino and Mutua (2014) studied business process outsourcing strategy and performance of Kenya state corporations. The study focused on 144 Kenyan corporations. Information was gathered through administering questionnaire. The study employed descriptive survey design and multiple regression analysis was used to establish the degree of relationship that exists between the variables. The findings of the study confirmed that Kenyan state corporations were involved in outsourcing of both core and non core activities. The research concludes that business process outsourcing has a positive impact on the firm's overall performance.

Irefin, Olateju and Hammed (2012) studied the effect of job outsourcing strategy on project success. A study of Nestle Nigeria Plc. Stratified sampling technique was used and questionnaires were used to solicit for information. The data obtained were analysed using frequency distribution and chi-square analysis. The findings revealed that firms outsource their production process in order to manage cost increase sales turnover and profitability and save time for core activities. It was recommended that companies that outsource should continue to monitor the contract's activities, establish constant communication and workers should be made to embrace the strategy before implementation so as to allay the fear of loss of jobs.

Rajee and Akinlabi(2013) examined outsourcing services as a strategic tool for organizational performance, an exploratory study of 15 Nigeria Banks. Information was collected through questionnaire and analysed with the use of econometric tools. The result of the finding shows that outsourcing allows to enhance expertise, improve quality, reduce administration burden, lower cost and save time. The study concludes that outsourcing goals can either improve or impede organizational effectiveness and decisions of organization to outsource involve price, quality and product innovation. The research recommended that in order to use outsourcing strategy to achieve competitive advantage in the market, firms should consider major risk factors.

Abdel (2013) studied the effect of recruitment process outsourcing on creating competitive advantage for organizations operating in Egypt. The study employed descriptive survey design, primary source of data was used and convenience sampling technique was employed. The study revealed that the Egyptian managers do not believe that by outsourcing the recruitment function the respective bank will be able to reduce operational costs.

Gilley and Rasheed (2002) examined outsourcing and its effects on firms performance. The study examined the extent to which outsourcing of both peripheral and near core tasks influences firms financial and non financial performance. In addition the potential moderating effects on firm's strategy and the environment of the outsourcing performance relationship were also examined. A descriptive survey research design was used. The result indicated that there is no significant effect of outsourcing on firm performance, both firm strategy and environmental dynamism moderated the relationship between outsourcing and performance. The study suggests that the benefits of outsourcing may be realized by firms pursuing cost leadership and innovative differentiation strategies. Furthermore, firms operating in relatively stable environment may also achieve performance increase through outsourcing.

Asiamah (2013) examined the relationship between outsourcing and organizational performance in the service sector. The population of the study was made up of 50 firms in the banking industry in Nigeria. Purposive sampling was used for the selection of respondents. Questionnaire was distributed and Pearson Product Moment Correlation was used in analyzing the data collected. The study revealed that there is no significant relationship between outsourcing and quality. The study recommends that there should be thorough background check before outsourcing and organizations should have a backup system to avoid losing vital data as a result of incompetence on the part of the external supplier.

Agyemany, Aikins, Asibey and Osei (2014) studied the impact of outsourcing of non-core functions in the Banking industry. A case for Zenith, First bank, UBA and Union Bank. The researcher examined the strategies of the outsourcing process, the challenges associated with outsourcing in the banking industry in South East Nigeria. A descriptive approach was used to analyze the impact of outsourcing. 50 copies of questionnaire were distributed. The study revealed that the banks have been concentrating on their core functions and that outsourcing non-core functions in the bank had been successful and beneficial. The researcher recommends that the banking industry should continue to focus on core business activities.

Supoand Wale (2013), studied job outsourcing strategy and organizational performance; Empirical evidence from Nigeria banking sector. The study adopted a stratified random sampling technique to arrive at the 120 sample size for the study. Questionnaire was administered and the data obtained were analyzed using regression analysis. The findings revealed that firms that outsource experience reducedaverage cost, improvedservice quality and saves time. The study recommends that companies that adopt outsourcing strategy should always monitor the contractors activities in order to ensure compliance with best practices.

Jiang, Frazier and Peter (2006) studied the effects of job outsourcing on the firm level performance measures of 51 large US firms based on audited accounting data in a period from 1990-2002. They measured the cost efficiency, productivity and profitability of the firms involved within one year after the outsourcing, based on quarterly accounting data. Observing the absolute change of the performance measure and the development relative to a control group without outsourcing they found improved cost efficiency but not change in the productivity and profitability of the outsourcing firms. The study concluded that the firms invested freed resources to further improve core competencies. Firms additionally utilize the cost savings to lower prices at the cost of higher profits to gain competitiveness in the market.

Dele (2012) studied the effect of successful outsourcing on perceived business performance in Nigeria Banking industry, he reviewed the hard and soft factors that lead to success and failure of outsourcing and the impact of such factors on business performance measures and concluded that successful outsourcing can possibly affect perceived business performance measures.

Akewushola and Elegbede (2013) looked at the effect of outsourcing strategy and organizational performance in the banking sector. the findings of the study shows that outsourcing strategy resulted in reduction in cost of production, competitive selling price and ultimately increased sales turnover in the banking sector. Giustiniano and Clarioni (2013) examined the impact of outsourcing on performance of 10 banks that have previously outsourced assets or activities. The study proposed a model that analyzed outsourcing from the implementation stage to the effect on an organization's value chain and the relationship between organizational performance and vertically- related value chain activities. The result of the study shows that outsourcing could contribute to giving an organization a competitive advantage, though it does not generate a cost reduction. Again resources could be re-invested where the organization is a cost leader.

Gorzig and Stephan (2002) studied outsourcing and firm level performance, the study measured firms outsourcing activities namely, material input, external contract work and other categories of cost not related to production. The study results show that in the long run, firms which have all three types of outsourcing activities have a positive impact on return per employee which is a measure of firm efficiency. on the other hand those who outsource internal production or used external services are more efficient but have lower profit margin. Kazmierczyk and Przemyslaw (2014) studied the reasons for implementation and factors that influence the success of outsourcing in the Polish Banking sector. The study identified reduction of operating cost as the principal reason for outsourcing in the Polish banking sector. Other reasons include mitigating risk (risk management), increasing the quality of service and ethics and morality of customers and vendors. The study however failed to provide details on how outsourcing can influence ethics and morality of customers and vendors. the growing level of education (resource) was observed as one factor that influences the success of outsourcing.

Calabrese and Erbetta (2005) in their study focused on the relationship between outsourcing and performance by looking at the effects of job outsourcing on profitability, productivity, growth and financial solidity. The study considered two aspects of outsourcing decisions organization face as follows: static or degree of outsourcing and dynamic meaning trends in material and services. Secondary data were sourced from financial statements.

The make or buy activities were measured using Material Outsourcing Variable (MOV). Service Outsourcing Variable (SOV) and Integration Variable (IV). Findings show that banks with less integration have better growth performance but weak profitability while highly integrated ones performed better in terms of profitability and debt ratio.

Rottaermel, Hit and Jobe (2006) used a very analytical and compelling argument to project what they termed taper integration; the balancing of vertical integration and outsourcing to achieve the overall firm performance. They argued that effective balancing of vertical integration and strategic outsourcing enhances a firms product portfolio, new product success and overall firm performance. The findings show strong support for taper integration and outsourcing of value chain activities, product and success of new product lunch and overall performance.

The banking sector no doubt is one of the sectors most affected by the globalization trend due to huge reliance on information technology to drive business. Outsourcing has been attributed to a response to pressures on business to realign in order to take competitive advantage in the market place.

2.4 Summary of Reviewed Literature

From the empirical studies reviewed, outsourcing is a means by which a company establish contract with another to provide services that might otherwise be performed by in-house employees. Essentially, outsourcing is the transfer of services or functions previously performed within the organization to a provider outside the organization and it is increasingly a key component in many business strategies. Early outsourcing arrangements were motivated primarily by operational cost savings but more recently, the motivation for outsourcing has shifted to quality improvement and strategic business performance improvement. Also revealed is that most researchers had mostly focused on outsourcing from cost reduction perspective. Despite the fact that outsourcing of services is drawing a bit attention, it is worth noting that there is no evidence of studies that have focused on outsourcing strategy and organizational growing with particular reference to business processes and outlet expansion hence leaving a research gap.

Majority of the empirical research works accessed and reviewed above focused on outsourcing of production processes and or functions in the manufacturing and service industries, especially information technology. Only a few studies focused on outsourcing in the banking industry, however, none focused on the influence of outsourcing activities on firm competitiveness. Also, the research did not access any work on outsourcing in Banks in South East Nigeria. This therefore created a gap in knowledge that gave rise to the need for this study.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

The study adopted survey design to establish the tyre of relationship that exists between business processes and expansion of selected banks in South East, Nigeria; embedded outsourcing strategy and service delivery of these banks and independent sourcing strategy and customer satisfaction. The study was delimited to ten (10) commercial banks in the five (5) states of South East, Nigeria.

3.2 Area of Study

The study was carried out in South East Geopolitical Zone of Nigeria. The South East Geopolitical Zone consists of Anambra State, Enugu State, Abia State, Ebonyi State and Imo State. Two banks each were selected from the regional branches in each state. The capital and seat of government in each of the states respectively are Awka, Enugu, Umuahia, Abakaliki and Owerri.

South Eastern Nigeria was one of the initial 12 states created during the Nigerian Civil War, which later broke into the present Akwa Ibom and Cross River State. The Local Language in this region is Igbo.

3.3 Population of the Study

The population of the study includes ten (10) banks selected from the South East, Nigeria. The population is a finite shown in table 1 below:

Table 3.1:Population of the Study

S/N	NAME OF BANK	NO OF EMPLOYEES
1	First Bank of Nigeria PLC	65
2	United Bank of Africa PLC	43
3	Diamond Bank PLC	50
4	Access Bank PLC	38
5	Fidelity Bank PLC	44
6	Keystone PLC	21
7	Eco Bank PLC	27
8	Union Bank PLC	32
9	Guaranty Trust Bank PLC	20
10	Zenith Bank PLC	24
	Total	364

Source:Field Survey, 2017.

SAMPLE SIZE

No sample size was determined because complete enumeration was used. Random sampling was used to selected two (2) banks each from the regional branches in each state. The survey was directed to the top and middle level management in each bank.

3.4 Method of Data Collection

The primary data used in this study was obtained from structured questionnaire that was administered to the respondents in South-East, Nigeria

The questionnaire used the five point likert scale which ranges from "Strongly agree" with the highest score of 5 assigned to it, to "Strongly disagree" with the lowest score of 1 assigned to it. The sample of the questionnaire is included in this work as Appendix 11.

3.5 Validity of the Instrument

The study applied content validity approach. Independent expert judges were carefully selected in the field of statistics and top management level. They were given the instrument and asked to rate the instrument independently as "Strongly relevant to the construct" or "poorly relevant to the construct". Then, after collecting the instrument from the judges, the decision rule was applied which states that only the items in the instrument which the entire expert judges independently certify "strongly relevant to the construct" should be retained while the ones that fail this test should be dropped. This approach enabled the researcher to sieve the opinion of the experts, and therefore certified this instrument fit to elicit the actual responses and measure what it is supposed to measure.

3.6 Reliability of the Instrument

The study adopted split-halves method. A pilot study involving 30 participants was used. The responses of the participants based on the questions from the instrument were divided into two equal halves by assigning the odd number items to one half and even number items to the other half of the test.

Table 3.2: Reliability Test Table

S/N	Pre-test	Post-test	d	d^e
1	30	29	2	4
2	30	29	1	1
3	29	28	1	1
4	29	28	1	1
5	30	29	1	1
6	29	27	2	4
7	30	29	1	1
8	30	28	2	4
9	30	29	1	1
10	30	29	1	1
	Total			19

Source: Field Survey, 2017

Correlation between the two halves

$$r_s = 1 - \frac{6 \sum d^2}{N^3 - N}$$

$$= 1 - \frac{6 \text{ x } 19^{\,2}}{30^3 - 30} = 0.91$$

Applying Spearman Brown Prophecy formula

$PXX^{II} = 2PXXI/1 + PXX^{I}$

Where PXX^{I}= the reliability coefficient for the whole test.

$P X X^{II}$ = the split – half coefficient for the whole test

PXX^{I}= the split half coefficient

$$= \frac{2\,(0.91)}{1 + 0.91} = 0.9$$

This certifies that the instrument is reliable

3.7 Method of Data Analysis

To objectively answer the research question and test the hypotheses formulated with accurate results, the analysis was done with simple linear regression with the help of SPSS (Statistical Package for Social Sciences). Descriptor statistics which include mean and standard deviation were used to answer the research questions.

$Y = b_0 + b X_1$is the regression line. Then, b is the slope of the regression line. Thus, this is the amount that the Y variable (dependent) variable is the performance of the banks will respond to X variable (independent) which is employee resourcing. The b_0 is the intercept of the regression line with the Y-axis. In other words, it is the value of Y if the value of X is equal to zero.

Decision Rule: The whole simple regression analyses were done in the ANOVA table. A Significant F indicates a linear relationship between Y and X and insignificant F indicates otherwise. Therefore, reject H_0 if the F-calculated is greater than F. critical table value at 0.05 level of significance and at i degree of freedom, accept the alternative.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter covers the presentation and analysis of data collected from the field. The presentation is divided into two parts, the first part contains descriptive statistics while the second part contains test of hypotheses

A total number of 364 copies of the questionnaire were administered to the participants but only 354 were returned to the study for use. The returned 354 copies of the questionnaire represent 96 per cent while the unreturned ten copies represent 4 per cent

4.1. Presentation of Research Questions

4.1.1 Research Question Results: To what Extent does Business processes Relate to Expansion of Selected Banks in South East, NIGERIA

S/N	QUESTION	MEANS	STANDARD DEVIATION	N
1.	The team of employees we have now improve the operation of the bank	4.48	991	354
2.	Our new method of question reduces the number of complaints we receive from our customers	4.41	1.029	354
3.	Our bank is planning to have another branch so that we can reach out to our customers at their door step	4.54	1.126	354
4.	The new method of operation	4.88	522	354

	reduces the number of queues in our bank

Source: Researcher's Computation, 2017.

Table 4.1.1 above reveals that business processes are responsible for expansion of selected banks in South East, Nigeria. The respondents mean values of 4.48, 4.54 and 4.88 above respectively are more than the value of 3 each

Research Question II Results

Table 4.1.2: What is the Extent of Relationship that Exists Between Embedded Outsourcing a Strategy and Service Delivery?

	QUESTION	MEAN	STANDARD DEVIATION	N
1.	The knowledge I gained from network with some of my colleague, have made me more committed in the bank	4.68	760	354
2.	The business information We exchange in our organization has improved service delivery	3.71	1.404	354
3.	Working in teams has made the work in the bank easier for me	4.61	937	354
4.	Networking with my colleagues when the job become tedious has improved my proficiency	4.61	937	354

Source Researcher's Computation, 2017

Table 4.1.2 above reveals embedded outsourcing significantly enhances services delivery in the selected banks in South East, Nigeria. This is true because the respondents mean values of 4.68, 3.71, 4.57 and 4.61 respectively are more than 3 each.

Research Question III Results

Table 4.1.3: To what Extent does Independent Outsourcing Strategy Relateto Customer Satisfaction?

	QUESTION	MEAN	STANDARD DEVIATION	N
1.	I count on the employees hired outside to improve on my operations	4.14	.556	354
2.	My bank prefers to hire competent workers from other banks rather than training or developing the employees they have internally	4.23	.847	354
3.	I always work under the supervision of outsourced employees from other banks	4.71	.854	354
4.	Most of our service operations are hired from outside the bank	4.62	.972	354

Source: Research's Computation, 2017

Table 4.1.3 above reveals that independent outsourcing strategy improves customer satisfaction. This is again true because the respondents mean values of 4.14, 4.23, 4.71, 4.62 and 4.87 respectively show a significant relationship between independent outsourcing and customer satisfaction

4.2 Test of Hypotheses

The formulated hypotheses were tested with simple regression analysis as shown below;

Decision Rule: Reject Ho if the F- calculated is greater F- critical table value at 0.05 level of significance and at 1 degree of freedom, and accept the alternative

Hypothesis I

Ha: there is a significant posture relationship between business processes and expansion of selected bank in south East Nigeria

Table 4.2.1: ANOVA Table for Simple Regression Result for Hypothesis I

Model	Sum of squares	Df	Mean square	F Sig
Regression	13.992	1	13.992	59.875000b
Residual	82. 259	352	234	
Total	96.251	353		

Sources: Researcher's Computation, 2017

Table 4.2.1 result above reveals that F- calculated value of 59. 875 is greater than the F- critical table value of 3.85 at 0.05 level of significance and at degree of freedom. Therefore, the researcher rejects the null hypothesis and accepts the alternative which says that there is a significant posture relationship between business processes and expansion of selected banks in South East, Nigeria.

Table 4.2.2: Model Summary for Test of Hypothesis I

Model	R	R Square	Adjusted R Square	of the estimated
1	.381	.145	.143	.483

Source: Researcher's Computation, 2017.

Table 4.2.1 above is the model summery. It shows how much of the valence in the businesses process that is explained by expansion of the selected bank. In this case the R square value of 1.45 and an adjusted R square value of 143 means business processes explains 14.3% variance in expansion of these banks

Hypothesis II

Ha: There is a significant positive relationship between embedded outsourcing strategy and service delivery of selected banks in South East,Nigeria.

Table 4.2.3: ANOVA Table for Simple Regression Result for Hypothesis II

Model	Sum of square	Df	Mean square	F	sig
Regression	191.073	1	191.073	133.349000b	
Residual	504. 373	352	1.433		
Total	695. 446	353			

Source: Researcher's Computation, 2017

Table 4.2.3 result above reveals that F- calculated value of 133.349 is greater that the F- critical table value of 3.85 at 0.05 level of significance and at 1 degree of freedom. Therefore, the researcher reject the null hypothesis and accepts the alternative which says that significant relationship exists between embedded outsourcing strategy and service delivery of selected banks in South East,Nigeria.

Table 4.2.4: Model Summary for Test of Hypothesis II

Model	R	R Square	Adjusted R Square	Student Error of the estimated
1	.524[1]	.275	.273	1.197

Source: Researcher's computation, 2017.

Table 4.2.4 above reveals how much of the variance in service delivery that is explained by embedded outsourcing. In the case of R square value of .275 and an adjusted R square value of .273 mean service delivery explain 27.3% variance in embedded outsourcing.

Hypothesis III

Ha: There is a significant positive relationship between independent outsourcing strategy and customer satisfaction of selected banks in South East, Nigeria.

Table 4.2.5: ANOVA Table for Simple Regression Result for Hypothesis III

Model	Sum of square	Df	Mean square	F	sig
Regression	17.485	1	17.485	99.601	.000[b]
Residual	61.794	352	.176		
Total	79.280	353			

Source: Research's Computation, 2017.

Table 4.2.5 result above indicates that F-calculated value of 99.601 is greater than the F-critical table value of 3.85 at 0.05 level of significance at 1 degree of freedom. Therefore, the researcher rejects the null hypothesis and accepts the alternative which says that there is a significant positive relationship between independent outsourcing strategy and customer satisfaction of selected banks in South East, Nigeria.

Table 4.2.6: Model Summary for Test of Hypothesis III

Model	R	R Square	Adjusted R Square	Student Error of the estimated
1	.470[9]	.221	.218	.419

Source: Researcher's Computation, 2017.

Table 4.2.6 above reveals R square value of .221 and an adjusted R square value of .218. This means that 21.8% variation in independence outsourcing strategy and customer satisfaction of selected banks in South East, Nigeria.

CHAPTER FIVE

DISCUSSION OF FINDINGS, SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Discussion of Findings

The finding from hypothesis I indicated that there is a significant positive between business processes and outlet expansion. This implies that proper management and coordination of business processes will improve the quality of service delivery in the selected banks which will in turn enhance expansion and performance. The findings reveal that the importance of outsourcing relationships in the banks for improved performance in Nigeria business environment. This shows that by outsourcing of non core business activities to service providers, boost quality, satisfies customers, save cost, and expand their business outlets. This is in line with the views of Supo and Wale (2013), Raje and Akinlabi (2013), Irefin et al (2012), Awino and Matua (2014), Wekesa and Were (2014).

Hypothesis two showed that there is a significant positive relationship between embedded outsourcing strategy and service delivery in selected banks in South-East, Nigeria. This implies that embedded outsourcing strategy improves service delivery in these banks. This supports the views of (Franceschini et al, 2013).

The finding from hypothesis three showed that there is a significant positive relationship between independent outsourcing strategy and customer satisfaction. This implies that independent outsourcing develops internal competency by obtaining the resource needs and competencies from external in order to manage them in the organization. This is in line with the view of Lee, 2006.

5.2 Summary of Findings

From the discussion of findings, the following summaries were made:-

Business processes significantly and positively relates to the expansion of these banks as the calculated value of 59.875 (sig.000) is greater than F-critical table value of 3.85 at 0.05 level of significance and 1 degree of freedom.

There is a significant positive relationship between embedded outsourcing strategy and service delivery of these banks as the F-calculated value of 133. 349 (Sig. 000) is greater than F-critical table value of 3.85 at 0.05 level of significance and 1 degree of freedom.

Independent outsourcing strategy has a significant positive relationship with customer satisfaction in these banks as the F-calculated value of 99.60 (Sig.000) is greater than F-critical table value of 3.85 at 0.05 level of significance and 1 degree of freedom.

5.3Conclusion

The study concludes that job outsourcing became the predominant reaction to global competition, low productivity, and increasing labour costs in Nigeria. Recessionary pressures have forced many business including banks to maintain efficiency and reduced personnel in an attempt to retain bottom line and to increase profitability. Job outsourcing strategy has been prescribed as an important tool for attaining and maintaining a competitive advantage. In addition, job outsourcing is growing in appeal to banks in South East, Nigeria because of the cost savings achieved in executing operations. It is also seen as a means to draw on the expertise and resources of a partner to shorten time to market, increase customer satisfaction, and to exploit fast changing technology.

At the same time, job outsourcing has created two kinds of victims; workers who have lost their jobs and suffered the hardship of trying to find new employment and employees who have survived the outsourcing cuts but suffered the physical and psychological burdens of a downsized environment. Job outsourcing still remains a crucial business strategy that must be employed by banks in order to improve quality of service delivery and performance. This will assist the banks to leverage their skills and resources to survive in the competitive environment. Also business expansion, customer satisfaction are some of the benefits derived from employing outsourcing strategies.

5.4 Recommendations

The following recommendations were made based on the findings:-

1. Banks in South-East, Nigeria should thoroughly review their resources and apply them in core areas of strength while accessing the market for competent vendors to handle their support functions or services in order to ensure improved performance.
2. There is need for banks to tap into the knowledge industry by having a network of relationships with competent service providers in specialized areas such as Information and Communication Technology (ICT) and research and development (R & D)
3. Banks in the South-East should look beyond cost to other areas like returns on investment as they focus on areas of their core competence.
4. Managers should pay more attention to post contract monitoring to ensure that service providers live up to the terms of their contract as this is critical to the success of outsourcing strategies

Contribution to knowledge

The study explored the indicators of job outsourcing like business process outsourcing, independent outsourcing, embedded outsourcing and found out how the variables affect performance of the banks in South-East, Nigeria which no other study has done.

5.5 Suggestion for further studies

Other studies can focus on other sectors of the service industry and also in other geopolitical zones of the country.

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Appendix

INTRODUCTORY LETTER

Unizik Business School,

NAU, Awka.

Dear Respondent,

I, Okafor Chinyere N. I am an MBA student of the above named institution carrying out a research work on Job Outsourcing and performance of selected banks in south east Nigeria. The information south is purely for academic purpose only. Therefore, the attached questionnaire is to elicit information for the completion of the research exercise.

I request for your corporation in completing the questionnaire.

Yours Faithfully,

Okafor Chinyere N.

2013/EMBA/457/004

APPENDIX

QUESTIONNAIRE

S/NO		SA	A	UD	SD	D
1.	The team of employees we have now improve the operation of the bank					
2.	Our new method of question reduces the number of complaints we receive from our customer					
3.	Our bank is planning to have another branch so that we can reach out to our customers at their door step					
4.	The new method of operation reduces the number of queues in our bank					
5.	The knowledge I gamed from network with some of my colleagues, have made me more committed in bank					
6.	The business information we exchange in our organization has improved service delivery					
7.	Working in teams has made the work in the bank					
8.	Networking with my colleagues when the job become tedious has improved my proficiency					
9.	I count on the employee hired outside to improve on my operations					
10.	My banks prefers to hire competent workers from other banks rather that training or developing the employees they have internally					
11.	I always work under the supervision					
12.	Most of our service operations are hired from outside the bank					