

## Outsourcing as a Strategic Tool for Organizational Sustainability: A Study of Manufacturing Firms in Enugu Metropolis

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### Abstract

**Research Objective:** This study examined the relationship between outsourcing and organizational sustainability of manufacturing firms in Enugu metropolis. In order to achieve the aim of the study, three research questions and three hypotheses guided the study. HR outsourcing and information technology outsourcing were adopted as the dimensions of outsourcing while economic sustainability and environmental sustainability were adopted as the measures of organizational sustainability. The study was anchored on Resource-Based theory.

**Methodology:** The study adopted a survey method using questionnaires as instruments for data collection. Data was analyzed using Pearson's Moment correlations with the help of SPSS Social Science package. A sample of one hundred and sixteen (116) employees and managers of the selected manufacturing firms in Enugu metropolis were derived for the study and used for the analysis.

**Findings:** HR outsourcing has a positive and significant relationship with economic sustainability( $r = .664$ ,  $p < .022$ ). HR outsourcing has a significant and positive relationship with environmental sustainability( $r = .679$ ,  $p < .006$ ). Information technology outsourcing has a significant and positive relationship with economic sustainability ( $r = .744$ ,  $p < .000$ ).

**Conclusion:** outsourcing has a significant positive relationship with organizational performance of manufacturing organizations.

**Recommendations:** Continuous outsourcing of other services which an organization does not have a competitive advantage over its competitor guarantees organizational sustainability. Integrating outsourcing programmes into the corporate strategy eliminates duplication in resources application and equally ensures the enjoyment of unique competitive capabilities. Finally, successful implementation of an outsourcing strategy not only helps in cutting costs, but enhances both economic sustainability and environmental sustainability.

**Key words:** Outsourcing, Strategic tool, Organizational Sustainability.

## **1.0 INTRODUCTION**

### **Background to the Study**

The achievement of competitive advantage is a major concern for strategic managers and policymakers. It occupies a central position in strategic management studies. Understanding the factors and motivators of competitive advantage has led to increasing interests in the concept among scholars and practitioners (Barney & Hesterly, 2010). The competitiveness of a business depends on the strategies adopted by the organization to match the key success factors for operating in its market and exceeding those of its competitors. That is, the ability to achieve a sustainable competitive advantage over its rivals (Dash & Das, 2018). However, firms have always sought ways to gain a competitive advantage over their competitors; with the increased movement towards a single globalized economy, this desire is even more prevalent for businesses today. One avenue that firms have pursued to improve their competitive position in this new business environment is through outsourcing (Akewushola & Elegbede, 2013).

Thus, organizations are increasingly turning to outsourcing strategy in an attempt to enhance their competitiveness, improve their performance and their sustainability. Outsourcing is a common practice among both private and public organizations and it is a major element in business strategy. Nevertheless, every organization engages in one form of outsourcing or the other, be it manufacturing services, information technology, management services, product engineering, and research process or marketing services (Egesimba, 2021). According to Rundquist (2017), outsourcing is a management strategy by which an organization delegates major, non-core business functions to specialized and efficient service providers. In other words, outsourcing is the procurement of products or services from sources that are external to the organization. Outsourcing business operations and processes is usually inevitable in instances where a specific firm has no knowledge or skills for performing specific tasks within the organization. Besides, firms can also outsource in order to minimize workload, attain financial economies, increase ability to focus on core competencies and strategic issues, access to technology and specialized expertise, ability to demand measurable and improved service levels, and achieve competitive advantage (Hope & Dadzie, 2015).

The reasons why firms decide to outsource vary, even though the most mentioned motive is often to achieve cost benefits and/or focus on core competencies. These two motives are often interlinked as one argument whereas managers use outsourcing in order to improve the use of capital investments by concentrating the firm's human and capital resources on its main activities (Quélin & Duhamel, 2013). Beside these main motives, other reasons for outsourcing are, to achieve best practice by acquiring access to external competencies, to transform fixed costs into variable costs, or as a tool in adapting to rapidly changing environments. An increase of the

firm's internal focus on its core business is often assumed to result in performance improvements, and organizational sustainability (Leavy, 2014).

According to Munck and Souza (2016) organizational sustainability appears to be the life-wire of every firm in the world. This is because no business wants to go on extinction rather always wants to remain in the apex of leadership. In the course of labeling and translating the meaning of this concept, Munck and Souza (2016) posited that organizational sustainability is a collection of methodologies, business models and best practices to enable organizations establish long-term business operations and funding. Thus, a sustainable organization needs to be strong institutionally, socially, financially and morally. However, in order to make a sound decision and to improve organizational sustainability, the management needs to outsource. Thus, outsourcing is said to have an influence on organizational sustainability. As a result, many organizations opt to outsource hoping that they will benefit from it. Outsourcing may lead to improved performance which includes higher quality products, shorter cycle time, increased productivity, higher profits etc. It may also include more focus on what one does best, improved risk management and reduced investment on assets and many others (Greaver, 2019). Also, most organizations primarily outsource to save on overheads but via short term outsourcing. Thus, outsourcing enables customers to benefit from supplier cost advantages such as economies of scale, experience and location (McIvor, 2015).

Weele (2010) classified the benefits of outsourcing into three major components. This includes costs, competency focus and revenue. Where costs are concerned, he stated that the reason for outsourcing includes reduction of operating costs, reduction of capital investment, turning of fixed cost into variable costs, meeting of downsizing requirements, reduction of development costs and obtaining intelligence of competitiveness. For the purpose of competency focus, Weele (2010) stated that most businesses will focus on core business, gain access to latest technology not in the company, gain access to needed skills, provide alternative to building capability, create additional capacity, provide backup capabilities and align with policy, philosophy and culture which could in turn lead to organizational sustainability. This study, drawing from the foregoing, therefore seeks to examine the relationship between outsourcing and organizational sustainability in manufacturing firms in Enugu metropolis.

### **Statement of the Problem**

Organizations have always been seeking ways to sustain and achieve a competitive edge over their potential competitors. However, the contemporary highly competitive environment in which today's businesses operate acts as a strong stimulus for organizations to outsource. Several organizations have started to take up the concept of outsourcing but still, there are certain firms who are in doubt on taking the path of outsourcing. This is mainly because the nature of global markets such as competitiveness and uncertainty are currently presented in the world's

economics. After the arrival of information technology and information systems, the outsourcing process has turned out to be more predominant in all aspects of today's business of which it has both risks as well as some latent requirements. Some of the problems associated with outsourcing include cultural differences, change management, unrealistic expectation, risk of theft or hacking of intellectual property to client companies, and so on. In furtherance, the outsourcing concept has not received remarkable attention and support which can be considered to be favourable for improving organization growth and sustainability. Besides, the effect of outsourcing on organizational sustainability in manufacturing firms in Enugu Metropolis is not well documented. This is further supported by the fact that previous outsourcing studies give contradicting outcomes.

For instance, a study of Nigeria Unilever Plc and Nestle Nigeria Plc by Adeyemi and Ibrahim (2012) reported a significant and positive effect of outsourcing strategy on an organizational performance. Indeed, it is difficult to find an industry or a firm that does not take part in the outsourcing trend. Yet, the popularity of outsourcing does not imply that every firm benefits from outsourcing. A study by Rothaermel and Deeds (2011) on the effect of outsourcing strategy in telecommunications firms in Nigeria reported a negative effect on organization's performance due to poor service delivery, poor network quality, low coverage level and increasing customer complaints. Also, Dun and Bradstreet's Barometer of Global Outsourcing (2017) reported that outsourcing arrangements are characterized by unexpected high failure rates. The increasing use of outsourcing arrangements, as well as the unfamiliar complexity associated with it especially in Nigeria suggests the need to probe further on its effect on organizational sustainability while these inconclusive arguments and contradicting results necessitate the need for this study. It is against this backdrop that this study aims to examine the relationship between outsourcing and organizational sustainability of manufacturing firms in Enugu metropolis which will add more knowledge to the existing one.

### **Objectives of the Study**

1. To examine the relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.
2. To determine the relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis.
3. To ascertain the relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

### **Research Questions**

1. What is the relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis?

2. What is the relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis?
3. What is the relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis?

### **Research Hypotheses**

1. There is no significant relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.
2. There is no significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis.
3. There is no significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

## **2.0 REVIEW OF RELATED LITERATURE**

### **Conceptual Review**

#### **Concept of Outsourcing**

The term outsourcing has been defined by many researchers in much different ways. According to Brown and Wilson (2015) outsourcing can be simply seen as provision of services from an outside source. According to Abraham and Taylor (2006) outsourcing can be defined as the use by one company of another business to do particular tasks because it can do them more cheaply or effectively. Cote and Bruce (2014) defined outsourcing as the management strategy by which an organization selects specialist organizations in a competitive bidding and assigns them to provide services which are non-core functions of the host organization. To be able to survive and be profitable in the current globalization era, companies tend to use outsourcing to a larger extent (Brannemo, 2016).

Momme and Hvolby (2012) defined outsourcing as the process of establishing and managing a contractual relationship with an external supplier or service provider for the provision of capacity that has previously been provided in-house in order to achieve objectives. The worldwide trend in globalization has led many organizations to outsource their non-core activities to service providers and focus on their core competence.

In the words of Bennedsen and Schultz (2005) outsourcing decisions are influenced by the quality of information available, cost, environmental sustainability, strategic alliance, supplier quality, financial evaluation, risk and efficiency.

Effective use of outsourcing will, therefore, allow an organization to focus on a limited set of strategically important tasks and will in turn lead to continuous enhancement of its core

competencies (Quinn, 2012). Moreover, advances in business logistics and processes have encouraged companies to increase the outsourcing of non-core operations. This has led companies to develop new business strategies to manage goal-oriented activities that depend heavily on outsourcing. Outsourcing has also resulted in a significant altering of organization configuration and boundaries, outsourcing can obviously help an enterprise achieve considerable benefits, but employing outsourcing without proper consideration of long-term performance may also jeopardize competitiveness (Mowshowitz 1994).

*Some of the common reasons organizations involved in outsourcing advances includes:*

**Cost effectiveness:** Although asset costs are increasing due to the impact of the global financial crisis, organizations cannot increase their production cost due to the high level of competition in today's markets. It is necessary for organizations therefore to search for strategies which lower asset costs. Stroh and Treehuboff (2013) claimed that outsourcing is seen as a cost saving strategy, with organizations outsourcing their non-core competencies whilst still maintaining customer service, and thereby gaining a competitive advantage. Global operations and the goal of organizational growth naturally put pressure on organizations to invest in human capital. However, this investment can be very costly.

**Focus on core competencies:** Many organizations make a decision to outsource some organizational activities. This is because they want to focus on their core competencies, and see low value in developing in-house activities outside of this core (Potkány, 2008). Specifically, outsourcing HR activities can reduce the workload of existing HR staff, thereby allowing the organization to primarily focus on strategic decision making and developing core competencies (Hansen, 2009).

**Strategic Human Resource:** Organizations increasingly acknowledge the strategic importance of the human resource (HR) function. As human resource management perspectives change from operational and administrative, to strategic, HR becomes more aligned with organizational goals and strategy. This change has increased the focus of outsourcing the HR function, and it is steadily building momentum in many organizations (Merritt, 2007). Hence, outsourcing the HR function is seen as a significant part of contemporary HR strategy.

**Access to Global talent:** Outsourcing to companies in different geographical locations offers companies the capability to operate in different time zones and thus improve overall business performance levels (Gupta, 2009).

**Sharing risks:** Outsourcing certain components of business processes helps the organization to shift responsibilities to the outsourced organization. The outsourced organization is in most cases the specialist and thus should be able to plan those risk factors better. On the other hand, the outsourced organization should be able to meet your growth requirements.



## Dimensions of Outsourcing

This study restricts itself to HR outsourcing and Information technology outsourcing as the dimensions of outsourcing. These dimensions are discussed below:

### 1. Human Resource (HR) Outsourcing

Human Resources outsourcing refers to the practice of contracting a third-party organization to handle some or all of a business's HR tasks and functions. When small business owners or HR professionals consider outsourcing HR, they want to consider who else is outsourcing, what functions can be outsourced, and to whom they should outsource. According to a study by The Society of Human Resource Management (SHRM), over half of all HR professionals have taken advantage of outsourced HR. The top two reasons for outsourcing are the benefits of cost and time efficiencies. These efficiencies are really the opportunity costs of business owners and managers, who lose time and money focusing on HR tasks when these resources can be spent on what must be done to grow their business. That is, the time and money devoted to employee management is better spent by outsourcing HR so that businesses can be devoted to core business functions. Outsourcing is a new phenomenon which is appropriate and very popular in modern organizations. Outsourcing recruitment process is mostly used to develop the performance of the organization via managerial time saving along with the cost (Corbett, 2014).

Human resources (HR) perspective has changed from operational, administrative programs to strategic processes, this change has increased the focus of outsourcing the Human resources (HR) function, and it is steadily building momentum in many organizations (Merrit, 2017). Hence, outsourcing the Human resources (HR) function is seen as an essential part of modern Human resources (HR) strategy. It has been indicated that organizations gain competitive edge over their rivals by simply shifting some of the Human resources (HR) non-core functions to outside suppliers (Beardwell & Claydon, 2017). There are a lot of reasons at both the strategic and operational level, why companies outsource their human resources (HR) activities. In particular, demand for increased productivity, environmental sustainability with reduced cost and growth as well as efficient and effective performance at customer relationships amongst others have put organizations under pressure to redirect their strategies toward outsourcing.

### 2. Information Technology Outsourcing (ITO)

Information technology **outsourcing is the use of external service providers to effectively deliver IT-enabled business processes, application service and infrastructure solutions for business outcomes.** Information technology outsourcing has to do with information technology being perceived as a service or support function. Majorly it aims at reducing information technology costs through outsourcing organizations retaining strategic control. Multiple suppliers sourcing are not as concerned with partnerships as the aim is to foster innovation and create

competition between suppliers, although suppliers will form alliances among themselves for bidding purposes. Usually, contracts are short-term and a client then organizes a portfolio of services from various suppliers so that strategic control can be retained. Joint venture deals more with development of new knowledge for the client, also they advocate for shared risk and reward. Some organizations help promote creation of Supplier Company and maintain more control than they would have in a multiple supplier or total management. A more recent type of outsourcing is the 'Application Service Provider' model, where organizations purchase software on the basis of use and transfer for a fee. As for organizations that see information technology as core to their business, they keep the information technology department and services in-house (Kem & Huigang, 2012).

### **Organizational Sustainability**

The concept of sustainability originated from the 1987 report of the World Environmental and Development Commission, popularly known as the Brundtland Commission, named after its chairperson, Gro Harlem Brundtland, who happened to be the Norwegian Prime Minister then (Nkamnebe & Nwankwo, 2010). Organizational sustainability appears to be the life-wire of every firm in the world. This is because; no business wants to go on extinction rather always wants to remain in the apex of leadership. In the course of labeling and translating the meaning of this concept, Munck and Souza (2009) posited that sustainability is a state in which an organization or a society exhibits a relation to economical environmental and social aspects. According to Emas (2015) sustainability is the concept of conserving resources of organization for further generations. Cerin (2006) also asserted that the concept of conserving resources for future generation is one of the major factors which has clearly differentiated sustainability from the traditional environmental policy which also considers the internationalization of external factors which influence environmental degradation. Sustainable development is a long term benefit which often outlives its founders, it is built on a high level of integrity and competence. It requires a whole lot of social intelligence in dealing with host communities and other stakeholders within the organization. The concept of sustainability is on the lips of every business today because the well-being of every business depends on how much it can sustain itself. Every organization must build its future deliberately through conscious effort geared towards sustainable development and this can be achieved through ethical practices.

### **Measures of Organizational Sustainability**

The measures of organizational sustainability adopted in this study are economic sustainability and environmental sustainability. These measures are discussed below:

#### **1. Economic Sustainability**



Economic sustainability is defined as "the degree to which a company actively and constructively uses its resources to support the social and economic development of communities, through direct investments of cash, in-kind support or staff time, or through company policies that generate community capital, such as local sourcing, hiring, partnerships and education (Buried Treasure, Sustainability, 2001). Economic sustainability can be described as a process whereby there is a consciousness to maintain permanent income for humans. This income could be generated through non declining stocks of capital (Spangenberg, 2002). Etchezarreta, Huffschmid and Mazier (2013) are also of the view that criteria such as aggregate demand, savings rate and consumption level play a minor role in terms of economic sustainability. Economic sustainability ensures that there is enough in the capital base for future use. According to OECD (2011), the main focus of economic sustainability is the provision of increasing stock of man-made capital as well as the degree to which such capital may be reduced from the accounts. Economic sustainability ensures that there is some sort of perceived growth which would be sufficient for all kinds of social improvement.

## **2. Environmental Sustainability**

Goodland (2005), defined environmental sustainability as "the maintenance of natural capital, arguing that the environment seeks to improve human welfare by preserving the sources of raw materials used for human needs and ensuring that the sinks for human waste are not exceeded in order to prevent harm to humans. Environmental sustainability can be defined as the process of meeting the needs of humans without compromising the health and safety of people as well as the ecosystem (Costanza, Robert & Bernard, 2005).

Today, the concept of green commerce and green marketing have further explained the concept and goals of environmental sustainability as each business activity is often anchored on the preservation of the environment where humans live. Ecosystem ranges from those areas that are relatively undisturbed such as natural forests to landscapes with a mixed pattern of individual use to eco systems which are managed by individuals such as urban areas, lands and agriculture.

### **Theoretical Framework**

This study is anchored on Resource-Based theory.

#### **Resource-Based Theory**

Resource-Based theory was founded by Penrose in 1959. Outsourcing can be explained from the dimension of relationship between service receiver and service provider. The Resource-Based View (RBV) emphasizes the firm's resources as the basic determinants of performance. It adopts two assumptions in explaining sources of competitive advantage. First, this model assumes that companies within an industry may be varied with respect to the collection of resources that they control. Second, it assumes that resource heterogeneity may continue over time because the

resources used to execute firms' strategies are not absolutely mobile across companies (i.e., some of the resources cannot be traded in factor markets and are complicated to accumulate and emulate). Resource heterogeneity is seen as a fundamental condition for a resource bundle to add to a competitive advantage. The argument goes "If all firms in a market have the same store of resources, no strategy is available to one organization that would not also be available to all other organizations in the market" (Cool, Almeida Costa and Dierickx, 2002).

The Resource-Based theory analyses other aspects, taking into account internal strengths and weaknesses. A firm's resource perspective generates the core competencies and competitive advantage for specific business activity, RBV defines resources as tangible and intangible assets within the firm. According to Barney (1991) the resource based view is based on the concept of productive resources. In view of the Resource-Based theory of the firm, outsourcing is taken as a strategic decision which can be used to fill gaps in the firm's resources and capabilities. Normally firms establish their specific resources which they keep on reviewing in order to respond to shifts in the changing business environment.

### **Empirical Review**

Olawuni (2018) examined the relationship between outsourcing strategy and organizational performance in the Nigerian manufacturing sector. The study adopted a stratified sampling technique to arrive at 120 sample elements for the study. Some of the top and middle level managers of Cadbury Nigeria Plc and Nestle Foods Plc were interviewed to further elicit information on the key variables. Copies of the questionnaire were administered and the data obtained were analyzed using Regression analysis. The questionnaire for the study was subjected to test-retest reliability assessment. Opinions and observations of experts and professionals were incorporated into a scale questionnaire in order to ensure the content validity. The findings revealed that firms that outsource experience reduce average cost, increased sales turnover and environmental sustainability, enhance expertise, improve service quality, reduce staff strength, streamline the production process, reduce administrative burden and save time for core activities. It was recommended that companies that outsource should continue to monitor the contractor's activities in order to ensure compliance with best practices.

Austin-Egole and Iheriohanma (2020) took a holistic look at outsourcing as a strategy and its effect on organizational performance using Nigerian Bottling Company Plant and Camela Vegetable Oil Company both situated in Owerri, Imo State as focal points. Core competency theory was used as a theoretical framework. The survey research design was used, utilizing questionnaires and interviews as instruments of primary data collection. Library research was the source of secondary data used for the analytical discussion. It was observed that outsourcing back office, primary and support activities have significant positive effects on organizational

performance. The study therefore recommended outsourcing as a strategy for improved performance in organizations.

Okwurume and Chima (2018) examined the relationship between outsourcing strategies and organizational effectiveness of oil companies in Rivers state. The study employed a cross-sectional research survey. Accessible population for the study is ten (10) selected oil companies. A total of 998 staff were surveyed. Simple random sampling technique was employed with a sample size of 286. A questionnaire was used to collect data from the respondents. Face validity was used to ascertain the validity of the instrument while Cronbach's Alpha coefficient was used to establish the reliability of the instrument. Spearman Rank Order Correlation Coefficient was used to test the hypotheses with the aid of Statistical Package for Social Science (SPSS) version 20.0. It was found that outsourcing strategies have a significant positive relationship with the organizational effectiveness of oil companies in Rivers State. The study concluded that outsourcing strategies that are based on expertise orientation and corporate culture would improve the organizational efficiency of oil companies. One of the recommendations is that managers should effectively implement outsourcing strategies, to enhance organizational effectiveness.

### 3.0 METHODOLOGY

The study used descriptive research design and a sample size of one hundred and sixteen (116) employees and managers of the selected manufacturing firms in Enugu metropolis was derived for the study. The study made use of primary data and structured questionnaires as the data collection instrument. The Pearson Product Moment Correlation was used to test hypotheses formulated.

**TABLE 1: UNIVARIATE ANALYSIS OF HR OUTSOURCING**

No	QUESTIONNAIRE ITEMS ON HR OUTSOURCING	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
1.	Our firm occasionally contracts a third-party organization to handle some or all of a business's HR tasks and functions.	24 (21.8%)	67 (60.9%)	5 (4.5%)	7 (6.4%)	6 (5.5%)	3.86	Agreed
2.	HR outsourcing decisions are taken to frequently respond to an	21 (19.1%)	71 (64.5%)	2 (1.8%)	11 (10.0%)	5 (4.5%)	3.84	Agreed

	overwhelming demand for reduced costs for human resources services.							
3.	HR index's outsourcing services enable our firm to provide work for noticeably less money and fewer overhead expenses.	18 (16.4%)	73 (66.4%)	7 (6.4%)	9 (8.2%)	3 (2.7%)	3.85	Agreed

*Field Survey, 2024.*

Table 1 showed the descriptive statistics of the responses to the three items on HR outsourcing on five-rating scales. The results in the table revealed that the respondents are in agreement with each of the three statements/items on HR outsourcing as the total number and percentages of those that agreed greatly exceed those that disagreed on each of the three statements/items. This is further confirmed by the weighted mean ratings of the three statements/items (3.86, 3.84, and 3.85) which are above the criterion mean of 3.0 each.

**TABLE 2: UNIVARIATE ANALYSIS OF INFORMATION TECHNOLOGY OUTSOURCING**

No	QUESTIONNAIRE ITEMS ON INFORMATION TECHNOLOGY OUTSOURCING	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
4.	Our firm outsources computing/IT systems acquisitions as well as IT system maintenance/repairs.	30 (30.9%)	57 (51.8%)	5 (4.5%)	9 (8.2%)	5 (4.5%)	3.96	Agreed
5.	Our firm's credit control and payroll services are outsourced.	37 (33.6%)	52 (47.3%)	7 (6.4%)	8 (7.3%)	6 (5.5%)	3.96	Agreed
6.	Services such as IT Support /Training and	49	44	8	6	3	4.18	Agreed

	Website Design are outsourced by our firm.	(44.5%)	(40.0%)	(7.3%)	(5.5%)	(2.7%)		
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### Field Survey, 2024

Table 2 showed the descriptive statistics of the responses to the three items on information technology outsourcing on five-rating scales. The results in the table revealed that the respondents are in agreement with each of the three statements/items on information technology outsourcing as the total number and percentages of those that agreed greatly exceed those that disagreed on each of the three statements/items. This is further confirmed by the weighted mean ratings of the three statements/items (3.96, 3.96, and 4.18) which are above the criterion mean of 3.0 each.

**TABLE 3: UNIVARIATE ANALYSIS OF ECONOMIC SUSTAINABILITY**

No	QUESTIONNAIRE ITEMS ON ECONOMIC SUSTAINABILITY	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
7.	Our firm's economic performance is at an acceptable level in terms of sales growth	41 (37.3%)	35 (31.8%)	12 (10.9%)	12 (10.9%)	10 (9.1%)	3.77	Agreed
8.	Our firm's economic performance is at an acceptable level in terms of income stability	39 (35.5%)	35 (31.8%)	8 (7.3%)	13 (11.8%)	15 (13.6%)	3.64	Agreed
9.	Our firm's economic performance is at an acceptable level in terms of return on investment	37 (33.6%)	48 (43.6%)	9 (8.2%)	8 (7.3%)	8 (7.3%)	3.89	Agreed

*Source: Field Survey, 2024*

Table 3 showed the descriptive statistics of the responses to the three items on economic sustainability on five-rating scales. The results in the table revealed that the respondents are in agreement with each of the three statements/items on economic sustainability as the total number and percentages of those that agreed greatly exceed those that disagreed on each of the three

statements/items. This is further confirmed by the weighted mean ratings of the three statements/items (3.77, 3.64, and 3.89) which are above the criterion mean of 3.0 each.

**TABLE 4.10: UNIVARIATE ANALYSIS OF ENVIRONMENTAL SUSTAINABILITY**

No	QUESTIONNAIRE ITEMS ON ENVIRONMENTAL SUSTAINABILITY	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
10.	Our firm enhances our social recognition in the society	32 (29.1%)	42 (38.2%)	7 (6.4%)	19 (17.3%)	10 (9.1%)	3.61	Agreed
11.	Our firm improves our empowerment in the society	36 (32.7%)	39 (35.5%)	12 (10.9%)	15 (13.6%)	8 (7.3%)	3.73	Agreed
12.	Our firm provides freedom and control over the course of our own lifestyle	39 (35.5%)	39 (35.5%)	8 (7.3%)	11 (10.0%)	13 (11.8%)	3.73	Agreed

*Source: Field Survey, 2024*

Table 4. Showed the descriptive statistics of the responses to the three items on environmental sustainability on five-rating scales. The results in the table revealed that the respondents are in agreement with each of the three statements/items on environmental sustainability as the total number and percentages of those that agreed greatly exceed those that disagreed on each of the three statements/items. This is further confirmed by the weighted mean ratings of the three statements/items (3.78, 3.62 and 3.57) which are above the criterion mean of 3.0 each.

### Restatement of Hypothesis One

**H<sub>01</sub>:** There is no significant relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

**H<sub>A1</sub>:** There is a significant relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

**TABLE 5: PEARSON PRODUCT MOMENT CORRELATION (PPMC) ANALYSIS ON HR OUTSOURCING AND ECONOMIC SUSTAINABILITY**



		HR OUTSOURCIN G	ECONOMIC SUSTAINABIL ITY
HR OUTSOURCING	Pearson Correlation	1.000	.664**
	Sig. (2-tailed)	.	.022
	N	110	110
ECONOMIC SUSTAINABILITY	Pearson Correlation	.664**	1.000
	Sig. (2-tailed)	.022	.
	N	110	110

\*\*. Correlation is significant at the 0.05 level (2-tailed).

*Source: Field Survey, 2024 (SPSS 21 Output).*

Table 5 above reveals a Pearson Product Moment Correlation (PPMC) coefficient of 0.664 and probability value of 0.022. This result indicates that there is a strong positive relationship between HR outsourcing and economic sustainability.

**Decision on Hypothesis One:** Also, since the significant value (P-value) of 0.022 is less than 0.05, we therefore reject the null hypothesis one ( $H_{01}$ ) and conclude that there is a significant relationship between knowledge HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

### Restatement of Hypothesis Two

**H<sub>02</sub>:** There is no significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis.

**H<sub>A2</sub>:** There is a significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis.

**TABLE 6: PEARSON PRODUCT MOMENT CORRELATION (PPMC) ANALYSIS ON HR OUTSOURCING AND ENVIRONMENTAL SUSTAINABILITY**

		HR OUTSOURCIN G	ENVIRONMEN TAL SUSTAINABIL ITY
HR OUTSOURCING	Pearson Correlation	1.000	.679**
	Sig. (2-tailed)	.	.006

ENVIRONMENTAL SUSTAINABILITY	N	110	110
	Pearson Correlation	.679**	1.000
	Sig. (2-tailed)	.006	.
	N	110	110

\*\*. Correlation is significant at the 0.05 level (2-tailed).

*Source: Field Survey, 2024 (SPSS 21 Output).*

Table 6: above reveals a Pearson Product Moment Correlation (PPMC) coefficient of 0.679 and probability value of 0.006. This result indicates that there is a strong positive relationship between HR outsourcing and environmental sustainability.

**Decision on Hypothesis Two:** Also, since the significant value (P-value) of 0.006 is less than 0.05, we therefore reject the null hypothesis two ( $H_{02}$ ) and conclude that there is a significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis.

### Restatement of Hypothesis Three

**H<sub>03</sub>:** There is no significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

**H<sub>03</sub>:** There is a significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

**TABLE 7: PEARSON PRODUCT MOMENT CORRELATION (PPMC) ANALYSIS ON INFORMATION TECHNOLOGY OUTSOURCING AND ECONOMIC SUSTAINABILITY**

		INFORMATIO N TECHNOLOG Y OUTSOURCIN G	ECONOMIC SUSTAINABIL ITY
INFORMATION TECHNOLOGY OUTSOURCING	Pearson Correlation	1.000	.744**
	Sig. (2-tailed)	.	.000
	N	110	110

<b>ECONOMIC SUSTAINABILITY</b>	Pearson Correlation	.744**	1.000
	Sig. (2-tailed)	.000	.
	N	110	110

\*\*. Correlation is significant at the 0.05 level (2-tailed).

*Source: Field Survey, 2024 (SPSS 21 Output).*

Table 4.13 above reveals a Pearson Product Moment Correlation (PPMC) coefficient of 0.744 and probability value of 0.000. This result indicates that there is a strong positive relationship between information technology outsourcing and economic sustainability.

**Decision on Hypothesis Three:** Also, since the significant value (P-value) of 0.000 is less than 0.05, we therefore reject the null hypothesis three ( $H_{03}$ ) and conclude that there is a significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

### Discussion of Findings

The first hypothesis stated that there is no significant relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis. The null hypothesis one was tested at 5% level of significance. The result showed the probability value to be 0.022 while the alpha value was 0.05. Following the decision rule, the null hypothesis one was rejected. This means that there is a significant relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis. This finding is supported by the work of Oladosu (2016) who found that HR outsourcing is a major determinant of environmental sustainability and economic sustainability as it significantly contributes to increased sales turnover and how efficient an organization is.

The second hypothesis stated that there is no significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis. The null hypothesis two was tested at 5% level of significance. The result showed the probability value to be 0.006 while the alpha value was 0.05. Following the decision rule, the null hypothesis two was rejected. This means that there is a significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis. This finding is supported by the work of Oladosu (2016) who found that HR outsourcing is a major determinant of environmental sustainability and economic sustainability as it significantly contributes to increased sales turnover and how efficient an organization is.

The third hypothesis stated that there is no significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis. The null hypothesis three was tested at 5% level of significance. The result showed the

probability value to be 0.000 while the alpha value was 0.05. Following the decision rule, the null hypothesis three was rejected. This means that there is a significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis. This finding is supported by the work of Kabuoh, Chigbu and Abasilim (2014) which established a significant relationship between information technology outsourcing and economic sustainability in an organization.

#### **4.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

##### **Summary of findings**

1. There is a positive and significant relationship between HR outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.
2. There is a positive and significant relationship between HR outsourcing and environmental sustainability of manufacturing firms in Enugu metropolis.
3. There is a positive and significant relationship between information technology outsourcing and economic sustainability of manufacturing firms in Enugu metropolis.

##### **Conclusion**

The relationship between outsourcing and organizational sustainability of manufacturing firms in Enugu metropolis has been established in this study. The findings of the study showed that the dimensions of outsourcing (HR outsourcing and information technology outsourcing) adopted in this study contribute positively and significantly to the measures of organizational performance (economic sustainability and environmental sustainability). The study therefore concludes that outsourcing has a significant positive relationship with organizational performance of manufacturing firms in Enugu metropolis.

##### **Recommendations**

1. Manufacturing firms should continue outsourcing other services which they do not have competitive advantage over its competitors in order to guarantee their sustainability.
2. Manufacturing firms should focus more on its core duties where it enjoys unique competitive capabilities, while outsourcing its non-core functions. It should however, integrate outsourcing programmes into the corporate strategy of the organization to eliminate waste or duplications in resource application.
3. Successful implementation of an outsourcing strategy has been credited with helping to cut cost, increase economic sustainability and environmental sustainability, therefore food and beverage manufacturing companies should embrace the outsourcing strategy to enhance overall performance.

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