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Influence Of Business Process Outsourcing On Competitive Advantage Of Listed Manufacturing And Allied Companies In The Nairobi Securities Exchange

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Abstract
The Study Sought To Determine The Influence Of Business Process Outsourcing On Competitive Advantage Of Listed Manufacturing And Allied Companies In Nairobi Securities Exchange. The Study Was Guided By Three Specific Objectives; To Determine The Influence Of Local Outsourcing Activities On Competitive Advantage Of Listed Manufacturing And Allied Companies In Nairobi Securities Exchange, To Ascertain The Influence Of Offshore Outsourcing Activities On Competitive Advantage Of Listed Manufacturing And Allied Companies In Nairobi Securities Exchange, And To Assess The Influence Of Nearshore Outsourcing On Competitive Advantage Of Listed Manufacturing And Allied Companies In Nairobi Securities Exchange. The Study Was Guided By Three Theories That Include Resource-Based View Theory, Resource Dependency Theory, And Market Based View Theory. This Study Adopted A Descriptive Research Design. The Target Population Consisted Of Management Staff Of 9 Manufacturing Firms Listed In The Nse. There Was 1,440 Management Staff In The Listed Manufacturing Companies. The Researcher Used Stratified Random Sampling Technique To Come Up With The Required Sample. The Strata Were Based On Top And Middle Level Management Staff In Selected Organizations. The Sample Size Of The Study Was Established At 313 Respondents Which Constituted The Sample Population For The Study. The Study Used Primary Data Sources In Gathering Data For Analysis. The Primary Data Source Was Collected From A Questionnaire Consisting Of Both Open And Close-Ended Questions. Quantitative Data From The Questionnaire Was Coded And Entered Into The Computer For Computation Of Descriptive Statistics. The Researcher Used Spss Version 24.0 To Run Descriptive Statistics (Frequency And Percentages). Multiple Regression Analysis Was Also Used To Test The Influence Of Independent Variables On Dependent Variables. The Quantitative Data Was Presented In Tables And Graphs Based On The Study Research Questions. The Study Sought To Determine The Influence Of Local Outsourcing To Creating Competitive Advantage In Listed Manufacturing And Allied Companies In Kenya. The Findings Showed That Local Outsourcing Was Crucial In The Day To Day Operations Of The Organizations. The Study Also Found That Companies That Outsource Information Technology Are Often Able To Compete Effectively And Focus More On Their Core Activities. The Findings Revealed That Offshore Outsourcing Was In Existence And Hence Contributed To Some Extent To The Competitive Nature Of The Organizations. The Study Also Found That Outsourcing Of Virtual Assistance Efforts Enables Employees And Organization Adjust To Current Conditions And The Firm Can Compete Effectively And Focus More On Their Core Activities. The Study Found That Local Outsourcing, Offshore Outsourcing, And Nearshore Outsourcing Were All Significant On The Competitive Advantage Of Listed Manufacturing And Related Companies In Nairobi Stock Exchange At 5% Level Of Significance And 95% Level Of Confidence. The Study Came To The Conclusion That Nearshore Outsourcing Would Guarantee The Company Had The Highest Quality Information, Allowing The Company To Present Its Products On Its Website And Enable Users To Easily Connect With The Website. The Report Advises Managers To Consider Factors Other Than The Obvious Signs Of Subpar Process Performance When Planning And Executing Outsourcing Strategies For Their Business Processes. Understanding The Root Issues Is Crucial Before Considering Outsourcing As The Only Method To Improve Subpar Internal Performance.

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I. INTRODUCTION

Introduction

Chapter one will present the background of the study, statement of the problem, purpose for this study, statement of the problem, objectives for this study, research questions, scope of this study, limitations and delimitations of this study, the assumptions of the study, and operational definitions of terms.

Background of the study

As organizations engage in their day to day activities, it is worth noting that outsourcing is increasingly becoming a vital tool especially in the present years (Kahrovic, 2015). Many organizations have resolved to look far-and-over their old business boundaries in order to improve performance and therefore reducing costs (Gross, 2011). The phenomenon of business process outsourcing has been growing as firms transfer responsibilities of activities like human-resources, legal, cleaning services, security services, auditing as well as information technology services to other service providers (Reijers, 2013).

The segments that are quickly growing as areas to be outsourced are finance, manufacturing and IT and as much as these areas were previously taken as being core areas, the feel in the organizations now is that these areas are non-core and that they should be outsourced (Agburu, Anza & Iyortsuun, 2017). In the economic world, business process outsourcing generally refers to outsourcing and it applies to a contract made between two organizations whereby one organization will manage some or all processes of the other organization. A more technical meaning for business process outsourcing or BPO would be taking advantage of technology and suppliers of specialist areas to provide organizations with the best service around their critical processes (Kamal, 2019).

Competitive advantage is viewed as superior performance relative to other competitors in the same operating environment or market (Jurevicius, 2013). An organization is viewed to possess a competitive advantage as soon as it is executing value generating strategies not concurrently being prompted by any existing or probable participant (Barney, 2014). A competitive advantage may be increased when products or services are manufactured more efficiently and effectively by freestanding service (process or activity) providers (Kahrović, 2015). Additionally, larger and small companies are spiraling to outsourcing as a developing scheme or strategy with the intention of regulation of overhead costs, confining payroll and better access to outside knowledge. Loftier performance outcomes and supremacy in fabrication of resources echoes competitive advantage. Porter (2011) terms viable competitive advantage as beyond average performance in the long-run and that there exist two elementary sorts of competitive advantage; one being cost, the other being differentiation.

Porter (2011) upholds that for a firm to accomplish a competitive advantage, a strategic resolution needs to be made on what that advantage should be. Cost leadership tactic obliges the firm to be the cost leader and not one of several corporations trying to achieve the position while differentiation is the capacity of a corporation to offer something unique, which segregates it from its challengers that is treasured by its customers. Before outsourcing, a business ought to think through its strategy. Improvements in product design, manufacturing technology and logistics could all be sources of competitive advantage and it is reasonable that these could be realized through outsourcing.

Kenya has a sizable manufacturing sector that exports to East Africa in addition to supplying the domestic market (Magutu, Chirchir & Mulama, 2013). Around 13% of the Gross Domestic Product was generated by the industry, which is controlled by the subsidiaries of multinational businesses (GDP). To take advantage of the expanded market outlets provided by the agreements between AGOA, COMESA, and the East African Community (EAC), improved power supply, increased supply of agricultural products for agroprocessing, favorable tax reforms and tax incentives, more vigorous export promotion, and liberal trade incentives are required. Electronics, paper, metals and foundries, vehicle assembly, mining, wood products, plastics, pharmaceuticals, oil products, and other industries are all experiencing growth in Kenya's industrial sector.

Investment opportunities are available in the manufacturing sector. Originally created in accordance with the import substitution policy, this has since become a front for export-oriented manufacturing, which is the focus of Kenya's industrial policy (Agburu, Anza & Iyortsuun, 2017). By providing forward and backward links and adding value to agricultural products, the sector plays a significant part in boosting overall growth. As of 2007, the manufacturing industry directly employed approximately 278,000 people and was made up of more than 700 established businesses. The manufacturing industry offers numerous opportunities for direct and joint venture investments, including agroprocessing, clothing manufacturing, electronics and automotive component assembly, plastics, paper, chemicals, pharmaceuticals, metal, and engineering products for both domestic and international markets.

M' mbone (2012) was able to determine that outsourcing is, in fact, a technique being used in the manufacturing business in Nairobi based on his thorough assessment of the subject among Nairobi-based manufacturing enterprises. He had 52 respondents in his sample. At their organizations, each of the 52 respondents outsourced one or more tasks. He did not, however, examine how business process outsourcing techniques affect how well firms operate. The logistics/supply chain or procurement operations were the main topics of the Kenyan studies (Magutu, Chirchir & Mulama, 2013) on outsourcing in the manufacturing industry. The authors then examined how outsourcing the logistics and supply chain enhanced a particular procedure rather than the company's operational efficiency or general performance. According to the studies mentioned above on the outsourcing concept in manufacturing firms in Kenya, more specifically Nairobi, the studies did not examine the outsourcing practices used by the manufacturing firms, the factors taken into account while adopting these practices, or the effects the adoption of these practices has had on their operational performance (Kinyanjui, 2014). Therefore, the study sought to establish how business process outsourcing influence competitive advantage of listed manufacturing and allied companies in the Nairobi Securities Exchange.

Statement of the Problem

The listed manufacturing firms have been encouraged to adopt strong and persistent strategic practices which are aimed to enhance their efficiency and effectiveness (Gottfredson et al., 2015). The general manufacturing firms are operating in a gradually competitive business environment which is aimed at enhancing the adopted strategies to enhance their performance. To mitigate the increased costs of operations, the firms have adopted outsourcing strategies that are aimed towards reducing the cost of operations in order to maximize on focus on gaining the market shares as well as increased profits. Among the adopted include local, offshore and nearshore outsourcing which have been characterized by increased costs. The strategies are adopted based on enhancing the business performance and also to give room for the management to focus on enhancing the business competitiveness (Kahrovic, 2015).

However, the manufacturing firms in Kenya are characters of rivalry markets and fierce circumstances which have continued to interfere with the success of the sector despite adopting business process outsourcing strategies (KEBS, 2017). The outsourced services and products have been substandard, sometimes they experience costly delays, receiving goods that they did not order due to bulk shipment by the outsourced firms which turns to be costly at the long run. Other noted challenges including outsourcing locally with firms that lack proficiency in the outsourcing tasks, overpricing of services due to dollar trading and taxes, using a wrong outsourcing model. For the offshore and nearshore the companies are faced with cultural and language differences as well as Unfair negotiations as compared to their competitors. The firms have thus struggled in meeting their customers' demands in terms of quality and those who have maintained their own supplies have been at an advantage over those outsourcing (KNBS, 2019). This has seen the outsourcing manufacturing firms straggling to meet their targets and also they have witnessed losses and closure of businesses. The challenges faced by the outsourcing firms include shortage of internal competences to deal with the outsourced firms thus affecting their performance.

Besides, there are still knowledge gaps in the literature, despite the existence of several research on the relationship between business outsourcing and performance. The results of early research have tended to be mixed, with some citing outsourcing's good effects while others citing its negative ones. Second, research conducted locally have largely focused on industries other than manufacturing enterprises, such as real estate, energy, and the dairy sector. Last but not least, the bulk of research have a history of ignoring competitive advantage and performance. Therefore, this study will build on the already existing studies; hence, it sought to determine the influence of business process outsourcing on competitive advantage of listed manufacturing and allied companies in the Nairobi Securities Exchange.

Purpose of the Study

The purpose of this research was to determine the influence of business process outsourcing on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.

Objectives of the study

i. To determine the influence of local outsourcing activities on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.
ii. To ascertain the influence of offshore outsourcing activities on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.
iii. To assess the influence of nearshore outsourcing on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.

Research Questions

This study preferred to be steered by the subsequent Research questions:

i. What is the influence of local outsourcing activities on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange?
ii. What is the influence of offshore outsourcing activities on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange?
iii. What is the influence of nearshore outsourcing on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange?

Significance of the Study

Educational intellectuals and researchers may be guided and able to derive from the conclusions of this academic research to boost literary quotations in addition to advancing theories for future research. This academic study may also be important to the practices of the listed manufacturing and allied companies in the Nairobi Securities Exchange with respect to adopting the Business process outsourcing strategies to provide value added services to their potential customers. Managers may also find this study equally important to their personal and career development since business process outsourcing strategies are used to bring company profits and process innovations. This study may aid the government and the private sectors come up with policies and legislations that will make business process outsourcing (BPO) easier for the listed manufacturing and allied companies in the Nairobi Securities Exchange.

Scope of this Study

On the content scope the study focused on the influence of business process outsourcing on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. The study specifically focused on influence of local outsourcing activities, offshore outsourcing activities and nearshore outsourcing on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. On geographical scope the study will focus on listed manufacturing and allied companies in Nairobi Securities Exchange. On time scope the study will be conducted for a period of 2 months. On theoretical scope, the theories that were utilized in the study included resource based view theory, resource dependency theory, and the market based view. On methodological scope the study utilized a descriptive research design. The population of the study was made up of the top level managers and middle level managing staffs working at the listed manufacturing and allied companies on the Nairobi Securities Exchange in Kenya. The sample size was 313 respondents.

Limitations of the Study

The number of manufacturing organizations under consideration in Kenya is vast; hence this study shall concentrate on those that are listed under the manufacturing and allied section in the NSE, which are 9 organizations. Since the researcher will not be able to visit all company sites, the data collection will be carried out at the specific company headquarters but the data collected will be valid since the strategic managers mainly reside at the headquarters. The research is of academic proportions hence the amount of money the researcher will have will allow for a short term stay in the capital city Nairobi.

Delimitations of the Study

The number of individual company sites is numerous; the researcher will concentrate on the company headquarters. This is where the strategic decisions are formulated and forwarded for adoption by the business units. The headquarters also offer flexibility especially when the information that will be sought is handled by more than one person. As a budget was planned, the researcher had the amount required to conduct the study efficiently and if need arises for the need of more funds the researcher acquired funds from well-wishers.

Assumptions of the Study

This study assumed that the companies listed in the manufacturing and allied section of the Nairobi Securities Exchange (NSE) are placed in the same operating conditions as to those not listed hence the results obtained thereafter reflected on the total of manufacturing companies operating in Kenya. The study further assumed that each company listed in the manufacturing and allied section of the Nairobi Securities Exchange (NSE) has at least one approach that enables it to pull off a competitive advantage over its competitors.

Operational definitions of terms

Business Process Outsourcing in its simplicity is a sub-category of outsourcing that encompasses contracting the operations and duties of a particular business process to a third-party service supplier.

Competitive Advantage is the outcome of a value generating approach not concurrently being carried out by any existing or prospective challengers and as soon as these other organizations are not capable to reproduce the gains of this strategy.

Competitive strategy is a long-duration blueprint of a specific company with the intention of increasing competitive advantage over its challengers in the industry.

Gross Domestic Product is the overall worth of everything manufactured by all the people in the nation. It is the financial benefit of all the completed goods and services fabricated within a republic's boundaries in a definite time period.

Information communication technology denotes the technologies that make available way in to information by way of telecommunications. It is comparable to Information Technology, but centers principally on communication technologies such as the internet, wireless networks, and mobile phones.

Local Outsourcing: refers to the obtaining of services from someone outside a company but within the same country.

Manufacturing in totality is the creation of goods physically or by piece of equipment that upon conclusion the corporation puts up for sale to a customer where the objects used to manufacture may well be raw materials or constituent parts of a superior product. It may also be well-defined as the transformation of raw materials, components, or parts into completed goods that meet or exceed customer's anticipations or descriptions.

Nearshore Outsourcing: refers to the practice of getting work done or services performed by people in neighboring countries rather than an organization's own country.

Offshore Outsourcing: refers to when an organization recruits a third party supplier to conduct operations from an outside country. Offshore outsourcing companies provide service from low-cost regions around the globe to reduce costs and tap into seasoned CX experts.

II. LITERATURE REVIEW

Introduction

This second chapter covered the theories that support this particular study; their relevance to this study and their importance, the theoretical framework that showed the connection between the theories and the study, the empirical review of the research variables under study, the conceptual framework that expounds the independent and dependent variables of this study, summary and research gaps and operationalization of the variables.

Theoretical Review

The theoretical review is the arrangement that can embrace or sustain a theory of a research study. It announces and defines the theories that explain the importance of the research problem under study exists, (Richard 2013). The study was guided by three theories that include Resource-Based View Theory, Resource Dependency Theory, and Market Based View Theory.

Resource-Based View Theory

The proponents of resource-based view of the organization (RBV) were Wernerfelt B. and Prahald and Hamel, Barney J. and others in 1980s and 1990s (Jurevicius, 2013). RBV draws consideration to an organization's inner operating setting as a catalyst for competitive advantage and underlines the possessions that organizations have established to contend in the circumstances. Resources that cannot be simply procured, that call for a prolonged learning course or a change in the company culture, are more likely to be exceptional to the enterprise and, therefore, more challenging to duplicate by rivals. It is debated that performance variances between organizations depend on having a set of exclusive inputs and know-hows.

The theory centers on the indication of expensive and incomparable aspects of the corporation as bases of business revenues and the measures to realize greater performance and competitive advantage (Barney, 2014). The RBV perceives the firm as an assemblage of exceptional resources and capability collections that if exploited in a typical way, can be engaged to generate and maintain competitive advantage (Osarenkhoe, 2008). This continual competitive advantage only becomes apparent when a firm executes a value-creating scheme not at the same time being copied by other businesses (O'Shannassy, 2008). According to the RBV, market achievement of organizations is not mainly a function of the exterior environment it works in, but the specific physical and imperceptible resources and capabilities that organizations control (Michael A. Hitt, 2015).

The RBV explores the part of key resources mainly tangible and intangible possessions and capabilities, in generating competitive advantage and greater performance. These assets and capabilities regulate, how efficiently and effectively organizations perform their activities. A firm will be placed to prosper if it has the most suitable stocks of resources for its business and approach. According to RBV, the amassing and use of resources and capabilities that builds distinctive, unmatched and non-interchangeable know-hows provides competitive advantage (Peteraf, 2015). The resource-based view as used in outsourcing constructs from a suggestion that any corporation that does not have precious, uncommon, unmatched and capabilities and organized resources, shall try to search for a peripheral source with the purpose to overcome that flaw (Henry, 2008).

The RBV theory defines that firms can outsource in their vicinity if it creates a competitive advantage between itself and its competition which is known as nearshoring. Wernerfelt (2006) furthermore talked over that resources may possibly be secured semi-permanently to the business. Mackey (2016) called awareness to all capabilities, assets, organizational practices, organization qualities, knowledge and information, delimited by a business that permit the firm to comprehend of and put into operation tactics that advance its efficiency and effectiveness'. According to Konrad, 2011, RBT is concerned with organizational performance heterogeneity. The goal is to bring together an assortment of in-house resources which when joined and used strategically can create competitive advantage for the organization. Internal resources include several types of capital; tangible capital such as structures; machines; stock; financial capital which include investments; cash reserves; operating capital; human capital that are the familiarity, credentials, skills and experience of employees and corporate capital such as trademarks; copyrights; systems. Konrad, 2011 elucidates that these resources become valuable when they are used to enable the organization implement its business plan. It is through the implementation of business strategy that continual competitive advantage can be achieved.

In the end, enterprises which are adept to control assets to carry out a significance crafting strategy not concurrently being put into action by whichever present or possible contender can accomplish competitive advantage. Business researchers agreeing with the RBV contend that no more than strategically significant and useful competencies and resources ought to be observed as foundations of competitive advantage. These researchers have utilized expressions as distinctive competencies, core competencies (Wang, 2014) and strategic assets (Williamson, 2007) to specify the strategically significant assets and capabilities that offer a business with a possible ready for action superiority. Strategic properties comprise of the arrays of complex to replicate and trade, rare and specific resources, appropriable and capabilities that grant the firm's competitive advantage (Schoemaker, 2006). Powell (2001) advised that business stratagem can be seen as an instrument to operate such assets to generate competitive advantage.

The theory is applicable to the current study n that it states that core competencies are distinctively valuable, scarce firm-level resources that challengers are not able to replicate, substitute, or imitate. Distinctive competencies talk about everything that makes the business an achievement in the operating environment. RBV clarifies why enterprises would relatively outsource some business functions than have them done in-house. As such, RBV is vital to this study as it enlightens the reasons for organizations to outsource and how it helps reach a competitive advantage over their competitors.

Resource Dependence Theory (RDT)

The proponent of resource dependence theory was James Thompson in the year 1967 and was later then advanced under the guidance of Pfeffer and Salancik in 1978, (Beduk, 2014). The RDT theory is grounded on the understanding that it is essential for organizations to probe their structures and behaviours, their connections with other organizations and their individual relationships, and their own behaviours amongst themselves in order to stay in business (Theron, 2012). In this regard, organizations put to use the input from their circles in order to carry on their goings-on and live on. Input denotes each and every kind of supplies that organizations use to create services or goods, such as knowledge, energy, skill, ability, labour and money. As Clark, 2007 stresses, RDT is not a theory dealing with specific resources, on the contrary it places boundless significance on such traits of resources that can have a say to attaining competitive advantage.

Pfeffer and Salancik, (2003) contend that the organisation is for the most part predisposed to the sway emanating from these outside interest groups (social players) that have resources that are vital for the organisation (Salancik, 2003). In conformity with what the resource dependence theory describes, one of the incentives in the wake of the organisation's efforts to foster relationships with stakeholders is the compulsion to acquire resources owned by stakeholders. The more decisive a given resource is, the more power stakeholders can put into action over the organisation by full-blown refusal to make the resource accessible to the organisation. RDT identifies the impact of external elements on organizational behavior and, even though limited by their setting, managers can perform to minimize environmental improbability and dependence.

Pfeffer and Salancik, 2003 offers that the basic line of reasoning of the resource dependence outlook and inter-organizational interactions as the essential components for comprehending inter-corporate relations and society are organizations, these corporations are not autonomous, but rather are constrained by a network of interdependencies with other organizations, interdependence, when coupled with doubts about what the actions will be of those with which the organization interdepends, steers to a state of affairs in which endurance and continued achievements are indeterminate, as a result organizations take actions to manage external interdependencies, while such actions are inescapably never entirely successful and produce new forms of dependence and interdependence and these patterns of dependence produce inter-organizational as well as intra-organizational power, where such power has some effect on organizational behavior.

According to the Resource Dependency Theory (RDT), the vital importance for organizational continued existence is the organization's ability to get hold of and maintain resources. Thus this theory piles up the notion of outsourcing vendor development, Resource Dependency Theory (RDT) puts forward the idea that actors deficient in crucial resources will work towards establishing relationships with others in order to get hold of the needed resources or services. With resource dependent theory, the environment of the organization is more or less as pivotal as the organization itself. The belief is that organizations embrace strategies to obtain access to critical resources, to steady relationships with the external settings and to safeguard continued existence.

The theory is applicable to the current study in that point out and talk over the significance of expounding deeds of manufacturing organizations, via establishing alliances, interlocks, joint ventures, and acquisitions and mergers, in struggling to rise above dependencies and improve an organization's self-sufficiency and legitimacy. With this theory, conjoint licensing pacts are easy to justify. Collaboration permits contact to resources more effectively and more efficiently (Salancik, 2003).

The Market-Based View (MBV)

The proponent of market based view was Mason and Bain in 1950. According to theory the foundations of value or significance for the business enterprise are rooted in the cutthroat circumstances typifying its finished-product strategic placement. The firm's strategic position is a company's exceptional array of actions that are dissimilar from those of their challengers. On the other hand, the strategic status of a firm is demarcated by what method it performs related activities to other firms, but then again in very diverse ways. In this viewpoint, a firm's cost-effectiveness or performance are established uniquely by the configuration and competitive undercurrents of the industry's surroundings of which it functions (Schendel, 2006). The market-based view (MBV) describes an organization's performance through the external industry arrangement and the strategic ways of competitors contained within the industry. Corresponding to this outside-in perspective, the performance of a company and its competitive advantage can be chiefly attributed to the structure of its industry, for example, to entry hurdles that keep further competitors at bay and look after profit borders.

Market-Based View (MBV) takes account of the positioning school of theories of strategy and theories advanced in the industrial organization economics phase of Hoskisson's narrative of the development of strategic rationale (Wang, 2014). In the course of this period, the emphasis stood on the business enterprise's environment and external factors. Scholars perceived that the corporation's accomplishment was considerably reliant on the business's environment. The researchers regarded strategy in the perspective of the business operating industry as an entirety and the status of the organization in the market comparative to its business rivals. In formulating strategy, firms ordinarily make an inclusive assessment of their own competitive advantage via an assessment of the external environment based on the five forces model (Porter, 2008). The five forces under consideration consist of barriers to entry, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and rivalry among competitors (Porter, 2008).

The stronger these forces are jointly, the more powerful the rivalry and the lower the allure of the industry. In this point of view, a business enterprise's foundation of market power gives explanation its relative functioning. Three bases of market powers are repeatedly highlighted, that is bargaining power, barriers to entry, and monopoly (Peteraf, 2015). If a corporation boasts of a monopoly it follows that it holds a solid market standing and as a result achieves better (Peteraf, 2015). Elevated barriers to entry for fresh competitors in an industry lead to condensed competition and hence improved performance. Greater bargaining power within the industry relative to suppliers and customers can also lead to better performances. The five-force model empowers an organization to scrutinize the present situation of their industry in a structured way.

The theory is applicable to the current study in that its helps the researcher to understand how well competitive advantage arises. The theory states that by setting apart products and services from the ones of rival firms, companies reach an advantaged end product market position and deter the market's characteristic tendency to progress toward perfect competition (Schwenker, 2009). In the course of the achievement of superior positioning, a firm can dominate monopoly rents by deliberately restricting production below competitive levels. As a replacement of being a price taker in a perfectly competitive field, superior placement allows the firm to preserve some control over price and escalate profits by restricting competition (Schwenker, 2009).

Theoretical Framework

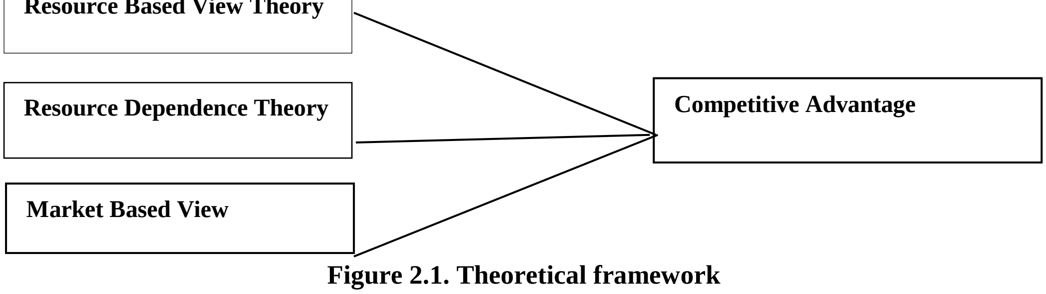

Figure 2.1. Theoretical framework
Source: Literature (2023)

Empirical Review

Local Outsourcing

Local/onshore outsourcing, sometimes referred to as domestic outsourcing, is the acquisition of services from a third party within the same nation as a business (Kung'u, 2016). The antithesis of offshore outsourcing, which is the acquisition of services from individuals or businesses outside the nation, is local outsourcing. Nearshore outsourcing, while comparable yet distinct, is the practice of having labor or services provided by qualified workers in adjacent nations rather than in the home country (Murkherjee, 2019). Local outsourcing is used to give a third party the ability to do non-critical tasks that nonetheless have commercial value but are not vital to the core business, such standard human resources (HR) duties. Onshore outsourcing, as opposed to offshore and nearshore, allows for a better level of control and closer communication between the two businesses. But, compared to other outsourcing choices, this one may be more expensive depending on the amount of work involved (Kahrovic, 2015).

Onshore outsourcing can be utilized in various scenarios, including business process outsourcing, customer service, software development, technical support, and more. Depending on the outsourced services or products, companies may find it more cost-effective to outsource to an organization closer to home (Reijers, 2013). Rather than hiring an in-house team which can be more cost-intensive, it makes more sense to outsource some of the tasks or departments to a partner in the same country. This saves costs and increases efficiency as these partners have skilled professionals suited for that particular task. Onshore outsourcing may also be used to access expertise in certain areas, such as strategic planning and marketing. Outsourcing can give companies an advantage over their competitors, as they can access specialized knowledge and services that may not be available to them at home (Agburu, Anza & Iyortsuun, 2017).

Onshore outsourcing has become increasingly popular as businesses can reduce overhead costs while gaining access to the needed services and expertise (Kahrović, 2015). Moreover, onshore outsourcing can provide quality assurance, as organizations are more familiar with the laws and regulations of their own country. Onshore outsourcing is an excellent way for companies to reduce costs and gain access to specialized services without investing in setting up their infrastructure. Companies can achieve greater success by utilizing the expertise of a domestic provider and taking advantage of their local knowledge and resources (Kamal, 2019).

A manager of an organization won't have direct, in-person oversight over staff members who work remotely even within the same country, despite the fact that onshore suppliers' employees typically have more in common with that organization's internal staff than do employees based in a foreign country (Gottfredson et al., 2015). Also, the process of integrating the on-site staff of an organization with the personnel of the onshore service provider may take longer. Even if a business has excellent communication procedures and technology in place, time and distance can have an impact on how employees cooperate and engage with one another (Agburu, Anza & Iyortsuun, 2017). The development schedule may be slowed down even though a corporation may find it easier to deal with contractors in its own nation due to time zone differences, such as the Eastern and Pacific time zones in the United States.

Offshore Outsourcing

After the viability of the Internet, offshore outsourcing became a widespread practice among multinational organizations (Hemphill, 2014). In order to cut costs, concentrate on their core competencies, and preserve market competitiveness, businesses must outsource, which manifests in both the transfer of production and employment duties. However, its efficacy in achieving revenue targets needs to be investigated. Several businesses, stakeholders within businesses, members of the public, and government representatives are worried about maintaining jobs in the domestic economy (Prestowitz, 2014). The loss of production earnings and jobs is anticipated to have a negative impact on economic growth and could have an impact on the local, state, and federal economies. If most of the labor and production is outsourced overseas, there are also worries about the reduction of incentives for technological advantage and the development of inventiveness within domestic firms (Hemphill, 2014).

According to this argument, offshore outsourcing advances the standing of multinational corporations by improving economic stability and allowing the company to concentrate on new R&D initiatives. Additionally, it is asserted that offshore outsourcing helps these procedures because the multinational firm is required to meet certain financial objectives by its duties to its stockholders (Chase, Jacobs, & Aquiliano, 2015). On the other hand, arguments against offshore outsourcing point to the loss of economic stability caused by fewer employment opportunities and the removal of earned income for workers, as well as issues with regulatory outcomes (such as trade tariffs and tariff repercussions) and issues with ingenuity that are difficult to quantify.

The loss of motivation to work on new projects is the last point, which is related to the loss of capital through decreasing the emphasis on innovation within a particular corporation. As a result, it cannot be effectively measured or evaluated because it is a hypothetical result rather than an actual result and is outside the purview of the assessment models used to gauge economic performance (Hemphill, 2014). These concerns were investigated, and a greater emphasis was placed on the areas of debate where the offshore outsourcing of both employment and production effects economic performance, through a study of themes found in the literature review.

Outsourcing and offshoring work together effectively. The job is kept in-house and onshore under the conventional insourcing paradigm. During the 1980s, manufacturing jobs started to move to places with less expensive labor. Manufacturing shifted from pricey metropolitan regions to rural ones that offered relatively cheaper land, tax breaks, and trained labor at lower wages (Weerakkody, Currie and Ekanayake, 2013). Global firms began shifting their internal production, operations, and service processes, like call centers and back-office operations, to lower-cost nations while retaining them in-house as company-run operations in their effort to attain a higher cost arbitrage. The desire to be nearer to and have better access to international markets, along with the pursuit of low-cost operations, are the driving forces behind this migration.

Businesses are beginning to contract out non-core tasks to nearby or regional vendors that may offer specialized knowledge and reduced prices. This activity is highlighted by the expansion of the IT outsourcing, contract manufacturing, and third-party logistics sectors. The most recent trend among multinational corporations is to simultaneously offshore and outsource work to countries like India and China. Other popular outsourcing destinations include the Philippines, Brazil, Ireland, and the Czech Republic (Monczka, Carter, Markham, Blascovich and Slaight, 2015). The secret to maximizing the advantages of outsourcing while minimizing its drawbacks is a clearly defined approach. The service provider often accepts a service target that is higher than what the host company is accomplishing and agrees to execute the process at a cost that is less than what the host organization is currently paying. We refer to these as service level agreements (SLAs).

González, Llopis, and Gascó (2013) discovered that financial institutions' efforts to reduce operational costs and raise service quality heavily relied on ICT outsourcing. They noted several changes in the operating environment, such as pressure from the regulatory authorities, intense competition as a result of significant globalization, and the requirement for firms to maintain low operational expenses.

Nearshore Outsourcing

Nearshoring is a form of outsourcing that enables businesses to delegate a software development project or business process to outsourcing companies or freelance teams in neighboring nations (Moe, et al., 2014). As a result, businesses are able to cut costs, save time, get instant access to the necessary specialist knowledge, and also continue to focus on other projects. There is frequently a time zone, cultural, and linguistic overlap between the client group and the nearshore group. As any type of program advancement duty entails a great deal of engagement amongst all of its own persons, this makes the communication much simpler a remarkably vital variable (Mite, et al., 2010).

Due of this, the development of nearshore software programs enables effective staff collaboration. To construct their software, businesses frequently combine in-house and outside teams that are either overseas or close to home. The study evidence so far is not promising, and these decisions may have an impact on project outcomes. There are many instances of failures, no definite signs of actions associated with achievement, and vague suggestions for the success of GSD (Anh, et al., 2012). When opposed to farshore outsourcing, nearshore is frequently thought to offer better team collaboration but at a higher expense (Boersen, et al., 2017). Quality is significantly impacted by the geographic distribution and temporal distance of development locations (Cataldo & Nambiar, 2019). Interestingly, nearshoring's benefits are not entirely obvious. Cost savings may be compromised even if it may present potential for more effective collaboration, particularly for Agile approaches (Mite, et al., 2010). Cultural distance is included in the literature on outsourcing success factors, however neither nearshore nor farshore location are mentioned (Lacity, et al., 2016).

Nearshore outsourcing has recently become a popular alternative for businesses looking for global outsourcing solutions (Hovhannisyan, 2015). It is a great way to access the best talent from nearby nations as there’s the ease of language understanding. The culture and time zone are also similar, so there aren’t too many barriers when it comes to communication. This type of outsourcing also offers cost savings and improved customer service. One of the main advantages of nearshore outsourcing is accessing talent that is often better suited to the company’s needs than hiring a partner that’s too far away in a different time zone (Lilly, 2015). Nearshore outsourcing allows businesses to easily collaborate with partners in the same region, which helps them develop and maintain a strong relationship with the partner.

Nearshore outsourcing is also an excellent option for businesses that need to secure customer data (Flora, 2010). Companies can benefit from improved security and privacy by outsourcing customer data to a nearby country. In addition, nearshore outsourcing allows companies to access the latest technology without incurring additional costs. All in all, nearshore outsourcing is an excellent way for businesses to access the best talent and resources without looking too far or changing their schedule according to their partner’s time zone (Beduk, 2014). Nearshore outsourcing makes for a partnership that has fewer hiccups and more benefits.

Conceptual Framework

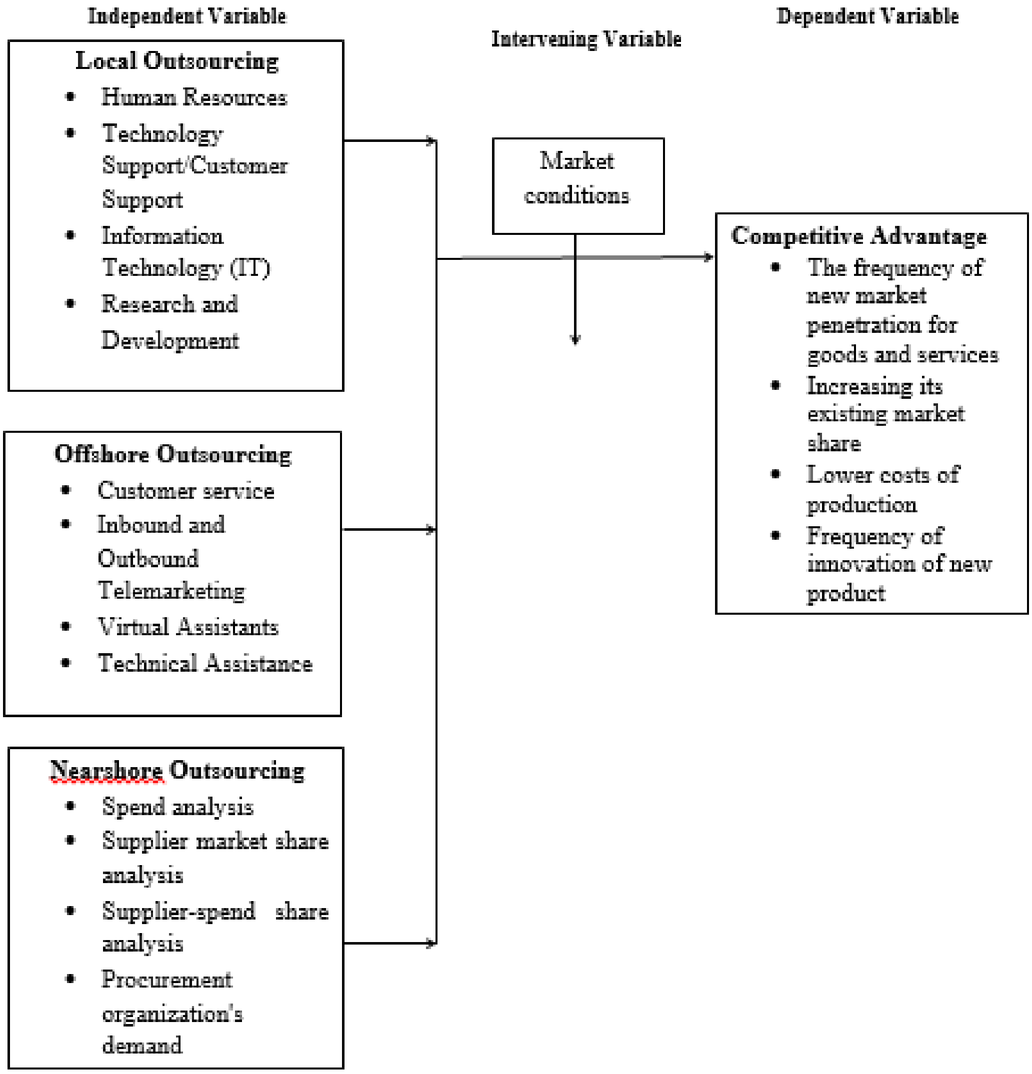

Figure 2.2. Influence of Business Process Outsourcing
Source: Author (2023)

From the figure 2.2. above it can be observed that the independent variables are local outsourcing activities, offshore outsourcing activities and nearshore outsourcing. On the other hand, the dependent variable is competitive advantage. The intervening variables include marketing conditions. All these variables interact to have an outcome the study is investigating.

Summary and Research Gaps

The notion of outsourcing of services to achieve a competitive advantage by organizations has been talked about in the literatures in addition to the empirical studies done on the subject matter. From the empirical literatures cited, the idea of outsourcing has been detailed (Murkherjee, 2019, Agburu, Anza & Iyortsuun, 2017, Boersen, et al., 2017, and Lacity, et al., 2016) all showed interest in the topic. Although the different scholars delved on the outsourcing topic in detail, they mainly focused on the costs of applying outsourcing practices and the risks that come with it while the concept of how outsourcing helps an organization attain a competitive advantage was not expounded well. As such, this study will seek to address that gap by analyzing how business outsourcing can help the listed manufacturing and allied companies in Kenya attain a competitive advantage over their competition.

Operationalization

Table 2.1. Operationalization of variables

Variables	Dimensions	Parameters	Data Instruments	Analysis Method
Independent	**Local Outsourcing**	• Human Resources • Technology Support/Customer Support • Information Technology (IT) • Research and Development	**Questionnaire**	**Multiple linear regression**
	Offshore Outsourcing	• Customer service • Inbound and Outbound Telemarketing • Virtual Assistants • Technical Assistance		
	Nearshore Outsourcing	• Spend analysis • Supplier market share analysis • Supplier-spend share analysis • Procurement organization's demand		
Dependent	**Competitive Advantage**	• The frequency of new market penetration for goods and services • Increasing its existing market share • Lower costs of production • The frequency of innovation of new product	**Questionnaire**	**Multiple linear regression**

Source: Author (2023)

III. RESEARCH METHODOLOGY

Introduction

This particular segment outlines the employed research methodology, specific respondents of importance and the methods of data collection that were used in the study in order to meet the research objectives. These broadly include research design, targeted population, census, data collection method, reliability and validity of research instrument, data analysis, presentation and ethical issues.

Research Design

A descriptive research design was used for this study. Cooper & Schindler (2013) claim that the goal of a descriptive study is to identify the what, where, and how of a spectacle. Descriptive research entails developing the study's objectives and the techniques used to collect data, giving the researcher access to both quantitative and qualitative information (Orodho, 2005). The research design aimed at gathering respondents' perspectives and further provided the study with a suitable method for investigating the types of outsourcing practices employed by the listed manufacturing and allied firms in Kenya to achieve a competitive advantage and fulfilling the study's goals. By using a descriptive design approach, the researcher easily generalized their findings to a broader population and explained the characteristics of the population as they are right now, which reduced biases and increased the reliability of the data they have gathered. Descriptive research aims to collect information at a specific period and utilize it to characterize the nature of current conditions. Finally, this gave a fairly complete picture of events at a certain moment and enabled the formation of research topics,

Target Population

The population of the study was made up of the top level managers and middle level managing staffs working at the listed manufacturing and allied companies on the Nairobi Securities Exchange in Kenya. This group was chosen because of their knowledge of the approaches their companies use and are involved in implementation, control and monitoring of the approaches. There are 1,440 top and middle level management staffs in the listed manufacturing and allied companies on the Nairobi Securities Exchange in Kenya as shown in Table below.

Table 3.2. Target Population

Category	Frequency	Percent
Top management	280	19
Middle level management	1,160	81
Total	**1,440**	**100**

Source: (Kung'u, 2016)

Sampling

The researcher used the stratified random sampling procedure to identify the sample for the study. The approach was appropriate for the study given the heterogeneous nature of the population. The aim of the stratified random sampling procedure was to generate a representation from various categories of the population. The strata in the target population of the study was the top management and middle level management staffs in each of the listed manufacturing and allied companies on the Nairobi Securities Exchange in Kenya. Since the population of the study is large, a Slovin's formular was used to calculate the sample size of the study. Slovin's formular gives you an approximate figure to work with (Ryan, 2013).

This particular study employed a confidence level of 95% hence the Slovin's formular to be used will be:

n=N/ (1+Ne^2) where

n= amount of samples

N=entire population

E= error tolerance level

This brought the sample size of the population to 313 respondents which was a good representation for the study and this is shown in table 3.3.

Table 3.3. Sample Size

Category	Frequency	Percent	Sample Size
Top management level	280	19%	59
Middle management level	1,160	81%	254
Total	**1,440**	**100**	**313**

Source: (Kung'u, 2016)

Data Collection

Data was gathered through the utilization of questionnaires which contained mutually open-ended and close-ended questions. A research questionnaire is described as being a research tool consisting of a sequence of questions for the sole intention of pulling together information from respondents (McLeod, 2018). Questionnaires made available a moderately cheap, well-organized and quick way of acquiring hefty volumes of information from a sizable sample of people (McLeod, 2018). Data is able be collected reasonably speedily for the reason that the researcher would not need to be in attendance when the questionnaires were completed. The research questionnaires were administered through the drop and pick later and email for those firms within Nairobi and its environs. This was then followed by telephone follow-up in order to increase the response rate. The questionnaire was set to capture the objectives of the study and will be divided into various sections. General information of the staffs of the organization was captured in section one. The other sections sought to capture information associated to the objectives of this particular study.

Validity and Reliability of Research Instruments

Validity

To be able to achieve the validity of the research questionnaire, content validity was engaged, which assessed the extent to which the test matters characterize the domain or universe of the feature being measured (Hussey, 2014). It is the approximate of how considerably a measure represents every solitary element of a construct. Validity is the instant to which outcomes achieved from the evaluation of the data essentially represents the phenomena being investigated. The researcher employed in cooperation both content and face validity. Content validity refers to how correctly an evaluation or measurement tool draws off into a number of facets of the particular construct in question (Saccuzzo, 2009). Content validity of the questionnaire was enhanced through skilled judgment. By itself, the researcher sought out the aid of his supervisors, who are regarded as experts in research, helped advance the content validity of the questionnaire. Face validity talks about the extent to which an assessment or test objectively gives the impression to gauge the variable or construct that it is supposed to determine.

Reliability

The working reliability of the research implement shall be ascertained by way of pre-testing of the questionnaires in Thika, Kiambu County among manufacturing firms that are not listed in the NSE. The researcher distributed 15 questionnaires among the manufacturing firms in Thika town. The pilot study permitted the researcher to weigh the lucidity of the questionnaire items so that those items found to be insufficient or unclear were moderated to enrich the quality of the research instrument and as a result increasing its reliability. The pilot study also ensured that people understood the questions in the questionnaire. Internal consistency approach was used. The most common internal consistency reliability approximation was given by Cronbach's alpha reliability coefficient of 0.75 or above which is regarded as satisfactory in the majority of social science research circumstances (Hussey, 2014). Subsequently, analysis was carried out to make certain the consistency as well as reliability of the research instrument. Once the analysis was observed to be conveying dependable answers, it was implemented for the decisive study.

Data Analysis and Presentation

After conducting the field work, the completed questionnaires were edited for completeness (any incomplete questionnaire was discarded) and consistency, checked for errors and omissions and then coded for intentions of transcribing the results into the computer. The codes were then keyed-in in a computer spreadsheet. Quantitative data was then examined using SPSS version 24 (Statistical Package for Social Sciences). Illustrative statistics of percentages and frequencies were used to analyze the data. Qualitatively, the data was categorized into subject matters, classes and patterns. This permitted the researcher to churn out overall declarations in terms of the studied traits hereafter conceptualization. After analyzing the data, the research findings were presented using tables, graphs and figures. Subsequently, the data was further analyzed using multiple linear regressions to scrutinize the efficiency of the independent variables under research against the dependent variables. For this reason, the formula to be used was as shown below;

$y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$

Where

y = Competitive advantage
$\beta0$ = regression constant
$\beta1 - \beta3$ = estimated regression coefficients
X_1 = Local Outsourcing
X_2 = Offshore Outsourcing
X_3 = Nearshore Outsourcing
ε = Error term

The tolerance will be estimated by $1 - R^2$, where R^2 will be calculated by regressing the independent variable onto the independent variables included in the multiple regression analysis.

Ethical Issues

The research abided by all ethical standards in the progression of the study by protecting the sources of the information which will be important and delicate. The researcher guaranteed that the information provided by the respondents was retained confidentially. This diminished the prospect of any psychological harm such as embarrassment (McLeod, 2018). The respondents were provided with well-versed agreement prior to concluding the questionnaire, and were made aware that they have a right to pull out their information at any time during the study. The student were also asked for approval to carry out the research coupled with gathering data from the University and National Commission of Science, Technology and Innovation (NACOSTI) at the same time abide by the set down norms of confidentiality.

IV. DATA ANALYSIS AND PRESENTATION

Introduction

This chapter presents the analysis of collected data and discussion of the research findings. The chapter outlines the findings based on the research objectives. The main objective of the study was to determine the influence of business process outsourcing on competitive advantage of listed manufacturing and allied companies in the Nairobi Securities Exchange. The target respondents were the top and middle level managers working at the listed manufacturing and allied companies in the Nairobi Securities Exchange headquarter offices situated in Nairobi. The data was classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables. Tables were used for presentation of findings. A total of two hundred and fifty questionnaires were issued out with the interest of time and as some of the respondents were unavailable at the time of the study. Of the issued questionnaires, one hundred and eighty which were fully filled were returned.

Responses Rate

There were 313 respondents in the research. 180 of these individuals took part in the study by completing the questionnaires satisfactorily. This survey had an overall response rate of 57.5%. According to Jack Fincham, a response rate of 57.5% is deemed adequate. This represents more than half of the total sample

Table 4.4. Response Rate

Questionnaires Issued	Questionnaires returned	Response Rate
313	180	57.5%

Respondent Information

The study sought out the respondent's information which included their management level, gender and age, how long they had worked in the firm and what functions according to them were presently outsourced.

Management Level

Table 4.5: Level of management of respondents

	Frequency	Percentage (%)
Top Level	23	12.8
Middle level	157	87.2
Total	**180**	**100.0**

The researcher sought to determine the management level of the respondents as this was important to the study because the management level of the respondent would determine their extent of participation in the outsourcing process. The researcher targeted the top and middle level management in the listed manufacturing and allied firms in Kenya. The results showed that 87.2% of the respondents were middle level managers while 12.8% comprised of top level managers as shown in table 3 above. This finding was attributed to the small number of top level management positions in organizations while there were more low level management positions in the firms due to their diverse departments and staffing levels. This could be enhanced by creating more top management level positions to increase the competition among the employees.

Gender

Table 4.6: Gender

	Frequency	Percentage%
Male	131	72.8
Female	49	27.2
Total	**180**	**100**

It was important for the researcher to establish the gender representation of the respondents so as to understand their participation in the outsourcing process. The results showed that majority of the respondents were male who accounted for 72.8 % as compared to female respondents who were represented by 27.2 % as shown in table 4. This finding shows that the males are more involved in the day to day running of the listed manufacturing and allied companies in Kenya and the female representation is on the increase. This should be visible in the allocation of senior positions so that women are involved in more decision making.

Age or respondents

Table 4.7: Respondent ages

	Frequency	Percent %
26 - 30	4	2.2
31 - 35	19	10.6
36 - 40	37	20.6
41 - 45	69	38.3
46 - 50	22	12.2
above 50	29	16.1
Total	**180**	**100.0**

Table 7 shows the age distribution of the respondents where the majority of the staff were between the ages of 41-45 years (38.3 %), this was followed by those between 36- 40 (20.6 %), above 50 was (16.1 %), 46-50 (12.2%), 31-35 (10.6%) and 26-30 (2.2%). These findings indicate that majority of the respondent population in top and middle management is above 36 years which would indicate levels of operational experience in the manufacturing sector. This indicates that the younger generation was not majorly involved in the decision making structures of the organizations hence their involvement should be increased so as to enable fair representation.

Duration of stay in organization

Table 4.8: Duration of stay in organization

	Frequency	Percent %
0 - 1	1	.6
1 - 3	64	35.6
3 - 5	77	42.8
above 5	38	21.1
Total	**180**	**100.0**

Table 8 shows the distribution of duration that the respondents have spent working for their organization. A large number of the top and middle level managers have worked in the organization for 3-5 years (42.8%), followed by 1-3 years (35.6%) then lastly above 5 years (21.1%). A small percentage that had worked for less than one year (0.6%) was in management. This shows that the organizations went for experience when allocating managerial positions. This was imperative for the study as it would corroborate the findings since more years in the firm would mean respondents were more conversant with outsourcing business processes in the organization.

Presently Outsourced functions

Table 4.9: Business processes currently being outsourced

	Frequency	Percent %
Local outsourcing	30	16.7
Offshore outsourcing	65	36.1
Nearshore outsourcing	85	47.2
Total	**180**	**100.0**

Table 9 shows the distribution of business processes that were being outsourced at the time of the study. nearshore outsourcing (47.2%) was the process mainly outsourced, followed closely by offshore outsourcing (36.1%) while local outsourcing function was viewed to be lowly outsourced (16.7%). This shows that for organizations to concentrate effectively on their core business, nearshore outsourcing helped to a large extent.

Local Outsourcing

This section presents the data on local outsourcing. The findings are as shown in the following subsections.

Local Outsourcing and Competitive Advantage

Table 4.10. Local Outsourcing

	Frequency	Percent %
Very great extent	43	23.9
Great extent	79	43.9
Moderate extent	42	23.3
Little Extent	16	8.9
Total	**180**	**100.0**

The study sought to determine the influence of local outsourcing on competitive advantage of listed manufacturing and allied companies in Kenya. This was vital for the researcher so as to understand management's perception on the importance of local outsourcing processes. Table 10 above shows the management response on the extent of local outsourcing where the highest response rate 43.9% answered that there was to a great extent some form of local outsourcing. This implied that local outsourcing was crucial in the day to day operations of the organizations.

Extent of Agreement on Local Outsourcing Influence on Competitive Advantage

The respondents were requested to indicate the extent of agreement on statements that relate to local outsourcing influence on competitive advantage of listed manufacturing and allied companies in Kenya.

Table 4.11. Extent of Agreement on Local Outsourcing Influence on Competitive Advantage

Statement	Mean	Std. Dev
Companies that outsource human resources are often able to compete effectively and focus more on their core activities.	4.179	0.670
Companies that outsource technology/customer support are often able to compete effectively and focus more on their core activities.	3.607	1.031
Companies that outsource information technology are often able to compete effectively and focus more on their core activities.	4.500	0.509
Companies that outsource research and development are often able to compete effectively and focus more on their core activities.	3.714	0.854

From the findings the respondents agreed that companies that outsource information technology are often able to compete effectively and focus more on their core activities (mean=4.5), followed by companies that outsource human resources are often able to compete effectively and focus more on their core activities (mean=4.179), companies that outsource research and development are often able to compete effectively and focus more on their core activities (mean=3.714), and that companies that outsource technology/customer support are often able to compete effectively and focus more on their core activities (mean=3.607). This depicts that companies that outsource information technology are often able to compete effectively and focus more on their core activities.

Offshore Outsourcing

This section presents the data on local outsourcing. The findings are as shown in the following subsections.

Offshore Outsourcing and Competitive Advantage

Table 4.12: Offshore outsourcing

	Frequency	Percent %
Very great extent	30	16.7
Great extent	35	19.4
Moderate extent	90	50.0
Little extent	25	13.9
Total	**180**	**100.0**

The researcher put together several declarations which described offshore outsourcing and its influence on competitive advantage of listed manufacturing and allied firms in Kenya. Table 12 depicts the level of agreement on the extent of offshore outsourcing been carried out in the respondents' companies. 50% respondents agreed that there was offshore outsourcing to some moderate extent, 19.4% answered to some great extent, 16.7% responded to very great extent and 13.9% little extent. The impression was that offshore outsourcing was in existence and hence contributed to some extent to the competitive nature of the organizations.

Extent of Agreement on Offshore Influence on Competitive Advantage

The respondents were requested to indicate the extent of agreement on statements that relate to offshore outsourcing influence on competitive advantage of listed manufacturing and allied companies in Kenya.

Table 4.13. Extent of Agreement on Offshore Outsourcing Influence on Competitive Advantage

Statement	Mean	Std. Dev
Outsourcing of customer service ensures the organization can enhance its competitive position by getting latest customer requirement and effectively adapting.	4.175	0.657
Outsourcing of inbound and outbound telemarketing enables an organization to compete effectively by reaching a wider customer base and focus more on their core activities.	3.616	1.046
Outsourcing of virtual assistance efforts enables employees and organization adjust to current conditions and the firm can compete effectively and focus more on their core activities.	4.455	0.498
Technical assistance enables a firm to interact in real-time with their consumers, get their views and in-turn turn the focus to providing quality products thus competing effectively.	3.714	0.878

From the findings the respondents agreed that outsourcing of virtual assistance efforts enables employees and organization adjust to current conditions and the firm can compete effectively and focus more on their core activities (mean=4.455), followed by outsourcing of customer service ensures the organization can enhance its competitive position by getting latest customer requirement and effectively adapting (mean=4.175), followed by technical assistance enables a firm to interact in real-time with their consumers, get their views and in-turn turn the focus to providing quality products thus competing effectively (mean=3.714), and that outsourcing of inbound and outbound telemarketing enables an organization to compete effectively by reaching a wider customer base and focus more on their core activities (mean=3.616). This depicts that outsourcing of virtual assistance efforts enables employees and organization adjust to current conditions and the firm can compete effectively and focus more on their core activities.

Nearshore Outsourcing

This section presents the data on local outsourcing. The findings are as shown in the following subsections.

Nearshore Outsourcing and Competitive Advantage

Table 4.14: Nearshore Outsourcing

	Frequency	Percent %
Great extent	18	10.0
Moderate extent	53	29.4
Little extent	59	32.8
No extent	50	27.8
Total	**180**	**100.0**

The study sought to determine the influence of Nearshore Outsourcing on competitive advantage of listed manufacturing and allied firms in Kenya. This was essential for the researcher so as to realize management's take on the importance of Nearshore Outsourcing. Table 14 depicts how respondents reacted to the intensity of nearshore outsourcing in their organizations. 32.8% responded little extent, 29.4% said to a moderate extent, 27.8% said no extent and 10% answered to a great extent. Nearshore outsourcing would ensure that the company was in possession of highest quality information that would enable the company display their products on their website and enable customers interact with the website with ease.

Extent of Agreement on Nearshore Influence on Competitive Advantage

The respondents were requested to indicate the extent of agreement on statements that relate to nearshore outsourcing influence on competitive advantage of listed manufacturing and allied companies in Kenya.

Table 4.15. Extent of Agreement on Nearshore Outsourcing Influence on Competitive Advantage

Statement	Mean	Std. Dev
Outsourcing of spend analysis has led to the organization saving costs and use the savings to compete effectively	4.643	0.488
Outsourcing of the supplier market share analysis enables the organization access the latest software in the market	3.821	0.772
Outsourcing of supplier-spend share analysis ensures that new information is uploaded in real-time hence customers are regularly updated.	3.929	0.716
Outsourcing of procurement organization's demand enables the organization to interact with customers thus providing quality services and products.	4.143	0.591

From the findings the respondents agreed that outsourcing of spend analysis has led to the organization saving costs and use the savings to compete effectively (mean=4.643), followed by outsourcing of procurement organization's demand enables the organization to interact with customers thus providing quality services and products (mean=4.143), outsourcing of supplier-spend share analysis ensures that new information is uploaded in real-time hence customers are regularly updated (mean=3.929), and that outsourcing of the supplier market share analysis enables the organization access the latest software in the market (mean=3.821). This depicts that that outsourcing of spend analysis has led to the organization saving costs and use the savings to compete effectively.

Competitive advantage

This section presents findings on competitive advantage which are presented in the following subsections.

Increase of Competitive Advantage

Table 4.16: Increase of competitive advantage

	Frequency	Percent
Yes	134	74.4
No	46	25.6

Total	**180**	**100.0**

Respondents were asked for their opinion on whether application of one or more of the business process outsourcing approaches had increased the competitive advantage of their respective firms. The options were limited to yes and no responses. Table 26 shows 74.4% responded to yes and 25.6% responded to no. The results showed that in general, the perception was that the business process outsourcing approaches were helpful to freeing some resources for the companies enabling them to focus on their core businesses.

Increase or Decrease of Outsourcing Capabilities

The respondents were asked if there was in any way that outsourcing capabilities could be increased or decreased. This was to mean if there was more room for more functions to be outsourced to free other resources that would then be channeled to the core business.

Table 4.17: Increase or decrease of outsourcing capabilities

	Frequency	Percent %
Increase	106	58.9
Decrease	74	41.1
Total	**180**	**100.0**

Table 27 shows that 58.9% said there was room to increase whereas 41.1% said that there was no room for increase but to decrease and do the functions in-house. This highlighted the need for the organization to further outsource so as to be better competitive in the market.

Regression Analysis

The study utilized multiple regression analysis to find out the relationship between the predictor variables and competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. The study utilized SPSS version 24 to generate output of the regression statistics after cleaning and coding data from the field. The coefficient of determination was used to explain how the change in the dependent variable can be explained by the change in the independent variables. The dependent variable for the current study was competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange while the independent variables were local outsourcing activities, offshore outsourcing activities and nearshore outsourcing.

Model Summary

The table below provides the model summary of the relationship between the predictor variables and competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. The findings are as shown in table 4.18

Table 4.18. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	P-value
1	0.89	.792	.742	.312	31.341	.001

a. Predictors: (Constant), local outsourcing, offshore outsourcing and nearshore outsourcing.
b. Dependent Variable: Competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange

From the results in the table R2=0.792 that is 79.2% disparity in competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange is explained by the independent variable in the model. However, 20.8% unexplained difference in competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange is as a result of other unrepresented determinants in the regression model. As per the findings in the above table it can be ascertained that the model is good and can be utilized for the purposes of estimation. From the results in the table a significant relationship was established which is indicated by the variables as depicted by R^2=0.792 that is 79.2% which shows that a significant relationship exists between the independent variables and the competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.

ANOVA Results

The table below provides the ANOVA results of the relationship between the predictor variables and competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. The findings are as shown in table 4.19

Table 4.19. ANOVA of the Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.369	3	3.123	25.185	.002[a]
	Residual	21.824	176	.124		
	Total	**31.193**	**179**			

a. Predictors: (Constant), local outsourcing, offshore outsourcing and nearshore outsourcing.
b. Dependent Variable: Competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange

The significance value is 0.002 which is less than 0.05 thus the model is statistically significance in predicting how the factors (local outsourcing, offshore outsourcing and nearshore outsourcing) impact the competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. The F critical at 5% level of significance was 3.123. Since F calculated is greater than the F critical (value = 25.185), this shows that the overall model was significant.

Coefficient of Determination

The table below provides the coefficient of determination on the relationship between the predictor variables and the competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. The findings are as shown in table 4.20.

Table 4.20. Coefficient of Determination

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	Std. Error	Beta	T	Sig.
Model 1(Constant)	0.289	0.116		2.491	0.005
Local outsourcing	0.319	0.122	0.514	2.61	0.001
Offshore outsourcing	0.287	0.117	0.452	2.45	0.002
Nearshore outsourcing	0.245	0.106	0.413	2.31	0.001

a. **Dependent Variable:** Competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange

Multiple regression analysis was conducted as to determine the competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. As per the SPSS generated table below, regression equation

$(\mathbf{Y = \alpha + \beta_1X_{1+} \beta_2X_2 + \beta_3X_3 + ȩ})$

Becomes:

$(Y= 0.289+ 0.319_{+} 0.287+ 0.245+ \varepsilon)$

From the regression taking the independent variable at constant (local outsourcing, offshore outsourcing and nearshore outsourcing) constant at zero, competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange was 0.289. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in local outsourcing will lead to a 0.319 increase in competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange, a unit increase in offshore outsourcing will lead to a 0.287 increase in competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange, and a unit increase in nearshore outsourcing will lead to a 0.245 increase in competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange. This infers that local outsourcing contribute the most to competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange, followed by offshore outsourcing. At 5% level of significance and 95% level of confidence, local outsourcing, offshore outsourcing and nearshore outsourcing were all significant on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.

V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of the results findings, conclusions and recommendations of the study for practice and recommendations for further study.

Summary of Findings

The study was focused on the top and middle level managers of the listed manufacturing and allied companies in Kenya. Of the two, middle level management was majorly represented as compared to the top level management. In terms of gender, males were the majority as compared to the females. A bulk of the respondents fell in the age bracket of 41-45 years whereas the least age bracket to represent the respondents was 26-30 years. There was no representation on the age bracket of 20-25 years. A greater part of the respondents had stayed in the organization between 3-5 years followed by 1-3 years. 0-1 year was the least represented category. With regards to the presently outsourced activities in their organizations, respondents answered that transportation was the most outsourced followed by marketing while I.T and warehousing were scarcely outsourced.

The study sought to determine the influence of local outsourcing to creating competitive advantage in listed manufacturing and allied companies in Kenya. The findings showed that local outsourcing was crucial in the day to day operations of the organizations. The study also found that companies that outsource information technology are often able to compete effectively and focus more on their core activities.

The study sought to ascertain the influence of offshore outsourcing to creating competitive advantage in listed manufacturing and allied companies in Kenya. The findings revealed that offshore outsourcing was in existence and hence contributed to some extent to the competitive nature of the organizations. The study also found that outsourcing of virtual assistance efforts enables employees and organization adjust to current conditions and the firm can compete effectively and focus more on their core activities.

The study sought to assess the influence of nearshore outsourcing to creating competitive advantages in listed manufacturing and allied companies in Kenya. The study found that nearshore outsourcing would ensure that the company was in possession of highest quality information that would enable the company display their products on their website and enable customers interact with the website with ease. The study also found that outsourcing of spend analysis has led to the organization saving costs and use the savings to compete effectively.

The study found that in general, the perception was that the business process outsourcing approaches were helpful to freeing some resources for the companies enabling them to focus on their core businesses. The study found that at 5% level of significance and 95% level of confidence, local outsourcing, offshore outsourcing and nearshore outsourcing were all significant on competitive advantage of listed manufacturing and allied companies in Nairobi Securities Exchange.

Conclusions

The study concluded that local outsourcing was crucial in the day to day operations of the organizations. The study concluded that companies that outsource information technology are often able to compete effectively and focus more on their core activities. The study concluded that offshore outsourcing was in existence and hence contributed to some extent to the competitive nature of the organizations. The study also concluded that outsourcing of virtual assistance efforts enables employees and organization adjust to current conditions and the firm can compete effectively and focus more on their core activities. The study concluded that nearshore outsourcing would ensure that the company was in possession of highest quality information that would enable the company display their products on their website and enable customers interact with the website with ease. Finally, the study concluded that outsourcing of spend analysis has led to the organization saving costs and use the savings to compete effectively.

Recommendations for Practice

Based on the findings, the study made the following recommendations:

1. The study recommends that managers developing and implementing outsourcing strategies for their business processes should look beyond the headline indicators of poor process performance. Rather than perceiving outsourcing as the only vehicle to improve poor internal performance, it is important to understand the causes.
2. The study also recommends that managers should understand the processes and associated interdependencies. Organizations often outsource processes without fully understanding the nature of the process and linkages with other parts of the business, which for example, can lead to poorly specified requirements in the contract.

3. The study further recommends that managers should understand the potential for opportunism prior to outsourcing the process. Many organizations often rush into outsourcing without fully understanding the consequences.
4. Finally, the study recommends that managers should employ the contract and relationship strategy as complements. Drafting a sufficiently tight contract in outsourcing arrangements has been emphasized as an important mechanism for dealing with opportunism. However, the management of the relationship with the supplier becomes an essential complement for dealing with gaps in the contract, particularly in the case of complex outsourced processes.

Recommendations for Further Research

The study focused on the influence of business process outsourcing on the competitive advantage of listed manufacturing and allied companies in Kenya. The study was limited to local outsourcing, offshore outsourcing and nearshore outsourcing. There is need for further research on other outsourcing approaches that might be in practice by manufacturing firms in general. Considering the contextual differences of various organizations resulting from differences in leadership cultures, systems, structures and goals the findings of this study may not work for the dissimilar organizations. Other manufacturing organizations have a different context and there is need to study approaches adopted by these organizations to gain sustainable competitive advantage. An additional area of further research is on long term approaches that manufacturers can implement to remain competitive and grow in the industry. This is because change in customer preferences, easing of regulations, globalization and change in technologies are changing the dynamics of the sector and therefore creating more threats

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