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Impact of Outsourcing on the Performance of Selected Multinational Companies in South East, Nigeria

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Abstract
This study examines the impact of outsourcing on the performance of some selected multinational companies in South East, Nigeria. Specifically, the study assesses the effect of product quality on the revenue growth of Seven-up and Coca-cola bottling companies Plc; examines the effect of recruitment on the profitability of the two organizations; tries to find out the effect of transport system on client retention rate in the two companies; and also ascertain the effect of customers satisfaction on profit margin in the two organizations. Primary and secondary data were used for the study. A total of 874 serve as population consisting of 448 respondents drawn from Seven-up company, Aba, Abia state and 426 respondents drawn from Coca-cola company, Owerri plant, Imo state. However, only 251 copies of questionnaire out of 274 copies distributed to respondents were retrieved and used for analysis of the study. Data obtained were analyzed using mean scores. Multiple regression analysis technique was used to test the various formulated hypotheses for the study. Findings show that product quality has effect on the revenue growth of Seven-up and Coca-cola bottling companies Plc as the mean value of 3.49 was accepted. Also the result showed that recruitment has positive effect on profitability of Seven-up and Coca-cola with mean value of 3.45 accepted. It was also discovered that transport system has significant effect on client retention in the two companies. The study also found out that customer's satisfaction has significant effect on profit margin in the two organizations. The study therefore, recommends among other things that Seven-up and Coca-cola bottling companies should employ strategic and well thought out outsourcing to further reduce operating and overhead costs for future firm growth and hence profitability of both companies.

Keywords: Outsourcing, Organizational Performance, Multinational Companies, Seven-up Bottling Company, Coca-cola Bottling Company

Introduction

Globalization of practices driven by accelerated competition among manufacturing and service delivery organizations has pushed firms to create value for money through efficient use of limited resources. Thus, organizations have been reviewing and restructuring their operations in response to a changing world economy. Many firms have responded to these pressures by concentrating on their core functions and letting out their auxiliary activities to external providers. Activities such as legal services, accounting services, catering, security, cleaning, building or equipment maintenance and information technology are among the services contracted these days, as most corporations believe that in order to compete globally, they have to look at efficiency and cost containment rather than relying strictly on revenue increases (Farrell and Rosenfeld, 2005).

Outsourcing as an operating strategy has become very popular with companies as organizations redirect valuable internal skills and capabilities to high value adding activities (Venkatraman, 1997). Treadway (2002), argues that companies have no option but to outsource some of their activities as profit margin gets thinner in a challenging business environment; and as companies seek to enhance their competitive positions in an increasingly global market place they are discovering that they can cut costs and maintain quality by relying more on outside service providers for activities viewed as supplementary to their core businesses (Li and Barnes. 2008). Outsourcing providers are taking increasing responsibility in realms that have traditionally remained as in-house, such as corporate strategy, information management, business investment, and internal quality initiatives (Engardio, 2006). Therefore, firms for the time being contract out what they once did for themselves with an ever expanding set of production activities.

Research in this field also indicates that if an organization is to survive in the business world today it must focus on speed, flexibility and agility. To do that, organizations need to focus on main and core competencies whilst contracting noncore functions to an external entity which will carry out that function as one of their core activities (Lee, 2008). This outsourcing strategy can allow organizations to focus on their core competencies in order to increase efficiency without having to invest in people and technology (King, 2007). This trend of organizational disintegration has attracted substantial research inquiries into its economic impacts on organizational performance. Hence, a firm's operational performance can be measured on how well a firm uses its assets from its core operations and generates revenues over a given period of time. This measure is thus compared to some given industrial average standard of similar firms in the same industry which will help to ascertain the level of their performance. To this end, Seven-up and Coca-cola bottling companies in the soft drink industry outsourced some of their non-core and supplementary activities (security, distribution, warehousing, maintenance, cleaning, catering, among others) to outside firms, in order to concentrate and perfect on their core activities as a cost containment/competitive strategy and to enhance their flexibility, thus improving their organizational performance strategically. But the key question at this juncture is: has the outsourcing strategy been able to enhance organizational performance, competitive advantage and improve profitability in the two companies? It is against this backdrop that this study became imperative.

Objectives of the Study

The broad objective of this study is to examine the impact of outsourcing on the performance of selected multinational companies in South East, Nigeria, with reference to Seven-up and Coca-cola Bottling Companies Plc. The specific objectives are:

i. Assess the effect of product quality on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc.
ii. Examine the effect of recruitment on the profitability of Seven-up and Coca-cola Bottling Companies Plc.
iii. Find out the effect of transport system on client retention rate in Seven-up and Coca- cola Bottling Companies Plc.
iv. Ascertain the effect of customer's satisfaction on profit margin in

Seven-up and Coca- cola Bottling Companies Plc.

Research Questions

The following research questions will be answered by this research:

i. Does product quality have any effect on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc?
ii. What effect does recruitment has on the profitability of Seven-up and Coca-cola Bottling Companies Plc?
iii. Does the transport system contribute to client retention in Seven-up and Coca-cola Bottling Companies Plc?
iv. What effect does customers satisfaction has on profit margin in Seven-up and Coca- cola Bottling Companies Plc?

Hypotheses

The following hypotheses posited in null form will be tested in this study:

HO i: Product quality does not have any significant effects on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc.

HO_2: Recruitment does not have any effect on the profitability of Seven-up and Coca-cola Bottling Companies Plc.

HO_3 Transport system does not have any significant effect on client retention in Seven-up and Coca-cola Bottling Companies Plc.

HO_4: Customers satisfaction does not have any significant effect on profit margin in Seven-up and Coca-cola Bottling Companies Plc.

Conceptual Review

Outsourcing

Outsourcing is made up of two words namely 'out' and 'sourcing'. It is a concept developed from American terminology 'outside resourcing'. It is used in economies to denote the act of transferring work, responsibilities and decision rights to people outside an organization (Domberger, 1998; Corbett, 1999). Corbett (1999), sees outsourcing as an approach through which major but non-core organization functions are delegated to expert services providers. For him, the works being outsourced are the non-core activities which internal staff could not render or perform or organizational works that need specialized personnel. Domberger (1998), in his more detailed definition, sees outsourcing as a strategy of delegating organizational services or works to other party under a business agreement that includes time of service in relation to cost, quality, and the timeliness of providing the services. Domberger in his definition is conscious of 'time' and 'service'; that is, the time used in performing certain task as a determinant of wages. In order words, there is cost for time, such that time has its cost in relation to services being provided at a particular time. To Finlay and King (1999), outsourcing is the handing-over of functions previously performed internally to an external service provider. That is a situation whereby external contractors undertake jobs that could have been done by in-house staff.

Outsourcing is inevitable in a situation where an organization has no adequate knowledge or skills for performing certain tasks within the organization. Besides, an organization does outsource in order to minimize the cost of providing services or productions. Outsourcing helps organization to concentrate on core competencies (Behara et al, 1995). Outsourcing according to Sampson (2007), is the transfer of internal business functions, plus any associated assets, to an external supplier or service provider who offers a defined service for a specified period of time, at an agreed but previously defined price. Outsourcing is often used as an umbrella term for a variety of different arrangements, not all of which involve adding value or the permanent transfer of human resources. It involves moving some of an organization's internal activities and decision responsibilities to external service providers. The basic premise of the concept of outsourcing according to Jennings (1997); Sampson (2007); Quinn (2000), is that a specialist organization can perform a particular service more efficiently than what internal operation can achieve because a specialist organization has an inherent advantage in producing and delivering a service. Superior technology, management skills, or economics of scale may contribute to this perception.

Outsourcing according to Heywood (2001), is a result oriented relationship in which a business organization transfers ownership of a business process to an external service provider rather than perform the activity in house. Lei and Hit (1995), define outsourcing as reliance on external sources for manufacturing components and other value adding activities. In defining outsourcing some scholars focus on international outsourcing of components, sub-systems and completed products (Bettis et al., 1992; Gregg, 2004). Sharpe (1997), defines outsourcing as turning over to a service provider those activities outside the organization's defined core competencies. Deaver (1997), says outsourcing is used to describe many different kinds of corporate action; thus, all sub-contracting relationships between firms, all foreign hiring of workers in non-traditional jobs such as contract workers, and temporary and part-time workers, etc. Quelin and Duhamel (2003), say that outsourcing is often accompanied by a transfer of material and human resources to the chosen provider. It has the task of substituting domestic services in a medium or long term relationships (on average five-six years) with the customer enterprise. Outsourcing is a management strategy by which an organization delegates major, non-core functions to specialized and efficient service providers. According to Corbett (1999), outsourcing is nothing less than the wholesale restructuring of the organization around core competencies and outside relationships.

From all the foregoing definitions and explanations one can see that outsourcing is all about organizations delegating their non-core functions to an external organization that provides a particular service, function or product. Outsourcing is a management strategy by which an organization delegates major, non-core functions to specialized and efficient service providers. Outsourcing allows firms to focus on their own core competencies by relocating limited resources to strengthen their core product or service (Lee and Kim, 2010), and to strategically use outside vendors to perform service activities that traditionally have been internal functions

(Raiborn et al 2009; Bustinza et al 2010). Outsourcing can also involve the transfer of both people and physical assets to the supplier (Melvor, 2005). According to Hadfield et al (2009), outsourcing provides some leverage that is not available to a company's domestic departments. This leverage can have numerous advantages like economies of scale, process expertise, access to capital, access to technology, and the mixture of all these create the cost savings intrinsic in outsourcing.

Organizational Performance

According to Drucker (1966), organizational performance is the measurement of the achievement level of an enterprise's strategic objectives, and is also an indicator of overall enterprise competitiveness. An appropriate organizational performance assessment affords managers the understanding of the status of the organization. Popular assessment indicators are income, productivity and profitability of the organization (Lee and Kim, 2010). Drucker (1966), opines that organizational performance is divided into 'efficiency' and 'effectiveness'. According to him, efficiency is doing things right while effectiveness is doing the right things. Neither efficiency nor effectiveness should be neglected. For an organization, it is certainly preferable to improve efficiency and effectiveness at the same time; however, if both cannot be obtained, the organization should focus on effectiveness prior to aiming at improving efficiency.

Lee and Kim (2010), posits that the definition of organizational performance is that it is an indicator of the overall enterprise competitiveness, and it is also the measurement of the achievement level of an enterprise's strategic objectives. Thus, organizational performance in this study is defined as the indicator for examining overall competitiveness and profitability of the organization, and is also used to measure the achievement of strategic goals of an institution. There is a massive amount of previous studies addressing the measurement dimensions of organizational performance. Since the benefits of organizational performance will eventually be fed back to the financial dimension, most scholars in this field adopt financial performance as one of the measurement indicators. In an environment characterized by convenient ways of information delivery and rapid-changing markets, nevertheless, a company nowadays shall never solely rely on financial performance to achieve survival and competitiveness. That is to say it is impossible to sufficiently gauge the organizational performance using financial performance as the single indicator. To solve that dilemma, Pritchard (1984), suggest a system comprising four dimensions, namely the financial dimension, the customer dimension, the internal process dimension, and the learning and growth dimension. Pritchard emphasizes that in order to achieve strategic objectives, an enterprise should not be too dependent on the financial aspect, but rather both the financial and non-financial dimensions should be combined.

Theoretical Framework: Resource-Based Theory

This study adopts the resource-based theory as its theoretical framework. Grounded in evolutionary economics and the work of Penrose (1959), the resource-based theory see the organization as a bundle of tangible and intangible resources and tacit know-how that must be identified, selected, developed, and deployed to generate superior success (Penrose, 1959; Wernerfelt, 1984). Competitive advantage originates from organization's heterogeneity in resources and capabilities through barriers to imitation by investing in inimitable idiosyncratic capabilities (Lippman and Rumelt, 1982) and leveraging these organization-core-specific assets for competitive advantage. According to the resource-based theory, managerial outsourcing competence per se may not generate a sustainable advantage because it can be replicated. The core premise of the resource-based theory is that resources and capabilities can vary significantly across firms, and that these differences can be stable (Penrose, 1959). If resources and capabilities of a firm are mixed and deployed in a proper way they can create competitive advantage for the firm. The resource-based view in outsourcing builds from a proposition that an organization that lacks valuable, rare, inimitable and organized resources and capabilities, shall seek for an external provider in order to overcome that weakness. Therefore the most prominent use of the theory is in the preparation phase of the outsourcing process for defining the decision making framework and in the vendor selection phase for selecting an appropriate vendor. Vendor's competencies are assumed to be one of the most important factors that influence success of an outsourcing arrangement (Feeney et al, 2005).

The study adopted the resource-based theory because of its utility in explaining issues under study. The central thesis of the theory is that resources and capabilities can vary significantly across firms, and that if resources and capabilities of a firm are mixed and deployed in a proper way they can create competitive advantage for the firm, which in turn will enhance its flexibility, competitive advantages and performance. The resource-based view in outsourcing builds from a proposition that an organization that lacks valuable and organized resources and capabilities shall seek for an external provider in order to overcome that weakness. It is as a result of the foregoing that Seven-up and Coca-cola Bottling Companies Plc outsourced some of their non-core organizational activities.

Methodology

Survey research design was used in conducting this research. Survey research design here made use of questionnaire and personal observation as its main tools. Thus, questionnaire and personal observation were relied on in eliciting primary data for this study. This study adopted both primary and secondary sources of data. Primary data was elicited with the help of well-structured questionnaires of closed ended type, designed in Likert form. The closed ended questionnaire with two to five options was administrated to respondents in different departments of the two organizations that form the scope of this research work. The questionnaires were structured into four sections A, B, C, and D which captures the objectives, research questions and hypotheses of the study. Secondary data was sourced through textbooks, journals, company magazines and brochures, internet materials and other relevant document. Population of this research consists of the entire workforce of the two organizations and the outsourced firms operating within the organizations (Seven-up and Coca-cola Bottling Companies in Aba and Owerri). According to the Personnel Department of Seven-up Bottling Company, Aba Plant, the total number of employees in the company is four hundred and forty eight (448) as at February, 2024. This number includes both the organization's staff and their contract staff. While the total number of employees in Coca-cola Bottling Company, Owerri Plant is four hundred and twenty six (426) including both the organization's staff and their contract staff according to the Personnel Manager of Coca-cola Bottling Company, Owerri Plant, as at February 2024 that the survey was carried out. Thus, eight hundred and seventy four (874) employees is the population of the study.

The study adopted purposive and simple random sampling techniques. Purposively all the organizations staff and their contract staff was sought for, and randomly all the organizations staff and the contract staff was given an equal opportunity of being selected to serve as the respondents of the study. Based on the population of eight hundred and seventy four (874) employees of both organizations, a normal confidence level of 95% and error tolerance of 5% was used to deduce the actual sample size of the study. Therefore, the sample size was determined using Taro Yamane's formula which is given as:

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

Where: n = Sample size

N = Population size

e = level of significance *5%* (0.05)

1 = Statistical constant

i.e

N = 874

e = 0.05 or 5%

1 = constant

Therefore:

$$\frac{874}{1 + 874\,(0.05)^2}$$

$$n = \frac{874}{1 + 874\,(0.05)}$$

$$n = \frac{874}{3.2}$$

n = 274

The computed sample size for the two organizations is two hundred and seventy four (274) out of eight hundred and seventy four (874) employees of the two organizations. Thus, to deduce the number of staff that was sampled from each organization, simple arithmetic was applied as expressed below:

$$\frac{448}{874}\,x\,\frac{274}{1}$$

= 140 for Seven-Up Bottling Company Plc.

$$\frac{426}{874}\,x\,\frac{274}{1}$$

= 134 for Coca-Cola Bottling Company Plc.

Table 1: Table Showing the Population and Sample Size of the Study Drawn from the Two Organizations

Company	Population	Sample size	Percentage (%)
Seven Up	448	140	51.1
Coca-Cola	426	134	48.9
Total	874	274	100

Source: Field Survey 2024

From Table 1 above, the sample size of the research work is two hundred and seventy four (274), while one hundred and forty (140) respondents was sampled from Seven-up Bottling Company; which represents 51.1% of the entire sample size. And one hundred and thirty four (134) respondents were sampled from Coca-cola Bottling Company; which represents 48.9% of the entire sample size.

The study used both descriptive and inferential statistics. Descriptive statistic such as tables, frequencies, percentages, and mean was used to analyze the objectives. The first, third and fourth hypothesis was tested using Pearson Product Moment Correlation Analysis, while the second hypothesis was tested using multiple regression analysis.

The formula that was used to compute the mean used for analyzing the objectives is specified as:

$$\overline{x} = \frac{\sum fx}{N} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where:

$\sum$ = summation

F = frequency

X = scores to response category

x = Arithmetic mean

N = number of respondents

The Pearson Product Moment Correlation analysis was used to test the first hypothesis. The formula is specified as;

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{(n\sum x2 - (\sum x)2]\ [n\sum y2 - (\sum y)2)}}$$

Where:

n = the sample size = 874

$\sum x$ = the sum of x (independent variable) = outsourcing

$\sum y$ = the sum of y (dependent variable) = productivity

$\sum x^2$= the sum of the square x values

$\sum y^2$= the sum of the square y values

$\sum xy$ = the sum of the cross product of x and y

The multiple Regression analysis that was used to test the second hypothesis is specified in four functional forms as;

Thus, the four functional forms are expressed as;

Linear

$Y = b_o + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + b_7x_7 + b_8x_8 + e_i$

Semi-log function:

$Y = Ln\ b_o + b_1\ Lnx_1 + b_2\ Ln\ X_2 + b_3\ Ln\ X_3 + b_4\ Ln\ X_4 + b_5\ Ln\ X_5 + b_6\ Ln\ X_6 = b_7\ Ln\ X_7 + b_8\ Ln\ X_8 + ei$

Exponential function

$LnY = b_o + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 = b_7X_7 + b_8X_8 + ei$

Cobb-Douglas function

$LnY = Ln\ b_o + b_1\ Lnx_1 + b_2\ Ln\ X_2 + b_3\ Ln\ X_3 + b_4\ Ln\ X_4 + b_5\ Ln\ X_5 + b_6\ Ln\ X_6 = b_7\ Ln\ X_7 + b_8\ Ln\ X_8 + ei$

Where:

Y = profitability (Naira)

X_1 = Achieving product cost reduction (mean score)

X_2 = Delivering Best-in-class Service (Mean score)

X_3 = Achieving Continuous Process Improvement (Mean score)

X_4 = Achieving Internal Process Improvement (Mean score)

X_5 = Achieving successful Implementation (Mean score)

X_6 = Achieving Increase Business Agility (Mean score)

X_7 = Increase Innovation (Mean score)

X_8 = Proactive Management (Mean score)

E_i = Error term

The Pearson Product Moment Correlation analysis that was used to test the third hypothesis the formula is specified as;

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{(n\sum x2 - (\sum x)2]\ [n\sum y2 - (\sum y)2)}}$$

where:

n = the Sample size = 874

$\sum x$ = the sum of x (independent variable) = Outsourcing

$\sum y$ = the sum of y (dependent variable) = Employees' Commitment

$\sum x^2$ = the sum of the square x values

$\sum y^2$ = the sum of the square y values

$\sum xy$ = the sum of the cross product of x and y

Model for t- test of significance of r for HO_1, HO_2 and HO_3

$$t = \frac{r}{\sqrt{1 - \frac{r2}{n-1}}}$$

t = t-test of significance

r = correlation coefficient

n = sample size

Data Presentation and Analysis

This section deals with presentation of data collection from the field through questionnaire in order to make an appropriate conclusion. The results related to different variables are presented separately for clear understanding. This section presents the analysis, findings and discussion. The findings were represented in tables. A total of 274 Questionnaire were administered to 274 respondents (140 for Seven-up Bottling Company Plc and 134 for Coca-cola Bottling Company Plc) and 251 were retrieved (132 for Seven-up Bottling Company Plc and 119 for Coca-cola Bottling Company Plc), representing 91.61% response rate (48.185 for Seven-up Bottling Company Plc and 43.43% for Coca-cola Bottling Company Plc). The remaining 23 copies (2.92% for Seven-Up Bottling Company Plc and 5.47% for Coca-Cola Bottling Company Plc) were discarded because they were not fully answered or were not correctly filled. The table below represents the response rate.

Table 2: Analysis of Questionnaire

Level	Distributed Questionnaire	% Distributed	Retrieved questionnaire	% retrieved	Questionnaire Not retrieved	% lost
Seven-Up Plc	140	51.09	132	48.18	8	2.92
Coca-Cola Plc	134	48.91	119	43.43	15	5.47
Total	**274**	**100**	**251**	91.61	23	8.39

Source: Field Survey, 2024

Analysis of Research Questions

A 5-point scale, ranging from Strongly Agree (5), Agreed (4), Undecided (3) Disagreed (2) and Strongly Disagreed (1) instrument was adopted. Respondents were asked to indicate their opinions by choosing questions from 1-5; scale is compound scale. The choice reflects the agreement or disagreement with any particular issue. In other words, it reveals the respondents emotions, attitudes, beliefs, or points of view about issues under study.

Research Question One: Does product quality have any effect on the revenue growth of Seven-Up and Coca-Cola Bottling Companies Plc?

Table 3: Coded responses on effect of product quality on the revenue growth of Seven-Up and Coca-Cola Bottling Companies Plc N = 251

S/N	Effect of product quality on the revenue growth	SA 5	A 4	UD 3	D 2	SD 1	Total	Mean	Remark
1	We develop new products once every year and this have improved the quality on the revenue growth.	110	48	38	17	38	884	3.52	Accepted
2	Outsourcing helps our company develop new products and services to maintain its competitiveness and the revenue growth.	18	14	109	69	41	652	2.60	Rejected
3	Product quality through outsourcing has helped our company remain competitive and innovative.	79	84	71	11	6	972	3.87	Accepted
4	Outsourcing enables concentration on core activities and increase better quality of product for revenue	41	91	54	56	9	852	3.39	Accepted

	growth.								
5	There have been minimal issues of product shortage and adulteration by outsourcing better product quality.	49	105	47	34	16	890	3.55	Accepted
6	Outsourcing for new product provides a long term benefits on revenue growth (compared to the time you were not outsourcing).	47	103	71	23	7	913	3.64	Accepted
7	The product quality of outsourced professional services is very high compared to in house.	69	107	60	9	6	977	3.89	Accepted
	Clustered mean for decision rule:-							**3.49**	**Accepted**

Source: Field Survey, 2024. ***Decision mean*** $\bar{X} \geq 3.0$

Research question two: What are the effect of recruitment on the profitability of Seven-Up and Coca-Cola Bottling Companies Plc.?

Table 4: Coded responses on effect of recruitment on the profitability of Seven-Up and Coca-Cola Bottling Companies Plc N = 251

	Effect of recruitment on profitability	**SA 5**	**A 4**	**UD 3**	**D 2**	**SD 1**	**Total**	**Mean**	**Remark**
8	My company recruits workers with long standing experience; and outsourcing has led to increased profitability.	103	106	40	2	0	1065	4.24	Accepted
9	Company productivity has increased due to the effect of recruiting skilled labour.	94	105	40	10	2	1055	4.20	Accepted
10	High employee competence has increased our performance over time	96	72	33	25	25	873	3.48	Accepted
11	The additional costs of overtime by staff for excess hours are reduced by recruitment of external staff which has increased profit.	121	20	71	30	9	1005	4.00	Accepted
12	Recruitment of professionals has enabled this organization	4	13	99	88	47	603	2.40	Rejected

	to economize on production cost thus spending less.							
13	The cost of training personnel to run the machines has been reduced by outsourcing/recruiting professionals/ personnel in area of specialization.	33	47	34	79	58	671	2.67
14	The cost of employing qualified personnel has reduced by outsourcing service to part time staff.	72	46	49	23	61	798	3.18
	Clustered mean for decision rule:-							**3.45 Accepted**

Source: Field survey, 2024. ***Decision mean*** $\bar{X} \geq 3.0$

Research question three: Does the transport system contribute to client retention in Seven-Up and Coca- Cola Bottling Companies Plc?

Table 5: Coded responses on effect of transport system on client retention rate in Seven-Up and Coca- Cola Bottling Companies Plc

N = 251

	Effect of transport system on client retention rate	**SA 5**	**A 4**	**UD 3**	**D 2**	**SD 1**	**Total**	**Mean**	**Remark**
15	Outsourcing of transport system has led to timely delivery of goods/services in the organization.	57	41	113	33	7	861	3.43	Accepted
16	Outsourcing of transport system reduces costs overhead and fixed costs.	56	87	73	29	6	911	3.63	Accepted
17	Route optimization and vehicle scheduling has been improved by outsourcing transport system and this increases client retention rate.	8	11	106	93	33	621	2.47	Rejected
18	Outsourcing transport system for cost reduction led to improvement of our client retention rate.	9	10	106	99	27	628	2.50	Rejected
19	Outsourcing of transport system creates better long term performance.	12	31	107	53	48	659	2.63	Rejected

20	Transport system promoted the growth of our organization as a strategic element in market differentiation and client retention rate.	17	20	86	79	49	630	2.51	Rejected
21	Fleet tracking tools have increased vehicle visibility by outsourcing transport system.	127	114	8	2	0	1119	4.46	Accepted
Clustered mean for decision rule:-								**3.09**	**Accepted**

Source: Field Survey, 2024. ***Decision mean*** $\bar{X} \geq 3.0$

Research question four: What effect does customers satisfaction has on profit margin in Seven-Up and Coca- Cola Bottling Companies Plc?

Table 6: Effect of customers' satisfaction on profit margin in Seven-Up and Coca-Cola Bottling Companies Plc N = 251

	Effect of customers' satisfaction on profit margin	SA 5	A 4	UD 3	D 2	SD 1	Total	Mean	Remark
22	Outsourcing allowed expert staff to provide excellent service to our customers under controlled cost for customers' satisfaction.	104	107	19	12	9	1038	4.14	Accepted
23	Outsourcing led to improved management of resources which satisfy our key customers.	79	44	98	13	17	908	3.62	Accepted
24	The number of customer complaints has reduced by outsourcing customer service to retain customers' satisfaction.	69	40	102	25	15	867	3.45	Accepted
25	Outsourcing to new customers who bring flexible services to meet markets demands has helped to increase profit margin.	123	85	17	20	6	1093	4.35	Accepted
26	Increased capacity and enhanced quality of customers' service has increased profit margin of our company.	3	4	109	88	47	578	2.30	Rejected
27	Outsourcing has helped to increase value of services rendered to customers and thus help to increase	18	47	53	89	44	659	2.63	Rejected

	profit margin.								
28	Outsourcing has helped to expand into other market by using new technologies to satisfy our customers' thus expanding profit margin.	26	82	39	23	81	702	2.80	Rejected
Clustered mean for decision rule:-								**3.33**	**Accepted**

Source: Field Survey, 2024. ***Decision mean $\overline{X} \geq 3.0$***

Testing of Hypotheses

Hypothesis one

H_{O1}: Product quality does not have any significant effects on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc. Correlation coefficient (r) statistic is given as:

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2\sqrt{n(\sum y^2) - (\sum y)^2}}}$$

Table 7: Test of hypothesis one

Variables		**Product quality**	**Revenue growth**
Product quality	Pearson Correlation	1	0.289**
	Sig. (2-tailed)		0.000
	N	251	251
Revenue growth	Pearson Correlation	0.289**	1
	Sig. (2-tailed)	0.000	
	N	251	251

Source: Field Survey, 2024 **. Correlation is significant at the 0.01 level (2-tailed).

Correlation estimate to test hypothesis one which state that 'product quality does not have any significant effects on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc' is summarized and presented in Table 7 above. The Pearson correlation analysis between product quality and revenue growth of Seven-up and Coca-cola Bottling Companies Plc was (0.289**). This signifies that product quality brought about 28.9% of revenue growth of Seven-up and Coca-cola Bottling Company Plc. Therefore, there is a positive relationship between product quality and revenue growth of Seven-up and Coca-cola Bottling Companies Plc.

This shows that increase in product quality increases revenue of Seven-up and Coca-cola Bottling Companies Plc and vice versa. Hence, since sig ($p = 0.000 < 0.05$) is less than the 0.05 alpha, the null hypothesis was rejected. We, therefore, conclude that product quality have significant effect on the revenue growth of Seven-up and

Coca-cola Bottling Companies Plc in South East, Nigeria.

Hypothesis two

H_{O2}: Recruitment does not have any effect on the profitability of Seven-Up and Coca-Cola Bottling Companies Plc. The hypothesis was tested using OLS regression stated as;

$$Y = \beta_0 + \beta_1 X_1$$

Table 8: OLS estimate for test of hypothesis two

Dependent Variable: Profitability

Method: Least Squares

Included observations: 251

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Recruitment	0.567151	0.080123	7.078527	0.0000
C	0.595930	0.285189	2.089598	0.0377
R-squared	0.675181		Mean dependent var	2.561753
Adjusted R-squared	0.164175		S.D. dependent var	1.123909
S.E. of regression	1.027517		Akaike info criterion	2.900103
Sum squared resid	262.8919		Schwarz criterion	2.928194
Log likelihood	-361.9629		Hannan-Quinn criter.	2.911408
F-statistic	50.10555		Durbin-Watson stat	1.284905
Prob(F-statistic)	0.000000			

Source: Field Survey, 2024

From the regression analysis above, the value of the R^2 was 0.6752; this suggests 67.52% of the changes in profitability are caused by the independent variables (recruitment**)**. The result shows that the coefficient of recruitment was statistically significant in explaining the dependent variable.

The intercept β_0 (0.595930) shows the value of profitability when the values of the independent variable are indeterminate or when they are zero; this means that when the independent variable (recruitment) is 0.595930, the value of the F-stat, according to the result of the regression is given as (50.10555) 0.00000. The decision rule for the F-stat is goodness of fit statistic is satisfactory

Hypothesis two states that 'recruitment does not have any effect on the profitability of Seven-up and Coca-cola Bottling Companies Plc in South East, Nigeria'. On the specific, the co-efficient of recruitment was significant at 1% and positively related to profitability; this implies that an increase in recruitment will increase the profitability of Seven-up and Coca- cola Bottling Companies Plc. Also a unit increase in recruitment will lead to 0.567 increases in profitability. Hence, since sig ($p = 0.000 < 0.05$) is less than the 0.05 alpha, the null hypothesis was rejected meaning that recruitment does not have any effect on the profitability of Seven-up and Coca-cola Bottling Companies Plc in South East, Nigeria.

Hypothesis three

H_{O3}: Transport system does not have any significant effect on client retention in Seven-Up and Coca-Cola Bottling Companies Plc. The hypothesis was tested using OLS regression stated as;

$$Y=\beta_0 + \beta_1 X_2$$

Table 9: OLS result for test of hypothesis three

Dependent Variable: Client retention

Method: Least Squares

Included observations: 251

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Transport system	0.158933	0.056107	2.832696	0.0050
C	2.110916	0.173854	12.14188	0.0000
R-squared	0.612191		Mean dependent var	2.561753
Adjusted R-squared	0.527329		S.D. dependent var	1.123909
S.E. of regression	1.108445		Akaike info criterion	3.051730
Sum squared resid	305.9339		Schwarz criterion	3.079821
Log likelihood	-380.9921		Hannan-Quinn criter.	3.063034
F-statistic	8.024164		Durbin-Watson stat	0.941867
Prob(F-statistic)	0.004994			

Source: Field Survey, 2024

Ordinary Least Square was used to test hypothesis four. From the regression analysis above, the value of the R^2 was 0.612. This suggests that 61.2% of the changes in client retention is caused by the independent variables (transport system). The result shows that the coefficient of transport system was statistically significant in explaining the dependent variable.

The intercept β_0 (2.110916) shows the value of client retention when the values of the independent variable are indeterminate or when they are zero; this means that when the independent variable (transport system) is 2.110916, the value of the F-stat, according to the result of the regression is given as (8.024164) 0.00000. The decision rule for the F-stat is goodness of fit statistic is satisfactory. Since sig (p = 0.000 <0.0050) is less than the 0.05 alpha, the null hypothesis was rejected meaning that transport system has significant effect on the client retention of Seven-up and Coca-cola Bottling Companies Plc in South East, Nigeria.

Hypothesis four

H_{O4}: Customers' satisfaction does not have any significant effect on profit margin in Seven-Up and Coca-Cola Bottling Companies Plc. The used correlation analysis is given as:

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2}\sqrt{n(\sum y^2) - (\sum y)^2}}$$

Table 10: Test of Hypothesis four

Variables		**Customers satisfaction**	**Profit margin**
Customers satisfaction	Pearson Correlation	1	0.795^{**}
	Sig. (2-tailed)		0.000
	N	242	251
Profit margin	Pearson Correlation	0.795^{**}	1
	Sig. (2-tailed)	0.000	
	N	251	251

Source: Field Survey, 2024. **. Correlation is significant at the 0.01 level (2-tailed).

Correlation estimate to test hypothesis four which state that 'customers' satisfaction does not have any significant effect on profit margin in Seven-Up and Coca-Cola Bottling Companies Plc' is summarized and presented in Table 10 above. The Pearson correlation analysis between customers' satisfaction and profit margin

of Seven-up and Coca-cola Bottling Companies Plc was (0.795**). This signifies that Customers' satisfaction brought about 79.5% of profit margin. Therefore, there is a positive relationship between customers' satisfaction and profit margin in Seven-up and Coca-cola Bottling Companies Plc. This shows that increase in customers' satisfaction, increases profit margin of Seven-up and Coca-cola Bottling Companies Plc and vice versa. Hence, since sig ($p = 0.000 < 0.05$) is less than the 0.05 alpha, the null hypothesis was rejected. We, therefore, conclude that customers' satisfaction has a significant effect on profit margin in Seven-up and Coca-cola Bottling Companies Plc. Thus the null hypothesis was rejected.

Discussion of Results

This study examined the impact of outsourcing on the performance of selected multinational companies in Southeastern Nigeria, with reference to Seven-up and Coca-cola Bottling Companies Plc. Based on the results, the clustered mean of 3.49 and the first hypothesis tested indicates that product quality have significant effects on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc. The Pearson correlation analysis between product quality and revenue growth of Seven-up and Coca-cola Bottling Companies Plc was (0.289**). This signifies that product quality brought about 28.9% of revenue growth of Seven-up and Coca-cola Bottling Companies Plc. Therefore, there is a positive relationship between product quality and revenue growth of Seven-up and Coca-cola Bottling Companies Plc. This finding is in line with Muhammad and Zhan (2013); Khakia and Rashidib

(2012); where they found out that outsourcing could lead to reduced cost, improved product quality, increased flexibility, better financial and revenue growth. Product quality is the characteristic of a product or service that bear on its ability to satisfy stated or implied customer needs. Thus the quality of the product consists of several indicators, namely performance, features, reliability, compliance, durability, service ability, aesthetics, and perceived quality (Kessler et al, 1999).

Secondly, the results show that recruitment has effect on the profitability of Seven-up and Coca-cola Bottling Companies Plc as the clustered mean was 3.45 which was accepted. Also since sig ($p = 0.000 < 0.0050$) is less than the 0.05 alpha, the null hypothesis was rejected meaning that transport system has significant effect on the client retention of Seven-up and Coca-cola Bottling Companies Plc in South East, Nigeria. Recruitment is the most popular human resource process to be outsourced. Maidment (2003), notes that recruitment specialists have more advanced techniques, including multiple sourcing channels, web-sites, and recruitment software (spiders) that can easily find thousands of applicants, thereby increasing the probability that the best person for the job will be found.

Transport system has significant effect on client retention in Seven-up and Coca-cola Bottling Companies. The clustered mean was 3.09. Since sig ($p = 0.000 < 0.0050$) is less than the 0.05 alpha, the null hypothesis was rejected meaning that transport system has significant effect on the client retention of Seven-up and Coca-cola Bottling Companies Plc in South East, Nigeria. According to Akinbola (2012), logistics outsourcing has made it easier for companies to deal with the complex challenges of transportation to reduce costs and increase flexibility. This study therefore agrees with Akinbola (2012), and Jaturong (2019), where they separately noted that transport system has significant effect on client retention.

Furthermore, the results of the analysis supports the hypothesis that customers' satisfaction have significant effect on profit margin in Seven-up and Coca-cola Bottling Companies Plc. Accordingly the clustered mean was accepted and sig ($p = 0.000 < 0.05$) is less than the 0.05 alpha; the null hypothesis was rejected. We, therefore, conclude that customers' satisfaction has a significant effect on profit margin in Seven-up and Coca-cola Bottling Companies Plc. The foregoing findings are in agreement with Elmuti (2003), and Elmuti et al (2010). Both scholars noted that meeting customers' satisfaction is the primary motive behind outsourcing; however, organizations need to maintain the required infrastructure and also have flexible services to meet market demands.

Conclusion

This study examined the impact of outsourcing on the performance of selected multinational companies in Southeastern Nigeria, with particular reference to Seven-up and Coca-cola Bottling Companies Plc. Outsourcing as an operating strategy has become very popular with companies as firm's redirect valuable internal skills and capabilities to high value adding activities. The trend is for outsourcing relationships to function more as partnerships. Outsourcing providers are taking increasing responsibility in realms that have traditionally remained as in-house, such as corporate strategy, information management, business investment, transportation, and internal quality initiatives, etc.

This study therefore, examined some of the foregoing using Seven-up and Coca-cola Bottling Companies Plc in South-East, Nigeria. Based on our findings, we conclude that product quality has significant effects on the revenue growth of Seven-up and Coca-cola Bottling Companies Plc; that recruitment have effect on the profitability of Seven-up and Coca-cola Bottling Companies Plc; that transport system have significant effect on client retention in Seven-up and Coca-cola Bottling Companies Plc and that customers' satisfaction have significant effect on profit margin in Seven-up and Coca-cola Bottling Companies Plc. The study therefore, concludes that outsourcing has significant effect on the performance of Seven-up and Coca-cola Bottling Companies Plc.

Recommendations

Based on the findings of this study, we make the following recommendations:

i. Based on the first objective of the study which is on effect of product quality on the revenue growth of Seven-up and Coca-Cola Bottling Companies Plc, these two Companies should offer better terms of quality product and service to help improve revenue for better performance. The study recommends that the management should keenly monitor the quality of their contractors' products so as to have an overall picture about the service delivery process.

ii. Based on the second objective of the study which is on effect of recruitment on the profitability of Seven-up and Coca-cola Bottling Companies Plc, the study recommends that the two companies should employ strategic and well thought out outsourcing to further reduce operating and overhead costs for future firm growth and hence profitability of the companies.

iii. Based on the third objective which is on effect of transport system on client retention in Seven- up and Coca-cola Bottling Companies Plc, they study recommends that the companies should carefully consider the capability and capacity of transport organizations before outsourcing to them to help ensure that the transport system is not compromised and that it helps in new innovations.

iv. Based on the fourth objective which is on effect of customers' satisfaction on profit margin in Seven-up and Coca-cola Bottling Companies Plc, it is recommended that the two companies should sustain business relationships that would assist them in transaction negotiation with outsourcing vendors and accordingly boost customer satisfaction and profitability. Also the organizations must embrace new outsourcing strategies to help them to improve service delivery to their customers.

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