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FACULTY OF COMMERCE

DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT

THE EFFICACY OF BUSINESS PROCESS OUTSOURCING ON PERFORMANCE OF MANUFACTURING FIRMS IN MUTARE ZIMBABWE

BY

PROMISE ZHUMO

B225953B

A DISSERTATION SUBMITTED IN PARTIAL FUFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF COMMERCE (HONOURS) DEGREE IN PURCHASING AND SUPPLY CHAIN MANAGEMENT OF BINDURA UNIVERSITY OF SCIENCE EDUCATION. FACULTY OF COMMERCE

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DECLARATION FORM

I PROMISE ZHUMO declare that this project is an original copy of my own work and has not been published before or submitted to any other institution.

Signed: ……………………………………………………………….

Date: ………………………………………………………………

Student number: ……………………………………………….

Physical Address..

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The undersigned approve the dissertation proposal titled "THE EFFICACY OF BUSINESS PROCESS OUTSOURCING ON PERFORMANCE OF MANUFACTURING FIRMS IN MUTARE ZIMBABWE" submitted by Promise Zhumo B225953B in partial fulfilment of the requirements for The Bachelor Of Commerce (Honours) Degree In Purchasing And Supply Chain Management Of Bindura University Of Science Education. Faculty Of Commerce

PROMISE ZHUMO ..... Bumo 15/08/25

Student Signature Date

Dr Chari ..... pp 15-8-25

Supervisor Signature Date

T. Kendo 16/8/25

Chairperson Signature Date

BINDURA UNIVERSITY OF SCIENCE EDUCATION
DEPARTMENT OF ECONOMICS
CHAIRPERSON
15 AUG 2025
FACULTY OF COMMERCE
PRIVATE BAG 1020, BINDURA, ZIMBABWE

....

External Examiner Signature Date

DEDICATION

I dedicate my dissertation work to my family and to the Almighty God, who made it possible for me to come up with this piece of work.

I also dedicate this dissertation to the Zhumo family members for their unparalleled love and support.

I wish to express my utmost gratitude to my esteemed supervisor, Dr. Chari. His inspiration, untiring support, guidance and supervision went a long way in making this dissertation a success and I am forever grateful.

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To my family, your unwavering support, and love are the evidence to what a wonderful family you are to me. May the Lord bless you abundantly.

Abstract

The twenty first century is densely characterised by many business organisations looking for sustainable strategies to outclass their competitors. Third world economies have enthusiastically embraced Business process outsourcing (BPO) as a strategy of choice to improve the efficacy of the organisational operations. Business process outsourcing (BPO) is a technique of contracting a specific vendor or processes to an external service provider who has experience and expertise. This study therefore seeks to assess the impact of business process outsourcing on performance of manufacturing firms in Mutare urban area in Zimbabwe. The specific outcome variables were cost efficiency, productivity and profitability of the manufacturing firms in Mutare t. The sample size calculator according to Krejcie and Morgan was used to compute a sample size of 48 participants who were used in this research study. Quantitative data was computed using the STATA (version 12.0) and the information was triangulated with qualitative data from thematic analysis derived from interviews to validate the research findings. The findings pointed out that BPO had a positive impact on value for money in manufacturing firms Mutare in Zimbabwe. The findings indicated that BPO has got a statistical significance on all the hypothesised variables. The findings also pointed out that BPO had a positive impact on positively and significantly influencing the organisation's performance as indicated by cost efficiency, productivity and profitability. It was however established that the organisation faced challenge with unforeseen costs, employee insecurity on their jobs and loss of control of business processes. Through the study findings it is recommended the manufacturing firms must holistically implement BPO to all sectors and closely monitor all factors that inhibit the successful implementation of outsourcing.

Keywords: Productivity, cost efficiency, profitability, business process outsourcing**.**

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List of Acronyms

BPO	Business Process Outsourcing
SPSS	Statistical Package for Social Sciences
GDP	Gross Domestic Product
KPO	Knowledge Process Outsourcing
SME	Small and Medium Scale Enterprise
ACCA	Association of Chartered Certified Accountants
OLS	Ordinary least squares
OLOGIT	Ordered logit
OPROBIT	Ordered probit

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CHAPTER 1

INTRODUCTION AND BACKGROUND OF STUDY

1.1 Introduction

This chapter is the introductory that provides the background of the study, statement of the problem and objectives of the study. The chapter further outlines the research questions, significance and assumptions of the study. Finally, the chapter highlights on, limitations and the overall organisation of the study.

1.2 Background of study

Globally, business environment has been turbulent and ever-changing, and organisations must stay competitive by tactically and strategically thinking. Competitive pressures have been on the rise among business firms with increased business complexity (Krstic and Kahrovic, 2015). This has forced companies to evaluate, improve and re-engineer their operations. Companies now resort to strategies such as collaboration and networking with vendors outside the boundaries of the organisation (Ge, Wang, &Yang, 2021). Businesses therefore need to be innovative to expand into global markets or wade off challenges presented by foreign competitors in a domestic market.

Business process outsourcing has become a strategic business choice for cost savings/restructuring which results in better customer service at profit (Agburu, Anza, & Iyortsuun, 2017; Mbanje. & Lunga,, 2023). It entails transferring activities traditionally done within a firm to external agents (Iqbal & Dad, 2013). When a firm outsources processes to a third party with core competence in these processes, it enjoys service enhancements resulting in competitive advantages over competitors. Outsourcing allows organisations the opportunity to focus on core activities and outsource some non-core organisational activities to allow them (Zambezi, 2011). However, it is worth noting that present day outsourcing now go beyond noncore activities such as cleaning, catering and security extending to complex activities. Murphy (2024) posits that outsourcing also involves complex work such as design, manufacturing, marketing, distribution, information system. With the presence of the fourth industrial revolution business process outsourcing looks so promising across all industries. Recently, Indian banks are now outsourcing their non-core services to fight off from increasing competition from abroad (Shodhaganga, 2013).

Over the past decades, there has been a growing number of businesses seeking the services of business process outsourcing (BPO) service provider in an effort to increase organizational performance (Leo, Bui, & Adelakun, 2022).Business process outsourcing is one competitive strategy based on organizational capabilities to help reduce costs as well as improve organisation performance (Krstic and Kahrovic, 2015). Firms that have a rich competence base can have their activities internalized while those firms that are less well prepared internally find outsourcing more viable as stipulated with the resource based view. Organizations are using Outsourcing to increasingly improve efficiency and hence companies utilizing business process outsourcing will be in the lead for a long time to come. (Collins, 2019). As a management strategy, Outsourcing is used by organizations to delegate major, non-core functions to specialized and efficient service providers. Most business processing Outsourcing customers used to outsource call centers, security, catering, however these days they can outsource almost anything (Forbes, 2019). Using outsourcing, organisations take advantage of the technology and expertise of vendors to improve the quality of their manufactured products which enhances customer satisfaction and consequently profitability (Agburu, Anza, & Iyortsuun, 2017). Hence, organisations choose to outsource to reduce operating and production costs, focus on core competences as we as get access world class capabilities and resources (Szlezak’s, 2014). In developing countries, studies have shown increased use of outsourcing of business processes. Empirical studies show that manufacturing companies outsource business functions such as accounting services, marketing to external third parties to achieve organizational performance. However, there manufacturing companies can focus on improving their core business processes while leaving manufacturing process to companies that are more efficient and cost-effective. However, gaps still exist in that there are scanty empirical studies conducted in developing economies. Empirical evidence from developed countries may not be applicable to the developing economies such as Zimbabwe due to differing economic, social and political environments. The impacts of outsourcing business processes on the performance of manufacturing firms are not obvious and need empirical testing.

In Zimbabwe there has been an influx of cheaper imported goods increasing competition with local manufacturing firms, rendering most of them less competitive. Outsourcing has been increasing among manufacturing firmsin recent years. This study therefore seeks to assess the impact of business process outsourcing on performance of manufacturing firms in Mutare urban area in Zimbabwe.

1.3 Statement of the problem

Today business process outsourcing is increasingly used as a means of both reducing costs and achieving strategic aims. However, research gaps as we have scanty empirical studies conducted on business process outsourcing in developing economies. Empirical evidence from developed countries may not be applicable to the developing economies such as Zimbabwe due to differing economic, social and political environments. Many manufacturing companies, in Zimbabwe, are facing closure as competition from cheaper imported goods keeps biting. Many of them have resorted to outsourcing business processes as a way of improving their competitiveness. Thus, this study seeks to assess the effects of the outsourcing strategy on performance of manufacturing firms in Mutare, Zimbabwe. In light of the above the research objectives of this study are outlined below

1.4 Objectives

The main objective of this study is to assess the impact of implementing business process outsourcing on organisational performance in manufacturing firms in Mutare Zimbabwe.

This study therefore sought to address the following specific objectives:

- To establish business processes outsourced by manufacturing firms in Mutare in Zimbabwe.
- To assess the impact of business process outsourcing strategy on business performance manufacturing firms in Mutare in Zimbabwe.
- To identify the challenges associated with the use of outsourcing strategy in manufacturing firms in Mutare in Zimbabwe.

1.5 Research questions

This study will answer the following research questions:

i. What are the business processes outsourced by manufacturing firms in Mutare in Zimbabwe?

ii. What is the impact of business process outsourcing strategy on business performance of manufacturing firms in Mutare in Zimbabwe?

iii. What are the challenges associated with the use of outsourcing strategy in manufacturing firms in Mutare in Zimbabwe?

1.6 Significance of the study

The study addresses a knowledge gap in logistics on the effects of business processes outsourcing (BPO) on performance of Manufacturing firms. This study is expected to contribute immensely to existing body of knowledge on logistics. The academia will be enriched with new findings on BPO and Manufacturing firms performance in Mutare in Zimbabwe. It should also act as a stimulus for further research to refine and extend the present study in Zimbabwe

This study is going to assist procurement professionals in the manufacturing sectors as it adds new knowledge on business process outsourcing and its impact on organisational performance.

1.7 Assumptions

This study was carried out under the following assumptions that:

i. The sampled respondents will be a true representation of the entire population in manufacturing industry in Mutare, Zimbabwe.
ii. The participants provided unbiased information.
iii. The researcher is going to get cooperation from all respondents.

1.8 Delimitation of study

Geographically, the study is delimited to manufacturing firms in Mutare, in Zimbabwe. Conceptually, the study focused on the effect of business process outsourcing on performance of manufacturing firms in Mutare in Zimbabwe. The research only measured operational performance as performance indicator for the manufacturing firms.

1.9 Limitations

Some of the respondents were hesitant to give information as they treated some of the issues as confidential. To overcome this limitation, the researcher wrote an introductory letter to the respondents assuring them of confidentiality of their views on the research instrument whilst structuring the research instrument in an anonymous manner. Furthermore, the other limitation was accessing the relevant respondents to the study, since the researcher is a full time employee. The researcher overcomes this by working overtime, with the available resources to ensure that a successful research was achieved

The researcher also faced time constraints. However, the researcher had to delimit to a single organisation to solve this limitation to manage their time effectively. Furthermore, the researcher faced challenges in funding this study to travel and secure necessary material. In the same manner the researcher studied a single organisation and also sample from the population within the same organisation.

1.10 Definition of Key Terms

Outsourcing refers to a process whereby non-core activities that were previously carried out in house are contracted to third party service providers who possesses the expertise and knowhow on those activities (Lysons and Farrington, 2016).

On-shoring, is domestic outsourcing where an organisation selects an outsourcing partner within the same country (Brainhub, 2020).

Near-shoring refers to the process of selecting outsourcing vendors in neighbouring countries or within the same region (Brainhub, 2020).

Off-shoring refers to the process of sourcing to external vendors geographically located abroad especially in lower cost economies (Brainhub, 2020).

1.11 Organisation of study

Chapter 1: This chapter looked at the background of study on business process outsourcing impact on performance of manufacturing firms. It further gave the statement of the problem, objectives of the study, research questions, assumptions, and significance of the study. More so, it covered the delimitation of the study, limitations faced by the researcher, definitions of terms and abbreviations. The rest of the dissertation report will be organised as follows:

Chapter 2: Literature review

This chapter reviews literature on BPO activities used in by manufacturing firms. It further looks at the effects of BPO strategy on the performance of manufacturing firms.

Chapter 3: Materials and Methods: This chapter covers research paradigm, research design, sampling techniques and procedures, research instruments, data gathering procedure, data analysis and form of presentation.

Chapter 4: Results

In this chapter results will be present and interpreted results from both questionnaires and interviews. The chapter presents data from questionnaires in the form of tables. Qualitative data from interviews will be reported in narrative episode.

Chapter 5: Discussion

This chapter gives a summary of results, study recommendations, limitations of the study and recommendations for future studies.

1.12 Chapter summary

This chapter outlines the background of study, the statement of the problem, objectives, assumptions, limitations and delimitation of the study. The next chapter will review the literature, various theories and assumptions concerning business process outsourcing and performance of manufacturing firms.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on outsourcing, highlighting the key concepts in business process outsourcing. It also presents theories underpinning the strategy of outsourcing. The chapter further looks at metrics for measuring the effects of BPO on the performance of an organisation.

2.2 Theoretical Foundations of the Study

A number of theories have also been put forward in the literature that attempt to justify the unprecedented rate of outsourced contracts (Gottschalk and Solli-Saether, 2005). These theories include the transaction cost theory, resource based theory and risk theory.

2.2.1 Transaction cost theory

This theory argues that the decision to insource or outsource business processes considers the balance transaction and production costs (Charles, 2013). According to transaction-cost theory, the decision to outsource or insource a process depends on the transaction and production costs associated with the process (Mahnke et al, 2005). Transaction costs are determined by frequency of transactions, uncertainty, and degree of asset specificity. If all these facets of transaction costs are low, then the firm should opt to outsource the business processes. According to this theory, an organization can still outsource even if it has the capacity and expertise to perform the activity itself, if the cost of outsourcing and contract-processing the process from an outside vendor is lower than the cost of carrying out the activity in house. When transaction costs are higher that production costs an organization prefers to insource the activity rather than outsource from external provider. However, if it is economically cost effective the organisation would offer process in house than buying the same function from a third party.

2.2.2 Core competencies (resource based) theory

The core competencies theory of management was first advocated by Prahalad and Hamel (1990). The concept was derived from the resource based theory. According to Prahalad and Hamel (1990) Core competency is the collective learning in the organization to coordinate diverse production skills and integrate multiple stream technologies. The major point of Core competency theory is to concentrate on core competence of the company to achieve competitive advantage, which outsourcing is expected to deliver (Jae, et al. 2006). The core competencies theory posits that, valuable firm resources are scarce, cannot be imitated and have no direct substitutes. The theory says that firms should get the greatest value from their capabilities and resources by combining these with outsourced resources to gain competitive advantage over rivals.

2.3 Outsourcing Strategy

Authors give varying definitions of outsourcing some of which are given below. “Outsourcing is contracting with another company or person to do a particular function” (Mbanje & Lunga,, 2023). “Outsourcing is a business practice in which services of job functions are farmed out to a third party” (Overby, 2017). In 2011, Bilderbeek, (2011) defined outsourcing as “the management of day to day execution of an entire business function by a third party service provider.” Business process outsourcing (BPO) is a business strategy where an organisation contracts specific work process or processes to an external service provider (Murphy, 2024). Many organizations now recognize outsourcing as one of the critical business strategies with organizations increasingly looking beyond the traditional boundaries of the firm to improve performance and reduce costs (Gunasekaran et al. 2015).

All the above definitions, agree that outsourcing involves the acquiring of business processes that were previously performed by internal staff from an external organization. The definitions also agree that organisations must identify activities have to be outsourced and then select external vendors to perform the function.

2.4 Types of outsourcing

Three main types of outsourcing used by organisations are on-shoring, near-shoring and off-shoring.

On-shoring

On-shoring, is domestic outsourcing where an organisation selects an outsourcing partner within the same country (Brainhub, 2020). On-shoring has advantage that the outsourced partner is closer home, making service providers easily accessible, thus providing convenience and making management of the partnership easier (Qarea, 2019). Since the outsourced partner will be within the same country, organisations benefit from working in the same time zone, sharing the same language and culture as well as experiencing similar socio-economic challenges (Qarea, 2019), which reduces legal battles and intellectual property issues (Leo, Bui, & Adelakun, 2022).. Despite the merits, in-sourcing has the challenges that there may be fewer suppliers which increases the cost due to lack of competition and that technology may be lacking and outsourced partners may fail to bring the expected benefits (Brainhub, 2020). Operating in the same environment, organisations may face the same challenges which may affect the achievement of the outsourcing objectives (Blauit, 2016).

Near-shoring

Near-shoring refers to the process of selecting outsourcing vendors in neighbouring countries or within the same region (Brainhub, 2020). Near-shoring is usually considered the in-between option when compared to on-shoring and off-shoring (Qarea, 2019). The benefits are that of convenient location which can be accessed easily, thus reducing costs and time of travel to sites (Ge, Wang, &Yang, 2021). Near shore destinations also have the same time zones which make communication less costly and speeds up problem solving and dispute resolution (Brainhub, 2020). Countries within the same region usually share the same cultures and customs, hence communication and process adaptation is easier (Boersen, et al., 2010; Rumyantseva, 2019). Contrary to the benefits, near shoring is affected by fewer service providers which may cause suppliers to increase process due lack of competition and that public holidays may still differ (Cluj-Napoca, 2016).

Off-shoring

Off-shoring refers to the process of sourcing to external vendors geographically located abroad especially in lower cost economies (Cluj-Napoca, 2016; Kalinzi, 2016; Brainhub, 2020). Due to globalisation and the rapid development of information technology, which makes it possible to communicate in real time, organisations have the potential to outsource off-shore ((Ge, Wang, &Yang, 2021)), for example, United States based organisations offshore software development to China. Off-shoring is the most popular type of outsourcing and is the most commonly used type globally and most people associate outsourcing with off shoring (Qarea, 2019). Off-shoring have the advantages of lower production costs and the opportunity to tap global talent while the challenges are communication barriers due to different languages and time zones (Cluj-Napoca, 2016) Culture and different work habits and ethics also negatively affect the offshore agreement (Leo, Bui, & Adelakun, 2022).. Due to the geographical dispersion and longer distances, it is difficult to access the sites (Brainhub, 2020)

The above discussion summarised the three main types of outsourcing which are on shoring, near shoring and off shoring. The subsequent discussion is structured to highlight the key drivers of outsourcing as well as the challenges posed by outsourcing.

2.5 Outsourced business processes

Organizations have been outsourcing business services, manufacturing operations and even entire business operations for some time. The contract manufacturing sector has recently benefited with considerable outsourcing, initiated by pharmaceutical and electronics industries. Business processes such as human resources (HR), management information technology (IT), payroll and logistic are among the regularly outsourced in most of the industries (Murphy, 2024).IT administration, accounting, finance, call center and offshore application development processes are increasingly being transferred oversees or moved to outside providers to increase service levels. In the manufacturing industry, the processes that are usually outsourced include logistics and sourcing of raw materials and parts of distribution of finished products. Other fundamental business process outsourcing services include benefits administration, payroll processing, accounting functions (financial services) and product/ service agreements (Rivard &Aubert, 2015).

Knowledge Process Outsourcing (KPO)

Some organisations also outsource research and knowledge based activities. Knowledge Process Outsourcing (KPO) is the hiring of third parties to perform market and industry research. KPO demands a significant amount of domain knowledge and analytical skills. KPO service providers design research instruments to collect and mine existing data, statistically analyse it, and write reports. Though KPO market is emerging, it is expected to grow significantly in a few years to come (Evalueserve 2007). This increase in populace of KPO is as a result of offshore suppliers moving up the supply chain ((Ge, Wang, &Yang, 2021)).

Design and Creative Services

Companies may design their own logo, letterhead, promotion materials and website, however, it may take much time and the quality of output may not be that good. Therefore, outsourcing these activities to professional service providers will be time and cost efficient.

Social Media

Most companies connect with customers through social media channels like blogs, Facebook and Twitter. However, updating content on social media and converting followers into customers can be daunting task. It is recommended that companies outsource social media management, and concentrate on what they do best.

Human Resources

Human resources (HR) are rarely core competency of most companies. Human resource management services are now increasingly becoming complex in the growing global economy. Instead of hiring full time staff and building an HR team, most companies partner with an experienced HR and recruitment company. Outsourcing specialists help client organizations in leading and managing employees, developing HR strategies and policies, creating rewards and incentive programmes, sourcing and selecting employees, administering benefit and retirement programmes, and managing payroll (Leo, Bui, & Adelakun, 2022).Organisations may outsource HR processes such as employee acquisition functions like recruitment, pre-employment testing, temporary staffing in addition to functions like compensation and incentive planning, absence management and e-learning. Such functions assist HR departments of client organizations to improve employee performance and support strategic initiatives ((Ge, Wang, &Yang, 2021)). Outsourcing HR services also increases productivity by recruiting the right staff and speeding up the recruitment process.

Information Technology

There has been an increase in the tendency by organisations to outsource non-tradition services like IT functions (Kamyabi & Devi, 2011). Information technology services include development of infrastructure, management and support of the infrastructure. Instead of performing IT processes, outsourcers hire these services to experienced IT providers and devote in-house resources to focus on core businesses. Outsourcing IT increase productivity, profitability and efficiency as the organisation get access to the latest software, hardware and processes. According to Kamyabi & Devi, (2011), a project that may take years to implement because of large cost structures is instantly done when outsourced**.**

Payroll

Payroll is one of the common candidate outsourced process for many organisations Payroll preparation is labour-intensive and requires specialized skills. The company would rather spend its time and resources on its core competencies. Outsourcing payroll also improve employment regulation compliance and minimize labour issues.

Manufacturing Outsourcing

Liam, (2020) posits that it is prudent to hire an external manufacturer to produce physical products for a firm if in the process it enjoys lower production cost.

2.6 Effects of outsourcing on performance

Organizations outsource goods and services for various reasons such as to gain competitive advantage, to solve capacity related issues, to enhance service quality, increase efficiency and most importantly to focus on core competencies (Suthar, 2018). Organizational performance is therefore measured by increase or decrease in efficiency, quality, productivity, and profitability from both the perspective of the organization and the customer.

Cost efficiency

BPO can helps organisations reduce costs therefore has become a popular business strategy. Outsourcing to a service provider is a cost effective and beneficial option for businesses striving to boost their business efficiency along with the return on investment. BPO can save costs and deliver significant value add. Ensuring it remains efficient and delivering efficient and delivering expected quality is a common challenge. Through cost effectiveness analysis an organisation compares the relative costs and outcomes of different courses of action. Organizations outsourced when functions can be done faster, cheaper, or better by an outside service provider (Murphy, 2024). Cost efficiency is the major reason most organisations adopt outsourcing. Firms would prefer to outsource as opposed to insourcing certain services as long as the cost of outsourcing is lower than in-house production. Third party services providers enjoy economies of scale as they serve many customers and have a cost advantage over single firms' productions costs (Jiang et al., 2006). The BPO vendors will pass production cost advantage to their clients, in the form of higher cost efficiency.

Small and medium organisations lack the financial and capital resources that are required to perform some processes internally (ACCA, 2011). To enable business continuity, such organisations may outsource high cost processes which they do not have the capacity to perform, which helps the organisation to realise profits while utilising the resources of the vendor (Gonzalez, 2016). Outsourcing also enables the organisation to improve efficiency and achieve customer service levels (Onit, 2019).

According to Lucaus (2020) outsourcing save a lot of time though some functions should remain in-house, such as corporate culture, employee development, and product development. There is agreement among authors that outsourcing of certain processes of the organisation reduces the staffing requirements thus eliminating costs of recruiting and retaining employees (Aswini, 2018). Off-shoring operations to low cost destinations such as China, Brazil, Philippines and Mexico eliminates the costs associated with importing raw materials, managing the manufacturing processes and labour (Malik, 2019). Moreover, equipment acquisition costs, material handling costs, installation costs, commissioning costs, running and maintenance costs as well as depreciation are eliminated (Malik, 2019). Thus outsourcers will commit their limited financial resources to their core-competencies.

This study therefore seeks to establish the effects of business process outsourcing on cost efficiency of manufacturing firms.

Productivity

Productivity is the measure of performance that takes into consideration the cost of producing a given performance level (Leo, Bui, & Adelakun, 2022)..Productivity represents level of outputs and inputs (Windrum et al, 2009). Output is measured by the total revenue or sales of the organization and inputs are measured as the number of employees and total assets needed to produce the output. Organization’s productivity is the ability of an organization to generate desired output with minimum consumption of energy, time, money, personnel, and materials (Shields & Brown, 2015).

According to Lucas (2020) outsourcing increase productivity through allowing employees to focus on what they can do best. Outsourcing also helps increase efficiency, and job satisfaction for employees. Outsourcing relieves in-house employees from more time consuming activities such as event planning, public relations, data entry, recruitment, and administrative management and concentrate on more strategic activities such as product development, and nurturing relationships. Outsourcing reduces risks and liabilities as outsourcing firms are expert and have experience with outsourced activities.

Outsourcing increases organisational productivity as employees to focus on what they know best and outsource items/services they obtain from third parties at a lower cost than the cost of producing in-house, allowing them to make a more profit with fewer in-house resources (Lucus, 2020).

Profitability

Profitability is associated to the proficiency of a company or industry at generating earnings (Adu-Gyamfi, 2015). It is the amount of output per unit of input and reveal how well an organization is performing in terms of its ability to generate profit. Outsourcing contributes to profitability through increasing competitive advantage through use of new technology (Görg and Hanley, 2004). Through outsourcing, organisations can get better quality products due to the use of advanced technology and experts in the field (Aswini, 2018). When organisations outsource services, expertise and technology are major considerations which enable the improvement of product / service quality (Bera, 2017). Using outsourcing, organisations take advantage of the technology and expertise of vendors to improve the quality of their manufactured products which enhances customer satisfaction and consequently profitability (ACCA, 2011).

Outsourcing gives organisations competitive advantage through improved product quality, reduced costs and the ability to focus on core competencies hence improve customer satisfaction (Aswini, 2018; Bera, 2017). Organisations that outsource certain functions, have the opportunity to get improved quality service through the use of specialist service providers who have access to better technology, which enables the organisation to gain competitive advantage over its competitors (Onit, 2019). Furthermore, there are certain skills and technologies which are only available abroad; outsourcing enables the organisation to access such skill and technology which gives them a competitive edge over competitors (Leo, Bui, & Adelakun, 2022).

This study therefore sought to answer the question whether the firm that begins outsourcing enjoy higher profitability as a result.

2.7 Conceptual framework

Following the review of literature above this researcher drafts a conceptual framework to answerer the research questions. The proposed conceptual framework is shown in Figure 2.1 below.

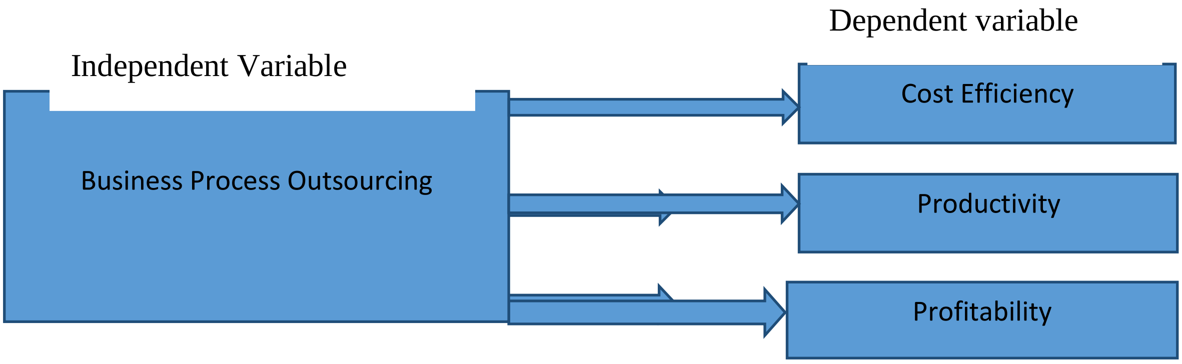

Figure 0-1: Conceptual framework

2.8 Challenges of outsourcing

Despite the touted improvements in performance as a result of outsourcing there are several challenges organisations encounter when outsourcing. The below bullets give a chronicle of these challenges.

Confidential data

When an organisation outsources some processes, they share certain information with the potential vendor to enables the vendor to carry out the function satisfactorily (Aswini, 2018). Some of this information may be confidential and their chances that this may be leaked to competitor leading to manufacture of competing and counterfeit products (Malik, 2019). Despite that parties will have signed contracts swearing them to confidentiality of information this can still happen (Tayauova, 2012).

Hidden costs

Outsourcing has hidden significant costs which may be overlooked outsourcing decisions are made (Malik, 2019). Potential hidden costs include cost of vendor selection, transition and relationship building costs and culture difference costs. Productivity lags, costs of improving internal processes and cost of managing the relationship are some hidden costs that may not considered when deciding to outsource. Tayauova, (2012) posits that all these costs should be anticipated when outsourcing.

Lack of customer focus

Outsourced vendors may not have specific information on particular customers may deal with several customers at a time (Aswini, 2018; Flatworld, 2019). This lack of focus may result in compromised service which in turn affects the organisation's competitiveness on the market (Aswini, 2018).

Employee insecurity

Outsourcing brings change to the outsourcer which leaves employees with fear of losing their jobs (Aswini, 2018). While some outsourcing contracts may move employees to the outsourced vendors there are other cases the outsourcer has to resolve this employee crisis (Bera, 2017). Change management strategies should therefore be implemented involving employees at every stage of the contracting process. Employees should be informed changes taking place in the organisation (Duening & Click, 2005). The outsourcing of an entire function also exposes the organisation to loss of skills since the employees of an outsourced function will either join the vendor of move to other organisations (Intetics, 2013). This creates an over-dependency on the vendor, with the risk of the organisation failing to take over should the vendor fail (Šeba, 2018).

Loss of process control

Outsourcing organisation run the risk of losing of control depending on the outsourcing level used (Malik, 2019). For example, in strategic outsourcing the vendor handles and plan the whole process, hence the outsourcer loses control posing difficulties of resilience in the event the vendor fails to deliver (Flatworld, 2019). However, tactical outsourcing allows the outsourcer to plan and retain control of the outsourced process.

2.9 Empirical studies

The researcher reviewed previous studies on outsourcing from across the globe and the studies are summarised below.

Agburu, Anza and Iyortsuun (2017)

Agburu, Anza and Iyortsuun (2017) studied the effect of outsourcing strategies on the performance of Small and Medium Scale Enterprises (SMEs) in Benue State of Nigeria. The study used self-administered questionnaire as well as secondary data from ten (10) randomly selected SMEs. The study revealed that; outsourcing of back office, primary activities, and supporting activities has a significant effect on organizational profitability of SMEs. However, the results show that outsourcing of accounting activities has no significant impact on performance of SMEs. The study recommended the outsourcing of back office, primary activities, and supporting activities by SMEs in order to attain cost savings and better customer service at profit. SMEs are also recommended to ensure that costs of managing the outsourcing process are lower than the benefits generated by the outsourcing strategy.

Boison, Amedi, Linda and Aisedu (2019)

Boison, Amedi, Linda and Aisedu (2019) assessed the impact of outsourcing on the organizational performance of Vodafone Ghana. A descriptive research design was adopted. The study findings revealed a positive relationship between outsourcing and quality of service. The results also show a positive relationship between outsourcing and knowledge development. However, the study findings show no significant relationship between outsourcing and financial performance. The study therefore recommends organizations to address undesirable outcomes of the relationship between outsourcing and financial performance. It also recommends management to measure and mitigate the risk of outsourcing. They further recommend outsourcers to thoroughly check on all potential vendors and ensure their expertise and resources are sufficient to deliver customer oriented services.

Leo, Bui, & Adelakun, (2022)

This study explored different ways that organizations can pursue both efficiency and innovativeness, through their IT outsourcing (ITO) and business process outsourcing (BPO). The study utilized a configurational approach in two inductive studies, both using qualitative comparative analysis (QCA). The first study qualitatively compares 27 firms currently doing ITO, while the second study compares 60 firms doing either ITO or BPO. The findings suggest three configurations, or combination of conditions, that enable efficiency and innovation through ITO and BPO. For ITO, firms can use a best-of-breed or a mediated multi-outsourcing configuration to enable innovation; however, firms can only use a direct multi-outsourcing configuration to enable innovation through BPO. The study is among the first to explore both ITO and BPO practices that enable innovation and efficiency simultaneously (sustainable performance). In contrast with prior studies, all three aforementioned configurations suggest that having detailed outsourcing contracts is a necessary but not sufficient condition for innovation through outsourcing.

Jiang, Frazier and Prater (2006)

The study investigated the effect of outsourcing on a firm's cost-efficiency, productivity and profitability. The study sampled 51 publicly traded firms that outsourced processes between 1990 and 2002 to test the change in operating performances as a result of outsourcing decisions. The study reveals that outsourcing improves a firm's cost-efficiency. However, their results reveal no evidence that outsourcing improves a firm's productivity and profitability contradicting previous studies that show outsourcing improved company productivity and profitability.

Suraju and Hamed (2013)

Suraju and Hamed (2013) examined the impact of outsourcing of services on organizational performance in the Nigerian food, beverage and tobacco industry. They gathered primary data using questionnaires from 15 foods, beverage, and tobacco companies. They also relied on secondary data from published final accounts of the sampled companies listed on the Nigeria Stock Exchange. The study found that outsourcing positively influenced organizational performance. Results of the study show that the more an organization outsourced, the higher its organizational growth. More so, outsourcing was found to be positively correlated to competitive advantage, labor productivity and reduction in production cost. The study therefore recommended outsourcing as a generic strategy.

Yeboah, Boateng, Amponsem, and Attefah, (2013)

Yeboah, Boateng, Amponsem, and Attefah, (2013) assessed outsourcing in Anglogold Ashanti Obuasi mines. Using a descriptive approach, the researcher administered 100 questionnaires to employees in outsourcing departments. Results show that the mines outsourced the following activities; transportation of employees to and from work, haulage of mine ore, residence maintenance, and purchase and contract unit. However, information technology, human resource, and management services were insourced. The results also revealed that outsourcing helps to: cut down cost; focus on core activities; generate competitive advantage; transfer operational risk; achieve efficiency and economies of scale; access expertise that is lacking in-house; and save valuable time. However, there was no evidence to show that outsourcing helped expansion of AngloGold.

Irefin, Olatinji & Hammed (2012)

The study sought to determine the effect of outsourcing strategy on project accomplishment. The researchers distributed questionnaires to staff of Nestle Nigeria PLC who were divided into strata and randomly drawn from each stratum. The researchers also used interviews to triangulate with information derived from questionnaires. Frequency distribution and Chi-

Square were calculated from quantitative data from questionnaires. The study revealed that, firms outsourced their production process in order to manage cost, reduce time-to-market, boost bottom line, increase sales turnover and profitability. In addition outsourcing enhanced expertise, improves service quality, reduce staff, streamline the process, reduce the administrative burden and save time for core activities. This research gave a very good background for the assessment of the effects of outsourcing activities had on the performance of their enterprises.

Bredenlow (2012)

Results from this study indicated that outsourcing is a key strategy for a company's growth and it is now a top management issue. The objective of this study was to evaluate the effect of business process outsourcing on cost efficiency in telecommunication industry. The study identified the risks of outsourcing as: service and product control loss, risks in operations, internal skills and experience loss, flexibility loss, problems in cultural and social issues, technical constraints, quality decline and competitive advantages. The results also show a positive correlation between outsourcing practices and performance of organizations. The results showed that cost, quality, process transition, value addition and technology adoption has a positive correlation with the organizational performance. The research concludes that there is an insignificant positive weak relationship between risks and organization cost performance.

Nazeri A. Gholami R & Rashidi, S. (2012)

This particular study examined the outsourcing strategy impact on operational objectives of cost reduction, improved quality, flexibility and better service and organizational performance, both financial performance and non-financial performance. Nazeri, et al. (2012) used data gathered through use of questionnaires administered on board of directors, quality managers, operational administrators, and lower managers. The data was analysed using SPSS and Minitab software based on deductive and descriptive statistics. The results of the study reveal that outsourcing results in reduced cost, improve quality, increase flexibility, better financial and non-financial performance and services.

Murphy, L. (2024)

This study investigates the domain of IT outsourcing (ITO), focusing on its implications for organisational success or failure, and its impact on innovation. Through a comprehensive literature review, significant gaps were identified, including a lack of empirical studies assessing ITO outcomes for organisations, how ITO impacts innovation, and if an organisation's industry impacts ITO success. In response, three research questions are formulated to address the identified gaps, leading to the creation of a novel conceptual model designed to evaluate the influence of ITO on organisations. Employing a deductive approach, the model informed a triangulation research approach, combining quantitative and qualitative data. A survey garnered responses from 112 senior IT professionals across three industries, complemented by eight interviews with senior and executive management. Findings indicate a concerning rate of perceived ITO failures and reveal that the specific industry of an organisation can affect ITO success. The study also concludes that ITO adversely impacts organisational innovation. Based on these insights, eight best practices are recommended to enhance ITO outcomes, including market research on vendor skillsets and experience, the establishment of well-structured contracts, adherence to SLAs without grace periods, shorter project durations, multi-sourcing strategies, bolstering internal IT capabilities, helping employees to understand ITO value, and rigorous governance. Acknowledging its limitations, this paper calls for future research involving broader industry representation and larger sample sizes to validate and expand upon these findings.

Abdulkader Z (2016)

The study analyzed the challenge**s** faced by employees as a results of implementing the outsourcing strategy. The researcher samples 900 respondents from employees of Dell Ireland. The study analysed the challenges of outsourcing from the perception of employees. The results show**ed** that challenges include**d** the general culture, work culture, communication barriers and conflict between the In-house and Outsourced team. Respondents also revealed their concerns about outsourcing and how it affects employees job satisfaction.

Nyameboame and Haddud (2017)

Nyameboame and Haddud (2017) established outsourced activities and their impact on the organizational performance of oil and gas companies in Ghana. They further explored the benefits and challenges of the outsourcing strategy. Data were collected from 80 participants from oil and gas companies in Ghana. Then results showed that most of the oil and gas companies in Ghana outsourced transport services, information technology (IT) consulting and business consulting services, system infrastructure provision, management and logistical services. The study also revealed that companies outsourced to reduce operational costs, avoid major investment costs in technology, provide consistent and improved service delivery, access current technology and expert knowledge and focusing more on core business activities. They also concluded that outsourcing significantly influenced the performance of an oil and gas company.

Akpan and Dung, (2019)

Akpan, and Dung, (2019) sought to ascertain effect of outsourcing maintenance activities on organizational performance in telecommunication Industry with specific reference to Global Communication Ltd. The study used questionnaires to gather data from a sample size of 152 which was analyzed using regression method. The study concluded that outsourcing reduced variable cost and fixed overhead cost, promote quality of service delivery, provide atmosphere for the use of innovative technology and reduce risk and uncertainty that is involve in managing very large enterprise with diversified subsidiary firms.

Mukucha, Manyika, Madhuku & Chari (2020)

Mukucha, Manyika, Madhuku & Chari (2020) determined the effects of Business Process Outsourcing (BPO) on service quality of catering services in the tertiary education industry of Zimbabwe. They used food quality, service quality, and the quality of ambience as the dependent variables. Results from this study show statistical significance of the influence of BPO on the dependent variables of food quality, service quality, and the quality of ambience. Resultantly, the authors recommended that tertiary education institutions in Zimbabwe must outsource non-core functions like catering services and concentrate on the provision of education services which are inherently their core business.

2.10 Research gap

The researcher reviewed relevant literature on outsourcing in different sectors and parts of the world and the effects of outsourcing on the performance of organisation. In Zimbabwe, there is only one study by Mukucha, Manyika, Madhuku & Chari (2020) who studied the effects of Business Process Outsourcing (BPO) on service quality of catering services in the tertiary education industry of Zimbabwe. It is therefore to the best knowledge of the researchers to the effects of outsourcing in manufacturing in Zimbabwe. The manufacturing sector in Zimbabwe has been one of the biggest contributors to the country’s Gross Domestic Product and has been under threat from global competition. Outsourcing of business processes is a recently introduced phenomenon and this study aims to determine the effects of outsourcing on the performance of manufacturing firms with manufacturing firms in Mutare as a case study.

2.11 Chapter summary

This chapter presented theoretical framework on which this study is underpinned as well as present key theoretical concepts. The chapter also presented previous studies of the effects of business process outsourcing on organisational performance and a gap for this study was established. The next chapter presents the research methodology used in this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter addresses the methods and materials that were used for this study. The chapter documented the research paradigm and design that was adopted, provides a description of the target population, sampling techniques, the instruments used, ethical considerations, as well as data analysis and presentation.

3.2 Research Paradigm

The study will follow a pragmatic research paradigm where both qualitative and quantitative methods in data collection will be employed to gain meaningful and realistic insights into the research problems (Creswell 2014). Positivism philosophy bases on the idea that scientific knowledge is the true or acceptable knowledge of the world. It is characterized by the testing of the hypotheses or research questions derived from the existing theory (Crossan 2003). The body of research generated by this philosophical stance is something that can be replicated by other researchers with same or very similar quantifiable results arising from statistical analysis. With this paradigm, observation and reason are the best means of understanding human behaviour; true knowledge is based on experience of senses and can be obtained by observation and experiment. The paradigm adopts scientific methods and systematizes the knowledge generation process with the help of quantification to enhance precision in the description of parameters and the relationship among them. Positivism is concerned with uncovering truth and presenting it by empirical means.

On the other extreme end an interpretivist researcher tends to rely upon the beliefs, attitudes, perceptions and views of the participants on the situation under study (Creswell, 2014). Interpretive researchers use methods that collect mainly qualitative data from respondents and thus favour the qualitative approach (Creswell, 2014). The interpretive paradigm brought the researcher closer to the participants enabling the researcher to better understand the participants' perceptions and views about the service offered by the outsourced vehicles.

Creswell (2014) criticize the separation of research paradigms into positivism and interpretivism by creating a third paradigm (pragmatism) where mixed methods are applied.

He further argues that no research can purely be labeled objective or subjective. This researcher therefore adopted pragmatist research philosophy.

3.3 Research design

This study adopted a descriptive research design, to assess the impact of business process outsourcing on performance of manufacturing based on a case study of manufacturing firms in Mutare in Zimbabwe. Descriptive research design helped the researcher to answer the questions of what, when, how, why and who concerning the impact of business process outsourcing on organisational performance.

3.4 Population

The target population for this study was made up of managers of user departments that used the outsourced business activities and procurement professionals in manufacturing firms in Mutare, Zimbabwe. The total population for this was 55 major companies.

3.5 Sample size and sampling procedure

Sampling enabled the researcher to select an appropriate sample thus reducing amount of data collected from a sample instead of the whole population (Thompson, 2012). It was also ideal to sample in this study because it was practically impossible to collect data from all manufacturing firms due to resource limitations especially time and financial resources. As a result, sampling reduced budget constraints by cutting costs. A sample size of 48 participants drawn from a population of 55 major companies, using Krejcie and Morgan (1970) sample size calculator. This study employed purposive sampling to identify the best respondents with relevant knowledge about the subject of business process outsourcing as judged by the researcher (Rahi, 2017). This technique provided the researcher with an opportunity to focus on respondents who have knowledge about outsourcing. Thus it deals with respondents who can only add value to the research (Saunders, Lewis and Thornhill, 2009).

3.6 Research Instruments

The study used both questionnaires and interviews to gather the required data. A structured questionnaire was used as the primary instrument for data collection and triangulated with an unstructured interview to improve reliability and validity.

3.6.1 Questionnaire

The study employed the use of structured questionnaires that had contained closed-ended questions with pre-coded responses (Saruchera, 2014), Questionnaires enabled the researcher to cover a wide geographical area in the limited time the study was carried out (Sekaran, 2017). More so, questionnaires allowed even busy respondents to complete the questionnaires at their convenience and at their own pace. Use of questionnaires to gather data from large numbers of individuals was less expensive and consumed less time than solely relying on interviewing. The questionnaire was in the form of Likert scale where respondents were required to indicate their views on a scale of 1 to 5 for each Likert item. The scale and its ordinal coding are as follows:

1. "Strongly Disagree"
2. "Disagree"
3. "Uncertain"
4. "Agree"
5. "Strongly Agree"

The questionnaire is divide into 5 sections: Section A had demographic data of the respondent; section B covered information on the extent of outsourcing in the organization, while section C to E covered information on the impact of implementing outsourcing on organizational performance. Section D covered the challenges faced on implementing outsourcing in manufacturing firms.

3.6.2 Interviews

To buttress the quantitative data, the researcher used unstructured interviews to get in depth information and triangulated with questionnaires. The researcher conducted face to face interviews with 12 managers from 12 different sections of the company and no further interviews were done as the researcher noticed information saturation. The user mangers were best placed for the interviews was as their experiences provide in-depth information on the effectiveness of business process outsourcing. Interviews allowed the researcher to explore greater depth from key informants that cannot be obtained with administering a questionnaire through probing for more information.

3.7 Data Collection Procedure

The researcher asked potential respondents to sign letters of consent. Hard and soft copies of questionnaires were delivered in person to respondents who consented to participating in the research. The researcher later sent follow-up reminder email to the respondent to improving the rates of response to the questionnaires. Some questionnaires were returned as hard copies, while some were sent through emails and were printed by the researcher. The researcher phoned and made appointments with potential interviewees before making personal visits to the respondents' respective work places. On arrival, the researcher introduced himself and asked interviewees to sign consent forms as proof that they were not coerced into giving the interview. Interview responses were recorded for further review.

3.8 Ethical considerations

This researcher sought informed consent from participants such that they chose freely to participate in the survey or not (Walliman, 2011; Sekaran and Bougie, 2009). The researcher gave the potential respondents consent forms to sign before the interviews were conducted and the questionnaires were send out to the respondents. Therefore, all the participants who participated in the study did so voluntarily. The participants were also informed to prior to engagement in the research that they had a right withdraw from participating in the study at any time they feel like (Morse and Field 1998).

This researcher ensured that the privacy and identity of the research participants was safeguarded and information given by participants was treated as confidential to guard the privacy of the participants (David and Resnik, 2018). The participants were assured that their identities were going to remain anonymous to protect the identity of the research participants so that their identities remain unknown by people outside the study. this, Lewis (2008) Anonymity means withholding the identity of those taking part in the research as respondents. The essence of anonymity is that, information provided by participants should in no way reveal their identity (Morrison et al 2011). The collection of data was done in such a way that the report did not link specific information with specific individuals who provided it (Ruane, 2005). Anonymity was ensured by removing names and other identifying information from the data as soon as possible (Singleton and Straits, 2010).

The researcher further ensured that no abuse and injury befall the respondents (Kumar, 2016).

3.9 Reliability and Validity

Reliability is concerned with the robustness of the research questionnaire, particularly the consistency of findings at different times and conditions (Saunders, 2016). Internal consistency of the questionnaire is of great importance in assessing reliability. This entails correlating responses to questions in the questionnaire. The researcher used Cronbach 's Alpha coefficient to test reliability of the questionnaire. Cronbanch's alpha is "a statistic that measure consistency to responses to a set of questions that are combined to measure a particular concept" (Saunders, et al., 2016). Cronbach's Alpha coefficients value lie between 0 and 1, and values of 0.7 and above (Garson, 2013). Table 3.1 shows how Cronbach's Alpha coefficients are interpreted.

Table 0-1~~2~~ Cronbach's Alpha Coefficients

Cronbach's Alpha	**Internal Consistency**
Alpha > 0.9	Excellent
0.8 < Alpha ≤0.9	Good
0.7 < Alpha ≤ 0.8	Acceptable
0.6 < Alpha ≤ 0.7	Questionable
0.5 < Alpha ≤ 0.6	Poor
Alpha ≤ 0.5	Unacceptable

Source: (Sekaran and Bougie 2009)

Pilot testing helped the researcher to refine, and check clarity of the questions thus contributed to validity and reliability (Saunders, et al., 2016). The researcher sought the services of experts in the field of supply chain management to assess the questionnaire. Expert opinion helped the researcher to achieve both content and face validity as they checked the questions' representativeness (Mooi, et al., 2018).

3.10 Data analysis and presentation

Primary, quantitative data gathered through questionnaires were analysed using Statistical Package for Social Sciences (SPSS) (version 21). Pre-coded data was captured on SPSS by the researcher. In examining the impact of outsourcing on firm performance, the researcher considered the demographic variables as control variables. It can be noted that demographic data may affect the performance of manufacturing firms hence the need to isolate their effect (Gómez and Maícas, 2011). The researcher controlled for gender, age, experience and level of education. Therefore, the results for these variable will be presented but not interpreted nor discussed. OLS, and OLOGIT and OPROBIT regression analysis will be conducted for data obtained from questionnaires. OLOGIT and OPROBIT regression analysis will be used to test for the robustness of the model. Descriptive and inferential results from SPSS were presented in tables while qualitative data from interviews will be analysed using NVivo software and presented in vignettes. Qualitative data was analysed and presented in themes.

3.11 Chapter Summary

This chapter is a methods and material chapter that focused on the research paradigm, research design, data collection instruments, target population and sample size, procedures for data collection and data analysis plan. The next chapter, will focus on data analysis, presentation, and interpretation of findings of the research. Chapter 4 will also discuss the findings of this study relating them to findings from previous studies.

CHAPTER 4

RESULTS PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents and interprets the results from questionnaires and interviews conducted with key informants. The first section presents and interprets the results on the background information of respondents. The next sections present and interpret descriptive results on the effect of outsourcing on cost efficiency, productivity and profitability. Lastly the chapter presents inferential statistics on the impact of outsourcing on the performance of manufacturing firms in Mutare and the challenges faced in implementing outsourcing.

4.2 Response rate

Questionnaires were distributed and response rate is shown in Table 4.1

Table 0-1 Response rate

Sample	Responses	Response rate
48	46	95.83%

The response rate of 95.83% in Table 4.1 was appropriate as it was above the acceptable rate of 60%. Therefore, the results from this study will be a true reflection of the situation in the organisation.

4.3 Reliability Statistics for the questionnaire

Cronbach alpha coefficients for Likert scales in the questionnaire were calculated and results are presented in Table 4.2 below.

Table 0-2 Reliability Statistics

Likert scale	Cronbach's Alpha	N of items
Cost efficiency	.789	5
Productivity	.852	5
Profitability	.775	5
Challenges	.893	5

Source: Primary data (2020)

According to the results shown on table 4.2 above, the variables on the questionnaire have a Cronbach's alpha values above **0.7** which is an acceptable level of reliability which shows that the research instrument was reliable (Sekaran and Bougie 2009)

4.4 Background Information

The questionnaire required respondents to indicate their gender, age, level of education and the outsourcing activities within the organization. Findings are presented in Table 4.1 and interpretation follows below the table.

Table 0-3: Background information

Demographic Variable	Variable	Frequency	Percentage	SD
Gender:	Male	34	73.91	0.401
	Female	12	26.09	0.185
Age:	≤29 years	02	04.35	0.216
	31≤ age ≤40	18	39.13	0.559
	41≤ age ≤50	17	36.96	0.446
	51≤ age ≤60	05	10.87	0.375
	Age ≥61	04	08.70	0.540
Highest Level of Education:	O level	00	0.00	0.123
	Diploma	14	30.43	0.563
	First degree	19	41.31	0.577
	Postgraduate	13	28.26	0.350
Experience in outsourcing:	0≤ years ≤ 5	28	60.87	0.230

	6 ≤ years ≤ 10	18	39.13	0.318

4.4.1 Gender of Respondents

Findings in Table 4.3 show that out of a sample of 46 participants, most respondents (73.91%) were male and female respondents represented (26.09%). This means that most of the departmental managers at manufacturing firms in Mutare were males.

4.4.2 Age range of respondents

Results presented in Table 4.3 show that a large proportion of respondents (39.13%) were in the age range of 31-40 years while 36.96 % of the respondents were in the age range 41-50 years and 10.87 % were between 51 and 60 years. Lastly, 04.35 % were less than 29 years while 08.70% were over 60 years.

It can therefore be interpreted that a large proportion of departmental managers at manufacturing firms in Mutare are in the age range of 31-40 years.

4.4.3 Level of education of respondents

Table 4.3 indicate that a large proportion of respondents (41.31%) had a first degree as their highest level of educational qualification as compared to 30.43% of respondents with diplomas and 28.26% with postgraduate qualifications. This implies that most of the responding managers at manufacturing firms in Mutare have a first degree as their highest qualification.

4.5 Business processes outsourced by manufacturing firms in Mutare

To achieve the first objective of the study which was to establish the activities outsourced by manufacturing firms in Mutare Zimbabwe, interviews and questionnaires were administered on managers of outsourcing departments in the organisation. Responses were expected to answer ‘yes’, to pre-identified activities if the corresponding activity was outsourced by their organizations, or ‘no’ if the activity was in sourced. Results from both questionnaires and interviews reveal that this organisation outsourced many activities to external vendors. Findings obtained are presented in Table 4.4 below.

Table 0-4: Outsourced activities

Yes	No

Printing services	Security
Vehicle maintenance (Tyres, panel beating, windscreen fitment, etc)	Cleaning
Electric motor maintenance	Catering
Fire extinguisher servicing	Marketing
Import clearing	
Civil equipment	

Table 4.4 reveal that maintenance, printing services, canal trenching, fire extinguisher servicing, import clearing and civil equipment are outsourced in this organisation. On the hand Table 4.4 shows that marketing, security services, cleaning and cleaning are in sourced.

4.6 Effects of outsourcing on performance of manufacturing firms

The second objective of this study was to establish the effects of outsourcing on performance of manufacturing firms. The researcher first presents descriptive results of the effects of outsourcing on the three metrics of performance (cost efficiency, productivity and profitability) before presenting inferential statistics on the overall impact of outsourcing of organisational performance. Interview results were triangulated with descriptive results from questionnaires

4.6.1 Effect of Outsourcing on Cost Efficiency

Five statements about effect of outsourcing on cost efficiency were presented to respondent managers at manufacturing firms in Mutare. Respondents were requested to rate their responses on each statement on a five Likert scale with digital coding ranging from “Strongly disagree (1) to “Strongly agree (5)”. The results are presented in Table 4.5 below.

Table 0-5: Findings on the effect of outsourcing on cost efficiency

Statement	**Mean**	**Std dev**
Transform fixed cost into variable costs	3.901	0.812
Provided expert staff to produce quality output at controlled costs	4.032	0.369
Economise on production costs	3.785	0.972

Controlled expenses of outsourced activities	3.894	0.897
Reduced operation costs	4.034	0.975

Results computed and presented in Table 4.5, show that most of the respondents agreed that the organisation enjoyed as the costs of outsourced activities were now variable. The statement that outsourcing 'transformed fixed costs into variable cost' had a mean of 3.901 *(Std dev= 0.812)* implying that most of the respondents concurred with the statements. The results from questionnaire agree with results from interviews with selected managers. One manager had this to say:

> *"We no longer have commitment to pay salaries for mechanic every month. We only pay the cost when contracted companies perform service or maintain our equipment. The cost we incur now varies with the frequency of breakdown of equipment. This has significantly reduced the costs we incur as a company, and I really appreciate the benefits we have enjoyed since we started outsourcing our maintenance to third parties."* Manager 4.

Table 4.5 also reveal that vendors provided expert staff who produced quality output at controlled costs. This is evident from a majority respondent who agreed with Statement 2 from Table 4.5 as shown by a mean value of 4.032 *(std dev= 0.369).* This implies that, outsourcing business processes has led to cost reduction at manufacturing firms in Mutare Zimbabwe. This finding is supported by results from interviews with key informant. One manager said,

> "*Most of the vendor we outsourced from are already experienced in performing the outsourced activities, and focusing on building their capabilities they have been able to provide us with quality services at cost that this organisation can control."* Manager 6

Majority of respondents agreed with the statement that outsourcing has enabled the organization to provide services more cheaply compared to before outsourcing was implemented. This statement had a mean response of 3.785 and a standard deviation of 0.972. This means that in outsourcing enabled manufacturing firms in Mutare to hire people to provide services cost effectively. The results from questionnaires corroborate with interview done with selected managers. A manager with one of the outsourcing departments said, *"We now get services at far much lower cost than we used to do when we were performing some of the activities in-house. We used to pay fixed employee salaries every month irrespective of how much work the employees will have done. With the current situation where we have outsourced maintenance, warehousing and vehicle tracking services the organisation only incur costs when a service is rendered thereby significantly reducing tooling, parts and labor costs".* Manager 12

Results from Table 4.5 reveal that majority of respondents concurred with the statement that outsourcing has helped the organization to reduce operation costs compared to before business processes were outsourced. The statement scored a mean of 4.034 and standard deviation of 0.975. It can therefore be interpreted that, outsourcing has helped the organisation to reduce their operation costs. The results concurred with results from interview with key informants: One of the managers said:

"*Outsourcing has a significant positive co relationship with saving money for the organisation as well maximizing our capital. The organisation has enough resources to employ five engineers but with outsourcing we are able to enjoy the services a team of 5 engineers without committing to pay monthly salaries".* Manager 5

Basing on the interpretations above it can therefore be generalised that the that outsourcing at manufacturing firms in Mutare positively contributed to cost efficiency.

4.6.2 Effect of outsourcing on productivity

Five statements were used to evaluate the effects of outsourcing on productivity. The statements were presented to managers at manufacturing firms in Mutare. Respondents were requested to rate their responses on each statement on a five Likert scale ranging from "Strongly disagree (1) to "Strongly agree (5)". The results are presented in Table 4.6 below.

Table 0-6: Findings on the effect of outsourcing on productivity

Statement	**Mean**	**Std Dev.**
Improved return on employee	4.102	0.061
Increase in number of expertise	4.890	0.973
Improved management of resources	4.216	0.492
Flexible services	3.991	0.145

Concentration on core activities	4.217	0.332

Majority of respondents agreed that performance per employee in this organization increased as a result of outsourcing. This is evidenced by a mean response of 4.102 (*Std dev=0.061*). This means that performance per employee has improved as a result outsourcing at manufacturing firms in Mutare. This result corroborates with results from interview with key informants where most of the respondents agreed that outsourcing of business process increase employee performance. One of the managers interviewed said:

> *"Outsourcing has helped this organisation to increase productivity as it allowed employees to focus on their core competencies thereby increase efficiency and job satisfaction for employees in the long run".* Manager 4

Results from Table 4.6 also reveal the increase in number of expertise delivering business processes in the organisation as shown by a mean response of 4.890 and a standard deviation of 0.973. The questionnaire results concur with results obtained from interviews with selected departmental managers where the majority of them agreed that due to outsourcing the organisation was able to have more expertise to deliver business processes. A representative manager had this to say:

> *"Outsourcing has come as a money saving strategy for the organisation as well maximizing our capital. The organisation has enough resources to employ five engineers but with outsourcing we be able to enjoy the services a team of 5 engineers on without committing to pay monthly salaries".* Manager 5

Table 4.6 further show that implementation of outsourcing to provide business processes improved management of resources. This is shown by a mean response of 4.216 (*Std dev=0.492*). The result corroborates with results obtained from interviews with selected departmental managers who unanimously agree that since their organisation started outsourcing some activities they have improved the management of resources. One manager said,

> "*through the use of specialized expertise and use of advanced technologies from BPO providers the organisation has improved the services that we get from internal staff groups members."* Manager 11

Results from Table 4.6 also reveal that introduction of outsourcing strategy in the organisation has been able to provide flexible services by either investing in or disinvesting capital equipment. This is evidenced by a mean response of 3.991 with standard deviation 0.145. These questionnaire results agree with results obtained from interviews with selected managers were most of the interviewed managers agreed that outsourcing has enabled the organisation to have a flexible consumption of services as there was no fixed costs associated with these services. A representative departmental manager said:

> *"Most departments in this organisation have benefited from outsourcing services as they are flexible and now adjust to changes in demands of the business. Market conditions change any time and the organisations are supposed to shift supply of business processes to cope with changes in demand."* Manager 8

Table 4.6 also show that outsourcing has enabled the organisation to concentrate on core activities thereby improving productivity. This is evidenced with a mean response of 4.217 with a standard deviation of 0.332. The questionnaire results agree with results obtained from interviews with selected managers where the majority of the interviewee said that outsourcing enabled user departments to concentrate on core activities as the hired out non-core activities. One manager said,

> *"outsourcing has enabled this organisation to outsourced peripheral activities such as equipment maintenance and vehicle tracking and concentrate on core activities thereby improving productivity ".* Manager 4

Summarily, findings from Table 4.6 show that most of the respondents agreed that outsourcing has helped this organization to increase on its productivity. This implies that in most cases, outsourcing has helped to increase productivity at manufacturing firms in Mutare.

4.6.3 Effect of outsourcing on profitability

Five statements about effects of outsourcing on profitability were presented to respondent managers at manufacturing firms in Mutare. Respondents were requested to rate their responses on each statement on a five Likert scale ranging from "Strongly disagree (1) to "Strongly agree (5)". The results are presented in Table 4.7 below

Table 0-7: Findings on the effect of outsourcing on profitability

Statement	Mean	Std Dev.
Gained competitive advantage	4.371	0.892
Expansion of market share	4.086	0.078
Expansion into new markets	3.873	0.091
Increased production and revenue	4.065	0.746
Increase in the value of goods/services	3.927	0.674

Results presented in Table 4.7 reveal that most of the respondents agreed with the statement that outsourcing has helped this organization to become more competitive in the market as evidenced by a mean of 4.371 and a standard deviation of 0.892. This means that, outsourcing has helped manufacturing firms in Mutare to become more competitive in the market. These results agree with results from interviews with selected interviewees who agreed that outsourcing has improved this organisation's competitiveness as it reduced production and operational costs and improved the quality of products. One of the interviewed managers said,

> *"Outsourcing has assisted this organisation to fight the ever increasing competition coming from locals as well as global organisation. The phenomenon of outsourcing we adopted has helped us to expand our market share as well as into new markets ".* Manager 6

Majority of respondents supported that outsourcing has helped this organization to increase its market share and sales as shown by a mean of 4.086 and standard deviation 0.078 in Table 4.7. This implies that outsourcing has helped to increase on volume of sales at manufacturing firms in Mutare. The results corroborate with results from interviews with selected managers. One of the managers said,

> "*Outsourcing has assured the organisation of high quality production of goods resulting in increase in sales and subsequently an increase in market share."* Manager 12

Most respondents agreed that outsourcing has helped this organization to expand into new markets that they had not ventured into before the outsourcing strategy was implemented. Results presented in Table 4.7 show a mean response of 3.873 and standard deviation of 0.091. This means that, outsourcing helped manufacturing firms in Mutare to expand into other markets. The questionnaire results agree with qualitative results were interviewees concurred that since the adoption of the outsourcing strategy they have been able to penetrate new markets as outsourcing improved their quality of goods and services as well as operation and production costs. One manager said:

> *"Outsourcing has helped this organisation expand to new local markets and international markets through reduced production and operational costs and improved quality."* Manager 11

Results from Table 4.7 show that majority of respondents agreed that outsourcing has assisted the organisation to increase production and revenue as shown by a mean response of 4.065 and standard deviation of 0.746. This implies that outsourcing has helped manufacturing firms in Mutare increase production and revenue. This result corroborates with results from interviews with selected departmental managers who agreed production and revenue increased since the introduction of outsourcing. These finding agree with finding that came from interviews with selected managers who agreed that outsourcing has enabled this organisation to increase production as well as revenue. One manager from the organisation said:

> *"After outsourcing our organisation benefited from increased revenue, reduce costs and improved relationships with vendors. Outsourcing business processes allowed our organisational employees to concentrate on activities that increase production and drive up revenues".* Manager 5

From Table 4.7, findings show that most of the respondents agreed with the statement that outsourcing has helped this organization to increase value of its products/services. This is evidenced by a mean response of 3.927 and a standard deviation of 0.674. This implies that, outsourcing has helped to increase value of its products/services at manufacturing firms in Mutare. The result agrees with results from interviews with key informants who concurred that the value of good/services improved with outsourcing. One of the managers said.

> *"Outsourcing saved this organisation a lot of time and money by using third party service providers "Manager* 10

4.7 Inferential statistics on the impact of outsourcing on performance of manufacturing firms

OLS, and OLOGIT and OPROBIT estimates obtained from analysis of questionnaires are presented in Table 4.8. OLOGIT and OPROBIT regression analysis were used to test for the robustness of the model. The results did not change as confirmed by the OLOGIT and OPROBIT models in Column 2 and 3 of Table 4.8 respectively suggesting that the model is correctly specified.

In examining the impact of outsourcing on firm performance, the researcher considered the demographic variables as control variables. It can be noted that demographic data may affect the performance of manufacturing firms hence the need to isolate their effect (Gómez and Maícas, 2011). The researcher controlled for gender, age, experience and level of education. Therefore, the results for these variable presented in Table 4.8 will not be interpreted nor discussed.

Table 0-8: OLS, OLOGIT and OPROBIT estimates: Impact of business process outsourcing on performance of manufacturing firms Zimbabwe

	OLS	OLOGIT	OPROBIT
VARIABLES	(1)	(2)	(3)
Outsourcing Index	0.818*** (0.142)	4.661*** (0.583)	2.493*** (0.446)
Male	0.241*** (0.0856)	1.135*** (0.319)	0.813*** (0.342)
31≤ age ≤40	-0.0378 (0.171)	0.0239 (0.986)	-0.0196 (0.532)
41≤ age ≤50	-0.0678 (0.184)	-0.210 (0.845)	-0.176 (0.577)
51≤ age ≤60	0.206 (0.156)	0.537 (0.467)	0.344 (0.687)

Age ≥61	0.239*** (0.164)	1.439*** (0.922)	1.018*** (0.616)
O Level	0.0942 (0.210)	0.635 (1.373)	0.380 (0.685)
Diploma	0.0608 (0.314)	0.415 (1.393)	0.346 (0.689)
First degree	0.201 (0.267)	0.443 (1.728)	0.397 (0.764)
6 ≤ years ≤ 10	0.249 (0.328)	0.736 (1.623)	0.397 (0.766)
11 ≤ years ≤ 15	-0.260* (0.162)	-1.142* (1.076)	-1.032* (0.476)
Constant cut1		16.75*** (3.414)	11.26*** (2.361)
Constant cut2		18.38*** (4.480)	17.50*** (2.112)
Constant	0.312 (0.600)		
Observations R-squared	46 0.332	46 0.2589	46 0.2602

Robust standard errors in parentheses

**** p<0.01(Significant at 1%), ** p<0.05 (Significant at 5%), *p<0.1(Significant at 10%)*

Table 4.8 three stars (***) means statistically significant at 99% level of confidence, two stars (**) imply 99% level of confidence and a single star (*) 90% means level of confidence. Outsourcing significantly improved the performance of this manufacturing organisation in Zimbabwe. The beta coefficient of outsourcing Index shows positive relationship to the overall performance index of the manufacturing firm. With one-unit increase in the outsourcing index, the performance of this manufacturing firm increases by 0.818 units holding all other factors constant. The beta coefficient of 0.818*** in column 1 of Table 4.8 below reveal that outsourcing index has statistically significant impact on performance of this organisation in Zimbabwe at 1 % level of significance. In other words, there is a 99% confidence that outsourcing Index has some effect on the performance of manufacturing firms in Mutare.

4.8 Challenges in implementing outsourcing

A research question was designed to establish the challenges that are encountered by organisations in improving performance through the outsourcing of business activities. Five statements about the challenges faced when implementing outsourcing were presented to respondent managers at manufacturing firms in Mutare. Respondents were requested to rate their responses on each statement on a five Likert scale with digital coding ranging from "Strongly disagree (1) to "Strongly agree (5)". The results are presented in Table 4.9 below.

Table 0-9: Challenges in implementing Outsourcing

Statement	Mean	Std Dev.
Confidential data	2.200	0.813
Hidden costs	3.938	0.492
Lack of customer focus	2.471	0.769
Employee in security	5.000	0.000
Loss of process control	4.001	0.532

Results from Table 4.9 show that this organisation had no challenge with outsourcing vendors disclosing their confidential information. Most respondents (*Mean= 2.200; Std dev. = 0.813*) disagreed with the statement that confidential data was at the risk of disclosure if processes are outsourced. This quantitative result corroborates with qualitative data from interviews with selected managers who agreed that there are no confidentiality issues with their outsourcing partners. One managers said:

"Most of our outsourcing partners are transparent with us and we have established clear lines of communication and our contracts outline specifics expectations and roles of the vendor". Manager 11

The results also reveal that there were no challenges with outsourced vendors losing focus on the organisation's customers. Most respondents (*Mean= 2.471; Std dev. = 0.0.769*) disagreed with the statement that outsourced vendors may lose focus on the organisation customers. This quantitative results also concur with findings from interviews held with selected managers who generally agreed that their outsourced partners paid much attention on the organisations customers as they are expertise in that area. One manager said,

"Our organisation deliberately avoided outsourcing customer-focused in areas of its business". Manager 4

However, results from Table 4.9 reveal that a majority of respondents confirmed the presents of hidden costs that are unforeseen when organisations outsource business activities. This is revealed by a mean response of 3.938 and standard deviation of 0.492. This result corroborates with results from interviews with selected managers. One manager said,

"The total costs of the contractor arrangements included hidden opportunities to reduce cost, improve quality and delivery performance". Manager 10

Results from Table 4.9 also show that all the respondents unanimously agreed that employees felt insecure of their jobs as the organisation was outsourcing business activities. This was confirmed by a mean response of 5.000 and standard deviation of 0.000. Interviewed managers also agree that employees were sceptical about the strategy of outsourcing as they feared that it would leave them out of employment. One managers had this to say:

"At the initial stages our employees were afraid of the unknown. They were not sure if they were going to retain their jobs and as a result it affected their morale and motivation". Manager 6

Most of the respondents registered fear of loss of control of processes that have been outsourced by the organisation. This is shown in Table 4.9 where the mean response was 4.001 with a standard deviation of 0.532. One manager said:

"At one time we were hesitant to outsource as we thought that we were going to lose visibility and control of organisational activities thereby reducing the beneficial effects of outsourcing". Manager 8

4.9 Chapter Summary

This chapter presented and analyses the results of data gathered though questionnaires and interview guides. The questionnaire results were presented in tables while interview results were presented in vignettes. The chapter answered research questions raised in chapter 1. The next chapter gives an outline of the findings of this study and a discussion of the findings with previous studies.

CHAPTER 5

SUMMARY AND CONCLUSIONS

5.1 Introduction

This chapter presents the findings of this study and discusses these findings with previous studies. The chapter also presents conclusions, recommendations, limitations of this study and concludes with recommendations for future studies.

5.2 Summary of findings

This study sought to address the following specific objectives:

- To establish business processes outsourced by manufacturing firms in Mutare, Zimbabwe.
- To assess the effects of outsourcing strategy on business performance manufacturing firms in Mutare, Zimbabwe.
- To identify the challenges associated with the use of outsourcing strategy in manufacturing firms in Mutare, Zimbabwe**.**

The findings of this study are detailed and discussed in the below bullets.

Objective 1: To establish business processes outsourced by manufacturing firms in Mutare, Zimbabwe

The first objective of this study was to establish the business processes outsourced by manufacturing firms in Mutare Zimbabwe. The respondents confirmed that they outsourced maintenance services, printing services, fire extinguisher servicing, import clearing and civil equipment are outsourced for this organisation. On the other hand, marketing, security services, and cleaning services are in sourced. In summary, the organization retained its core activities of manufacturing ethanol among other activities that were performed in-house. The organisation outsourced activities that required professional expertise and well-trained people.

Objective 2: To assess the effects of outsourcing strategy on business performance manufacturing firms in Mutare in Zimbabwe

The second objective of this study was to assess the impact of outsourcing activities on the performance of the organisation. To address this objective, organisational performance was divided into cost efficiency, productivity and profitability. After descriptive results for the three separate metrics of performance, an overall performance index was calculated and regressed against outsourcing.

On the issue of the effects of outsourcing on cost efficiency, findings indicated that the organisation benefited as the costs of outsourced activities from vendors provided expert staff who provide services more cheaply and helped the organisation to reduce operational costs. This is revealed in the respondents' mean scores which were higher than the central response of 3, showing agreement to the statement that outsourcing improves cost efficiency. These findings support Onit (2019) who posits that outsourcing also enables the organisation to improve efficiency and achieve customer service levels. Outsourcing of certain processes of the organisation reduces the staffing requirements thus eliminating costs of recruiting and retaining employees (Aswini, 2018). Moreover, equipment acquisition costs, material handling costs, installation costs, commissioning costs, running and maintenance costs as well as depreciation are eliminated (Malik, 2019). In addition to this, Gonzalez, (2016) asserts that organisations outsource higher cost processes which they do not have the capacity to perform, which helps the organisation to realise profits while utilising the resources of the third-party vendor.

Regarding the effect of outsourcing on productivity of the organization, findings reveal an improvement in employee performance, number of expertise delivering business processes, management of resources, flexibility of services and concentration on core activities thereby improving productivity. This is evidenced by respondents' mean responses greater that the central value of 3 implying agreement with the statement that outsourcing improves an organisation's productivity. These findings concur with Lucas (2020) who posit outsourcing increases organisational productivity as employees focus on what they know best and outsource items or services they obtain from third parties at a lower cost (Lucus, 2020). Outsourcing relieves in-house employees from more time-consuming activities such as event planning, public relations, data entry, recruitment, and administrative management and concentrate on more strategic activities such as product development, and nurturing relationships.

Pertaining to the effect of outsourcing on profitability of organization, findings show that outsourcing improved organisation competitiveness, market share and sales, production and revenue and enabled the organisation to penetrate new markets. These results corroborate with Görg and Hanley (2004) who posit that outsourcing contributes to profitability through value enhancing, increase of competition such as a use of a new technology and profitability margin. Through outsourcing, organisations can get better quality products due to the use of advanced technology and experts in the field (Aswini, 2018). Using outsourcing, organisations take advantage of the technology and expertise of vendors to improve the quality of their manufactured products which enhances customer satisfaction and consequently profitability (ACCA, 2011). Organisations that outsource certain functions, have the opportunity to get improved quality service through the use of specialist service providers who have access to better technology, which enables the organisation to gain competitive advantage over its competitors (Onit, 2019). Furthermore, there are certain skills and technologies which are only available abroad; outsourcing enables the organisation to access such skill and technology which gives them a competitive edge over competitors (Tayauova, 2012).

Regarding the impact of outsourcing on overall performance of the organisation, results show that outsourcing has a positive significant influence on organization performance. With one-unit increase in the outsourcing index, the overall performance of this manufacturing firm increases by 0.818 units ($p<0.01$) holding all other factors constant. This finding agrees with Boison, Amedi, Linda and Aisedu (2019) who assessed the impact of outsourcing on the organizational performance of Vodafone Ghana. Their study findings revealed a positive relationship between outsourcing and quality of service. Boison, Amedi, Linda and Aisedu (2019)'s results also show a positive relationship between outsourcing and knowledge development. These study findings also support results by Suraju and Hamed (2013) who examined the impact of outsourcing of services on organizational performance in the Nigerian food beverage and tobacco industry. Their study found that outsourcing positively influenced organizational performance. Suraju and Hamed (2013) also show that the more an organization outsourced, the higher its organizational growth. More so, outsourcing was found to be positively correlated to competitive advantage, labour productivity and reduction in production cost.

Objective 3: To identify the challenges associated with the use of outsourcing strategy in manufacturing firms in Mutare in Zimbabwe

The third objective of this study was to assess the challenges in implementing outsourcing in an organisation. Results indicated that the organisation had challenges with unforeseen costs, employees who felt insecure on their jobs and loss of control of business processes. However, they had no challenge with outsourcing vendors disclosing their confidential information and vendors losing focus on the organisation's customers. These results agree with Aswini, (2018) who posits that outsourcing brings change to the outsourcer which leaves employees with fear of losing their jobs. The outsourcing of an entire function also exposes the organisation to loss of skills since the employees of an outsourced function will either join the vendor of move to other organisations (Intetics, 2013).

The findings further agree with Malik, (2019) who established that outsourcing has hidden significant costs such as cost of vendor selection, transition and relationship building costs and culture difference costs, which may be overlooked on making outsourcing decisions. Malik, (2019) also asserts that outsourcing organisation run the risk of losing control depending on the outsourcing level used.

5.3 Conclusions

Based on results presented in chapter 4 the researcher concluded manufacturing firms in Mutare outsourced maintenance services, printing services, canal trenching, fire extinguisher servicing, import clearing and civil equipment.

The findings also revealed that outsourcing at manufacturing firms in Mutare Zimbabwe positively and significantly influenced the organisation's performance.

The findings show that outsourcing at manufacturing firms in Mutare Zimbabwe improved cost efficiency of the organisation.

The findings revealed that outsourcing at manufacturing firms in Mutare improved productivity in the organisation.

The findings also revealed that outsourcing at manufacturing firms in Mutare improved the profitability of the organisation.

It was also established that the organisation faced challenge with unforeseen costs, employees who felt insecure on their jobs and loss of control of business processes when implementing outsourcing.

5.4 Recommendations

Based on the findings above the study recommends that Manufucturing firms should improve outsourcing in the organisation in order to improve the performance of the organisations.

The study further recommends that the organisation must be aware of the challenges that inhibit the successful implementation of outsourcing so that they will be able to mitigate against them.

5.5 Limitations of the study

A study covering the whole country would have been more appropriate but due to the limitation in financial resources and limited time the research focused on organisations in Mutare.

5.6 Areas for further research

This study focused on the effect of outsourcing strategy on the organizational performance of manufacturing industry in Mutare in Zimbabwe. Further studies can be carried out extending the area of coverage to include more organisations in the manufacturing industry in Zimbabwe. The study can also be extended in other industries such as banking, retail, agriculture and other service sectors.

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Appendix 1 Questionnaire with user departments

Section A: Demographic Data

1. Gender

Male	01
Female	02

2. How old are you?

≤29 years	01
31≤ age ≤40	02
41≤ age ≤50	04
51≤ age ≤60	04
Age ≥61	05

3. Level of Education

O Level	01
Diploma	02
Degree	03
Post Graduate	04

5. For how long have been outsourcing activities

0≤ years ≤ 5	01
6 ≤ years ≤ 10	02
11 ≤ years ≤ 15	03
Years ≥ 16	04

INSTRUCTIONS: INSTRUCTIONS: Below is a list of possible candidates for outsourcing. Please rate how strongly you agree or disagree that the following activities are outsourced by placing a check mark in the appropriate box.

1- Strongly disagree (SD); 2- Disagree (D); 3- Uncertain (U); 4- Agree (A); 5- Strongly agree (SA)

SECTION B: Activities	**YES**	**NO**
7. Security	1	0
8. Cleaning services	1	0
9. Catering services	1	0
10. Cleaning	1	0
11. Marketing	1	0
12. Vehicle tracking	1	0
13. Civil equipment	1	0
14. Import clearing	1	0
15. Storage facilities	1	0
16. Equipment maintenance	1	0

Indicate how business process outsourcing has impacted on organisational performance.

SECTION C: Impact of outsourcing on cost efficiency	**SD**	**D**	**U**	**A**	**SA**
17. Transform fixed cost into variable costs	1	2	3	4	5
18. provided expert staff to produce quality output at controlled costs	1	2	3	4	
19. Economise on production costs	1	2	3	4	5
20. Controlled expenses of outsourced activities	1	2	3	4	5
21. Reduced operation costs	1	2	3	4	5

SECTION D: Impact of outsourcing on productivity	**SD**	**D**	**U**	**A**	**SA**
22. Improved return on employee	1	2	3	4	5
23. Increase in number of expertise	1	2	3	4	5

24. Improved management of resources	1	2	3	4	5
25. Flexible services	1	2	3	4	5
26. Concentration on core activities	1	2	3	4	5

SECTION E: Impact of outsourcing on profitability	**SD**	**D**	**U**	**A**	**SA**
27. Gained competitive advantage	1	2	3	4	5
28. Expansion of market share	1	2	3	4	5
29. Expansion into new markets	1	2	3	4	5
30. Increased production and revenue	1	2	3	4	5
31. Increase in the value of goods/services	1	2	3	4	5

SECTION F: Challenges in implementing outsourcing	**SD**	**D**	**U**	**A**	**SA**
32. Confidential data	1	2	3	4	5
33. Hidden costs	1	2	3	4	5
34. Lack of customer focus	1	2	3	4	5
35. Employee in security	1	2	3	4	5
36. Loss of process control	1	2	3	4	5

The End

Appendix 2 Interview schedule for outsourcing department managers

Place of interview

Date of interview:

Introduction

- ✓ **Researcher introduces self**
- ✓ **State estimated Time line (duration of interview)**
- ✓ **Motivation for conducting interview**

QUESTIONS

1. Which business activities does your organisation outsource from third parties?
2. How has outsourcing strategy affected the performance of your organisation?

   Probe:
   - Productivity
   - Cost efficiency
   - Profitability
3. What are the challenges encountered in successful implementation of outsourcing?

Appendix 2: Gate

CITY OF MUTARE

OFFICE OF THE TOWN CLERK

Bindura University of Science Education

Private Bag 1020

Bindura, Zimbabwe

Date: 9 June 2025

The Human Resource Manager

Mutare City

Zimbabwe.

Dear Sir,

REF: AUTHORITY TO CARRY OUT A RESEARCH

I am pleased to grant permission for **Mr. P. Zhumo (B225953B)** to carry out academic research within Mutare. His study aims to contribute valuable insights in Procurement and aligns with ethical research standards.

Mr. Zhumo has committed to conducting his research responsibly, ensuring compliance with all relevant regulations and guidelines. We trust that he will uphold the integrity of the research process while respecting community and institutional protocols.

Should you require further details or clarification, please feel free to contact

Yours faithfully

Chinduru S

Email:schinduru@mutarecity.org

0772978105

CITY OF MUTARE
PROCUREMENT MANAGER

09 JUN 2025

13/14 NEW CASTLE ROAD,
MUTARE, ZIMBABWE
TELEPHONE: 02020 64426