

Outsourcing Strategies and Organizational Performance in Nigerian Banking Industry

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ARTICLE INFO

Article History

Received : 01.02.2025
Revised : 10.03.2025
Accepted : 18.03.2025

Article Type :
Research Article



ABSTRACT

The research is centred on how outsourcing strategies impact the performance of organisations. The main goals of the research are to investigate how outsourcing payroll services affects organisational performance and to explore how outsourcing mystery shopping services impacts organisational performance. The study utilised descriptive survey research methods and the study population consisted of employees from selected banks in Asaba - specifically, first bank and access bank, totalling 400. The sample size was determined using the Taro Yamani formula, resulting in a sample of two hundred (200). The respondents were chosen using a method called stratified sampling. The results showed that when companies outsource their payroll and mystery shopping services, it positively impacts their overall performance. It was found that the success of outsourcing agreements greatly depends on how outsourcing vendors are selected. It is important to carefully assess the criteria used to evaluate potential vendors to ensure the best performance. The research suggests that banks could improve their human resources (HR) operations by outsourcing to gain access to expertise and quality services from external providers.

Keywords: Payroll Outsourcing, Mystery Shopping Outsourcing, Human Resource Management, Service Quality, Nigerian Banks

1. INTRODUCTION

Outsourcing is fast becoming a popular trend for banks to achieving their objectives, not only in Nigeria but worldwide. Due to the increasing competitive pressure and to align with the global trend, some Nigerian banks have started to outsource. Given that Nigeria is still a developing country with a lot of catching up to do in terms of IT development and infrastructure, organizations (banks included) are often faced with the dilemma of "making or buying." Outsourcing is one of the forms of "buying" services. IT has been the common reason for outsourcing in many organizations today. This is mainly triggered by the rapid pace of technological changes, short product life cycles, and globalization of markets. In naive terms, the saying that "we'd rather have the expert do it" has been indicative of IT outsourcing in many organizations (Anoke et al., 2022). External forces are pressuring financial institutions, particularly Nigeria's Investment Banks, to reassess their core competencies. Previously, these institutions placed a high priority on high-quality products and valued customer service (Agburu et al., 2017). Corporate outsourcing entails finding the best deals on goods, services, and other items while accounting for a number of variables like product value, quality, and transportation costs. In the business world, this procedure is commonly known as "corporate sourcing" or "procurement." Investment bankers are essential to the financial management of large corporations. Whether a company is aiming to develop novel technologies, expand its facilities, issue stocks, or finance major capital expenditures like these, they offer a variety of services to assist them in reaching their objectives. Investment banking is a subset of banking that provides financial advice and aids in capital rising for businesses and individuals. Commercial banks serve a wide range of customers, including individuals and businesses, accept deposits, make loans, and protect assets, and so on. In contrast, investment banks primarily cater to institutional investors and big businesses.

According to Fabian and Okpanaki (2022), the global economy has been greatly impacted by the Covid-19 pandemic, leading to challenges for investment banking institutions, particularly in Nigeria, in retaining client trust and navigating through uncertain circumstances. Important players in the financial sector are very concerned about globalization and the speed at which technology is developing because many of them are no longer breaking even. Nigerian investment banks are constantly seeking innovative methods to adapt to this trend and thrive in the industry. One solution they often turn to is outsourcing (Anoke et al., 2022). In today's business world, innovative leaders can successfully steer their companies through challenging times by outsourcing tasks to a third party. By delegating operations, activities, and services to an external provider, managers often experience a reduction in various costs such as payroll, overhead, equipment, and technology upgrades.

Ugbomhe et al. (2021), subcontracting is a type of outsourcing strategy whereby tasks that are normally completed internally by the company are delegated to an outside professional in order to accomplish specific goals. Stated differently, an outsourcing agreement is a contract that a company or owner enters into to employ a third party to carry out tasks that were previously or potentially handled internally. An outsourcing strategy has enormous value. These consist of gaining a competitive advantage over rivals, cutting expenses, providing superior service, reacting quickly, and having effective customer feedback systems (Awino & Mutua, 2014).

Nigeria has an abundance of natural resources, people, and land, so the fact that the country's unemployment rate is still rising geometrically is concerning. This is a serious problem the country is currently dealing with. According to some researchers (Arshad & Ahlan, 2013), the decrease in job opportunities has been linked to advancements in technology, tough competition from international corporations, inadequate legal support for domestic companies, and the failure of numerous organisations, especially in investment banking, to expand and delegate their offerings.

Certain academic scholars have conducted research to explore the practical aspects of outsourcing decisions, their implementation, performance evaluation, and the impact on HR functions and various groups within the organization. However, there has been a lack of comprehensive evaluation on the effects of corporate outsourcing in service industries like banks, specifically in achieving relationship outcomes such as enhanced customer service, competitive edge, cost savings, and focus on core competencies.

Nigerian investment banks are still facing obstacles in their efforts to promote harmonious and equitable economic growth, despite modern technologies and increasing investments in outsourcing being available. Mutual fund providers have struggled to connect effectively with those in need due to the lack of recognition and prominence of investment banking in Nigeria. Previous studies have focused on the correlation between commercial banking performance and outsourcing in Nigeria, with little attention being given to the outsourcing strategies and organisational effectiveness of Nigerian banks. This research seeks to bridge this gap by exploring the impact of outsourcing strategies on organisational performance in order to enhance operational efficiency and cost effectiveness in the Banking Industry.

However, this study is guided by the following research questions:

- 1) What is the effect of payroll outsourcing on organizational performance?
- 2) What is the effect of mystery shopping outsourcing on organizational performance?

Statement of the Hypotheses:

- 1) **H₀₁** : Payroll outsourcing has no significant effect on organizational performance.
- 2) **H₀₂**: Mystery shopping outsourcing has no significant effect on organizational performance

2. LITERATURE REVIEW

2.1. Corporate Outsourcing

Corporate outsourcing is the practice of assigning specific tasks pertaining to the continuous management of the company to outside contractors. Many important responsibilities are often delegated to external parties by both big and small companies, enabling them to cut costs and focus their resources on different aspects of their businesses. Among these vital responsibilities are the numerous financial processes, marketing, public relations, and human resources. Corporate outsourcing, according to Abbah (2014), is

especially advantageous for smaller companies because it can make sole proprietorships and other smaller organizations appear much larger than they actually are. This can help startups and small businesses stay competitive against much larger corporations in industries where size is a reliable indicator of competence

According to Abbah (2014), outsourcing is often associated with job relocation, but it encompasses a wide range of definitions. It involves a business tactic where one organisation hires another to carry out tasks that it could have done internally or sourced from a different entity. Alfayo et al. (2015) ignored the negative outcomes of outsourcing and viewed it as a means to access goods that were either not available internally or had already been acquired in the past. Due to the prevailing economic conditions, insurance companies in Nigeria are increasingly relying on outsourcing to improve their efficiencies and remain financially viable.

2.2. Business Process Outsourcing

A business procedure is a comprehensive and efficiently coordinated series of interconnected tasks that need to be carried out in order to provide value to customers, whether internal or external, or to accomplish strategic objectives (Vukšić et al., 2013). Business process outsourcing (BPO) involves transferring a business process from an internal department to an external company. BPO is when a business assigns a specific task to an outside provider who is responsible for overseeing and handling it. Essentially, BPO requires entering into agreements with external service providers to carry out certain business processes (Vukšić et al., 2013).

2.3. Benefit of outsourcing

Businesses looking to reap the advantages of Business Process Outsourcing often engage in a systematic approach guided by the outsourcing company, which is carefully structured to guarantee a mutually beneficial and positive outcome for both parties involved. By outsourcing non-essential business functions to a service provider, companies are able to concentrate on essential strategic and revenue-generating initiatives that foster profitable expansion and sustain business prosperity. BPO offers exclusive workflow systems, expertise in process improvement, and unique staffing and delivery methods, along with cutting-edge technology provided by professionals. BPO allows for flexibility to adapt to the rapidly changing business environment and adjust operations as necessary.

A. Cost reduction

Cost reduction is often the determining factor in many situations. Due to the economic crisis, relocating a business to a location with more affordable labor costs may be a prudent choice. However, it is important to note that outsourcing may not result in immediate cost savings, especially with offshoring, as mentioned by Overby in 2003. In a recent survey conducted by the Outsourcing Institute, companies reported an average cost reduction of 9% through outsourcing. While vendors may promise immediate savings, it is essential to allow time for knowledge transfer and resolving cultural differences, which may take up to a year (Overby, 2003).

B. Access to skilled workforce and talents

Finding skilled resources is a major hurdle for companies and outsourcing provides access to a talented workforce, along with cost savings and a larger pool of skilled workers. In the field of software development, having a team of ready-to-work engineers is crucial. Companies are more inclined to establish branches in countries like India and China rather than the USA due to the availability of engineers. Access to a large skilled workforce is essential for organizations, especially when they require a substantial number of engineers quickly. This concept is known as one-time application, where applications are developed or modified for a specific period that demands a high level of resources. This process requires significant effort in a short amount of time, making outsourcing a beneficial solution.

C. High availability

In numerous studies, the concept of 'follow-the-sun' is frequently mentioned when discussing high availability. This approach aims to ensure round-the-clock operations. Offshoring to a different continent is seen as a strategic move to enhance availability for customer service (Djavanshir, 2005). This advantage is particularly useful when your call centre operates internationally. Having a call centre in different countries improves the accessibility of your business. This is particularly significant for service-oriented industries rather than software development. All companies aim to reduce the time it takes to finish a project. By

outsourcing to a location in a different time zone, your employees can work 24/7. Making use of this time zone difference will help shorten project completion times.

2.4. Different kinds of outsourcing

Transformational outsourcing involves entrusting all tasks that the company struggles with, even those related to its core operations. The main goal of outsourcing in this context is to redefine the entire business model. This approach may raise doubts, as the core business is typically considered the foundation of a company (Brown & Wilson, 2007).

2.5. Risks and benefits of outsourcing

By outsourcing, businesses have the opportunity to lower their manufacturing expenses and cut down on investments in facilities, machinery, and talented employees (Gilley & Rasheed, 2000). For instance, by offloading assets to a third-party provider, a company can transform its fixed expenses into flexible expenditures (Kayumba, 2019). By concentrating on a limited number of tasks, companies can reduce expenses and simplify their operations. In the immediate term, outsourcing could be a beneficial strategy for enhancing the financial success of a business (Kayumba, 2019). The motivation to reduce overhead expenses could also be a factor in the decision to outsource. For instance, employing fewer staff members can lead to lower expenses on infrastructure and support services. This decrease in costs related to coordination necessitates a reorganization of tasks instead of keeping them in-house (Kayumba, 2019).

While cost savings are often the primary reason for outsourcing, there is no certainty that the anticipated savings will actually be achieved (Kremic et al., 2006). At times, businesses may overvalue the advantages of outsourcing, while at the same time undervaluing the expenses related to transactions (Gilley & Rasheed, 2000). Outsourcing inevitably leads to additional expenses in terms of coordinating tasks as the customer must oversee the service provider to some extent (Greenberg et al. 2008). Additionally, outsourcing can lead to heightened indirect and societal expenses. Indirect expenses may arise from factors such as transition costs, supervision of contracts, and the creation and acquisition of contracts (Kremic et al. 2006). Moreover, quantifying social costs can be challenging, but outsourcing occasionally leads to decreased efficiency or increased absenteeism (Kakabadse & Kakabadse, 2005).

2.6. Banking Industry

The banking sector in Nigeria has experienced significant growth in terms of deposits, branches, assets, and loans following deregulation in recent years. Despite this progress, there is a need for banks to enhance their services to meet the demands of customers and stakeholders. Although the consolidation programme was expected to have a positive impact, it has also changed the competition dynamics in the market. Customers are now looking for banks that can provide superior service quality rather than just size or assets. The success of banks in meeting this need will depend on the effectiveness of their strategic plans (Kakabadse & Kakabadse 2005).

2.7. Ways in Which Banks Administer the Outsourcing Strategy on Human Resource (HR) Function.

Outsourcing of human resource (HR) functions in Shared Services involves delegating only the transactional or administrative tasks to external providers, which may include employee interactions. Application and Facilities service outsourcing for HR involves external suppliers managing the technological and physical infrastructure needed to support HR activities.

The modern banking sector is discovering various advantages in outsourcing human resource management that include:

- Increased flexibility and speed of response to customers
- Reduced risks

2.8. Training and Development Activities

In a highly competitive global economy, many companies are focused on preserving their market position by investing significant internal resources. This often means finding ways to be more efficient and innovative in order to stay ahead. The importance of training in the business world is widely acknowledged, but the decision between in-house or outsourcing training programs is crucial for aligning with business goals. Three corporate training experts explore current training trends and their impact on company profitability.

The amount invested in training by businesses is increasing as it has been proven that companies with higher training budgets tend to have higher profits per employee.

2.9. Why Outsource Training and Development Activities?

Outsourcing HR training and development functions offers numerous advantages and has become a popular choice for companies looking to concentrate on their main strengths, minimise risks, and enhance performance. According to Richman and Trondson (2004), banks opt for outsourcing training and development activities due to various factors.

- Reduces the likelihood of issues: Professional providers can help prevent potential problems that may arise from having unskilled employees.
- Concentrate on the organization's main strengths: Training and development programs can sometimes be time-consuming and difficult to implement, taking away attention from the essential functions of the company. However, by outsourcing, the company can refocus and prioritize its core competencies.

2.10. Conceptual Framework

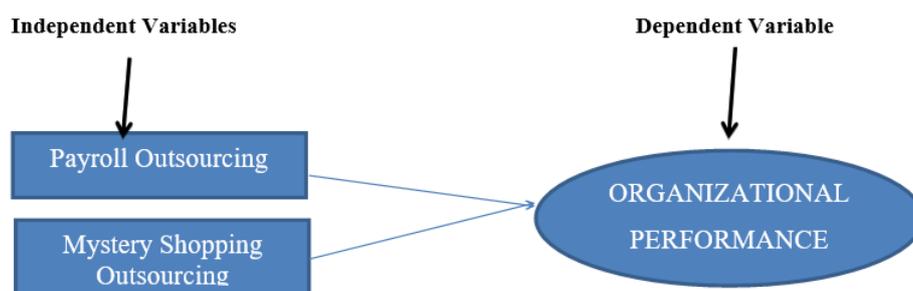


Figure 1. Conceptual Frameworks of the studied variables

Source: Researcher's Model

2.11. Payroll Outsourcing and Organizational performance

In contrast to training, payroll activities are considered to have less strategic significance. Even if these activities are carried out perfectly, they do not hold the same strategic importance as other HR functions. However, it is essential to ensure that payroll activities are executed efficiently as any service failures could have a significant adverse impact on employee morale. According to Abbah (2014), there is a growing focus on making HR more cost-effective, leading to the outsourcing of peripheral HR functions like payroll services as a cost-saving measure. This has resulted in the emergence of HR service providers that offer lower transaction costs for activities such as payroll processing. Companies such as Synhrgy HR Technologies, Strategic Outsourcing, Paymaxx, Paychex, and Pro Pay provide outsourcing services for tasks like payroll processing, benefits administration, and workforce development. Additionally, as payroll activities are transactional in nature rather than relational, external vendors can handle them without diminishing their value to the organisation. They also possess minimal demands for tasks and social interaction, and can be carried out independently from other organisational tasks with limited information and coordination from other departments (Abbah, 2014).

2.12. Mystery Shopping Outsourcing and Organizational performance

According to Abbah (2014), mystery shopping can be seen as a type of participant observation originating from cultural anthropology. In the past, anthropologists would immerse themselves in the daily lives of a tribe to gain insight into their behaviours, norms, and attitudes that were not easily expressed or recorded through language. This method of observation allowed researchers to address some of the limitations associated with interviews and surveys. Unlike the original anthropological approach, modern mystery shopping is more structured and systematic. Surprisingly, the economic downturn has actually led to a rise in the demand for mystery shopping. The heightened competition for consumers' spending has made mystery shopping an essential tool. In today's fiercely competitive market, where products and services are becoming increasingly similar, organisations must strive to differentiate themselves through excellent customer service. The focus on

customers has become crucial, with customer satisfaction being regularly assessed and influenced by the latest quality systems standards such as ISO 9000 and ISO 2000. Banks, for example, use mystery shoppers to evaluate service delivery and customer satisfaction levels, as customers are now more interested in how products are sold than what is being sold. To thrive in this highly competitive environment, organisations need to shift towards value-added activities that prioritise service quality and differentiation, which is precisely the goal of implementing strategies like mystery shopping.

2.13. The Mystery Shopping Process

In order to guarantee the effectiveness of a mystery shopping scheme, it is crucial that the method used is carefully planned and put into action. A properly laid out mystery programme typically consists of six stages, which are detailed below.

- Clarify the goal: Organizations must have a clear understanding of the purpose behind implementing this programme, such as the specific objectives they aim to accomplish, like evaluating the quality of services provided by frontline staff and customers.
- Create the survey: After determining the goal, the next task is to compile the questions for the survey, making sure that customer input is the foundation for the development of the questionnaire, such as their expectations for service quality and product variety.

2.14. Resource Based View (RBV) Theory

Outsourcing can be viewed as a way to enhance collaboration between those receiving services and those providing them. The resource based view (RBV) considers various factors, including the firm's internal strengths and weaknesses. A company's resource perspective helps to develop key skills and a competitive advantage in a specific business field, with RBV defining resources as both tangible and intangible assets held by the firm. According to Barney (1991), the resource based view focuses on the idea of productive resources. From the perspective of RBV theory, outsourcing is seen as a strategic choice that can help address deficiencies in a firm's resources and abilities (Grover et al., 1996). Usually, companies identify their specific assets and continuously assess them to adapt to changes in the evolving business environment. This means that companies need to develop dynamic abilities that can easily adjust to changes in the environment (Pettus, 2001). Skillfully adapting to changing environments by integrating and restructuring internal and external resources is a crucial aspect of strategic management. Service providers utilise a combination of skills, expertise and appropriate resources to produce high-quality products. The Resource-Based View theory emphasises the importance of internal resources over external factors in achieving sustainable competitive advantage. According to this theory, resources must possess economic value and be rare, difficult to imitate, irreplaceable, and not easily available in the market to ensure a competitive edge.

Firm performance is influenced by resources, which should be unique, invaluable, difficult to imitate, and not substitutable with other scarce resources to maintain a competitive advantage (Priem & Butler, 2001). The concept of having a resource-based perspective helps us identify two aspects of business strategy that are relevant for this research. The first aspect involves assessing the current resources and capabilities of the company, while the second involves determining the resources required for the company's expansion. The fact that some companies are able to thrive and compete effectively in a tough market environment suggests that they possess valuable resources and capabilities (Teece, 2007). Identifying these resources and capabilities enables firm managers to maintain their current competitive edge. In a competitive market, the creation of new resources becomes increasingly vital (Kak, 2002). Creating fresh resources allows managers to enhance their company's competitive advantage and explore new business prospects.

2.15. Empirical review

In a study conducted by Cho et al. (2008), they discovered a positive correlation between logistical outsourcing and firm performance in the e-commerce sector. Despite the belief that logistical outsourcing may not play a major role in the e-commerce market, it could still be crucial for other industries and companies. They justified their findings by highlighting the fact that companies in the e-commerce sector invest heavily in their online presence but struggle to deliver products to customers promptly. As a result, they recommended that these companies focus on enhancing their logistical capabilities internally rather than outsourcing them.

In their study on outsourcing policy in Nigerian Public Universities, Ugbomhe et al. (2021) explored the challenges and issues surrounding this practice. The research highlighted how outsourcing has become a common operational strategy in public Universities in Nigeria, stemming from policy reforms initiated by the Federal Government. The implementation of outsourcing policies has presented various challenges for university management, including staff disentanglement and the inability of contractors to meet minimum wage requirements. The outsourcing of key academic functions, integration of external service providers into the university culture, and the lack of effective regulatory mechanisms have also been significant challenges. This qualitative study was conducted in selected public universities in Nigeria, gathering both primary and secondary data to understand the unique experiences of these institutions regarding their outsourcing decisions. The primary data collection involved telephone interviews with key officers from these universities.

3. RESEARCH METHODS

3.1. Research Design

The study utilises a descriptive survey research design method to collect original data on a large population, with individuals as the focus of analysis. The research aims to observe the sample subjects without any intervention, making this design the most suitable for the study's objectives.

3.2. Population of the Study

Basically, the populations are the staff and customers from first bank and access bank, Asaba Delta State comprising of 400 which constitute the population for this study.

3.3. Sample Size

The study utilised a total of two hundred (200) participants for the research work outlined above.

The sample size for the research was calculated at a significance level of 5% through the application of Taro Yamani's Formula (TYF) outlined below:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = sample size

N = population

e = level of significance.

The sample sought is:

$$n = \frac{400}{1 + 400(0.05)^2}$$

$$n = \frac{400}{1 + 400 (0.0025)}$$

$$n = \frac{400}{2}$$

$$n = 200$$

The study includes 200 employees and customers recruited from Access Bank in Asaba, Delta State.

3.4. Sampling Techniques

The stratified random method of sampling was employed, with the population divided into different categories such as senior, middle, and lower management staff. This approach ensures that every individual in the population has an equal opportunity to be selected for participation.

4. RESULTS AND DISCUSSION

4.1. Research Results

The information examined in this research is divided into three sections. The initial part consists of an overview of the respondents' profiles along with the percentage breakdown. The next section involves analysing the connections between the research inquiries and their associated variables. The final part includes testing the hypotheses created for the study through regression analysis. From the 200 questionnaires distributed, 180 were completed and returned. As a result, the analysis in this chapter is based on a sample size of 180.

Table 1. Correlation matrix among studied variables

		Correlations		
		PO	MSO	OP
Payroll outsourcing	Pearson Correlation	1	.413**	.414**
	Sig. (2-tailed)		.000	.000
	N	180	180	180
Mystery shopping outsourcing	Pearson Correlation	.413**	1	.430**
	Sig. (2-tailed)	.000		.000
	N	180	180	180
organizational performance	Pearson Correlation	.414**	.430**	1
	Sig. (2-tailed)	.000	.000	
	N	180	180	180

Source: Field Survey (2024)

Table 1 above shows that the indicators of organizational performance are positively correlated, suggesting that they are effective measures of corporate outsourcing. Payroll outsourcing showed a positive correlation with organizational performance ($r = .414$, $p < 0.05$), as did mystery shopping ($r = .430$, $p < 0.05$).

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.489a	.239	.221	1.8052

a. Predictors: (Constant), payroll outsourcing

Source: Field Survey (2024)

The P-value of 0.000, indicating significance at a 5% level, suggests that the Payroll outsourcing model is statistically significant. According to the table, the significance value of 0.000 is lower than 0.05, confirming the model's statistical importance. The adjusted R Squared value reveals that 22.1% (0.221) of the variation in organizational performance can be attributed to the corporate outsourcing system, showing its impact on organizational outcomes.

Table 3. Multiple Regressions

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	15.057	1.723		8.739	.232
	Payroll outsourcing	.324	.266	.224	2.371	.001
	Corporate outsourcing	.147	.169	.345	2.686	.003

The outcome displayed in the table indicates that both aspects of the Corporate outsourcing system contribute positively to the performance of the organisation. It is noteworthy that outsourcing for payroll and mystery shopping emerges as the key indicator for organisational success ($\beta = 0.345$, $P < 0.01$), with payroll outsourcing following closely behind ($\beta = 0.224$, $P < 0.01$).

4.1.1. Hypotheses Testing

A. Hypothesis One

H₀: There is no significant effect of Payroll outsourcing on organizational performance.

Based on the information presented in Table 3, the significance level of 0.000 is lower than the established p-value of 0.001, leading to the rejection of the null hypothesis in favour of the alternate hypothesis. This suggests that Payroll outsourcing has a noticeable impact on organisational performance.

B. Hypothesis Two

H₀: There is no significant effect of Mystery shopping outsourcing on organizational performance.

The significance level calculated in Table 3 is lower than the given p-value of 0.05, leading to the rejection of the null hypothesis in favour of the alternative hypothesis. This suggests that Mystery shopping outsourcing significantly impacts organizational performance.

4.2. Discussions

A. Payroll outsourcing and organizational performance

According to Table 3, it was found that payroll outsourcing has a positive impact on organisational performance, with a β value of .224. Additionally, payroll outsourcing can account for 22.1% of the change in organisational performance, as indicated in Table 2. The research by Abbah (2014) also suggests that a lack of certain factors may be hindering the successful achievement of objectives by payroll outsourcing. Market dynamism, including factors like technological innovation, customer expectations, and product demand, can also influence companies externally through various changes.

B. Mystery shopping and organizational performance

The data in Table 3 indicates that Mystery shopping has a significant effect on organisational performance, as shown by the beta value of 0.345 at a significance level of 0.01. This highlights the extent to which Mystery shopping contributes to changes in organisational performance. Table 2 reveals that Mystery shopping accounts for 22.1% of the variance in organisational performance. Furthermore, the results of hypothesis testing demonstrate a positive and significant impact of Mystery shopping on organisational performance. This aligns with Abbah's (2014) assertion that offering human resource training to employees to enhance their skills and knowledge is a key HRM function. Additionally, it is crucial to provide environmental education to instigate behavioural changes among both managers and non-managerial staff within organisations.

5. CONCLUSIONS

5.1. Research Conclusion

Through the examination of how corporate outsourcing impacts the performance of deposit money banks in Delta State, certain conclusions can be reached.

1. In general, the practice of outsourcing can have a beneficial effect on how well an organisation performs by enabling banks to concentrate on their primary business functions. Nevertheless, it is crucial to assess the influence of outsourcing on essential performance measures to guarantee the desired results when it comes to payroll outsourcing.
2. The statistical data clearly showed that when companies outsource mystery shopping, it has a beneficial impact on their overall performance. This is because engaging in mystery shopping activities enables companies to operate in a more efficient manner by providing them with crucial insights. Today's struggling economy makes it impossible for banks to lose any clients. The need for mystery shopping in banks is driven by consumers' increasing expectations of high-quality service and companies' increased rivalry. The information gathered from mystery shoppers is utilized to improve offerings and attract new clients.
3. Overall, the findings suggest that corporate outsourcing can bring benefits in terms of cost efficiency and improved performance for deposit money banks in Delta state. However, careful outsourced training and development, recruitment process outsourcing, and payroll outsourcing effectively are crucial for successful outsourcing outcomes.

5.2. Recommendations

1. Communicate transparently with employees about the rationale behind outsourcing decisions, potential impacts on their roles, and any support mechanisms in place. Address employee concerns and provide opportunities for feedback and input.
2. Implement systems to regularly track and assess the effectiveness of outsourced services, including regular performance reviews, feedback sessions with vendors, and benchmarking against industry standards. Use data-driven insights to drive continuous improvement.

Banks could outsource their human resources (HR) to get access to professional services and to benefit from the superior quality that outside contractors offer when handling HR-related tasks.

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