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Review

Unlocking the synergic interaction between outsourcing, competitive advantage and organizational productivity: A conceptual review

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The current business climate has necessitated the development of cutting-edge competitive business strategies that will keep organisations ahead of their competitors while minimising costs. As a result, most businesses tend to outsource non-core production lines and activities to third-party firms. While non-core activities and services are outsourced, organisations are better positioned to focus on their core competencies while expending the fewest resources and costs, ensuring efficiency. The primary goal of this research is to conceptually examine the relationship between outsourcing, competitive advantage, and organisational productivity. The library research method of using secondary sources of data was used in this study. A review of empirical literature and analysis revealed that, while outsourcing can provide a competitive advantage in terms of productivity, as well as opportunities for professionalisation, specialisation, and skill development, it also has some drawbacks, such as organisational espionage, which can be a stumbling block in the productivity wheel. As a result, while there is unquantifiable synergy between outsourcing, competitive advantage, and productivity, organisations should be thorough and circumspect in considering those activities and services that will be outsourced as they choose credible and trustworthy vendors and partners.

Keywords: Competitive advantage, outsourcing, productivity, vendor, offshoring

INTRODUCTION

Contemporary economic climate and the need for organizations to ensure competitive advantage and productivity have necessitated the need for business process re-engineering. In today's business world, organizations are faced with myriad of contending critical environmental and operational issues such as dwindling finances, cut-throat competition and increasing customer base and choice. These, engendered by globalization and pervasive new technologies, have opened up and linked world economies and contracted time and space. Unstable and stringent economic fortunes and outlook, harsh environmental and unstable market challenges, coupled with cut-throat competition and the recent pandemics (Coronavirus (Covid – 19) that started in Wuham, China late 2019 for instance) are not only suffocating but stringently asphyxiating most organizations – big and small. It is evident that most organizations are either closing shop or are being acquired by another. For instance, Compaq was one of the largest computer sellers in the 1990s. However, in 2002, it merged with Hewlett-Packard and that was the end of Compaq as an organization (Ikhlas, 2015). In Nigeria, organizations such as Arewa Textiles have gone into oblivion due to harsh business climate. In view of this, it becomes necessary for organizations to rethink and restrategize their business operations and come up with operational conducive prescriptions that will not only guarantee their survival but ensure improved productivity. To this end, the lean organizational structure becomes apposite as it enables organizations achieve more with little resources. By so doing, it is expected they will focus on performing their core operations and activities while outsourcing their non-core business functions to third parties or contractors.

Outsourcing is the practice of contracting out a business function to an external provider. The basic thing about outsourcing is that organizations contract out those functions which they do not specialize in to third parties, with the aim of reducing operational and transaction costs. Nwokocha and Iheriohanma (2012) opined that outsourcing is a business process practice by which organizations contract out non-core functions to specialized contractors or firms thus enabling organizations focus on core activities in which they have competence and comparative advantage. In essence, outsourcing is a competitive advantage strategy towards organizational productivity. This is so because with the contracting out of peripheral functions to third party firms, organizations are expected to concentrate on their core activities with the minimum resources needed, thereby ensuring efficiency. Outsourcing is expected to assure an organization the opportunity to avoid epileptic performance, gain sustained optimal performance as it upholds quality products irrespective of the disengagement of their non-core product activities with reduced costs of transaction (Jae et al., 2000; Stroh and Treehuboff, 2003). While business process outsourcing can be a positive leap and a competitive advantage in terms of improving the fortunes of an organization, can it be embarked on without scaling of preferences? Can venturing into outsourcing project also be detrimental to the success of an organization taking into consideration the trending new work values such as work life balance, work flexibility; competitive nature of productivity, internationalization of markets; standing organization’s comparative advantage, strategies and resources; knowledge management, advances in technology and sophistication in business processes etc? In essence, a fulcrum of this paper is to draw a link between outsourcing and organizational productivity in relation to the above challenging issue. The challenging questions that are guides to realizing the main objective of this investigation are: Are there requisites for organizations to explore to embark on outsourcing? What are the possible benefits for outsourcing? What are the consequences, if any, for organizations that are not managerially and structurally proficient for outsourcing projects?

This paper examined the interlocking nexus between outsourcing, competitive advantage and organizational productivity as its main objective. It identified the relevant theory adopted for this study, and also reviewed the empirical works of other scholars to discover the nature of the nexus between outsourcing, competitive advantage and organizational productivity.

A Conceptual Clarification of the Interaction between Outsourcing, Competitive Advantage and Productivity

Outsourcing

Perhaps, outsourcing is one of the contemporary business strategies devised by organizations to achieve productive efficiency. In contemporary world, consumer base and choice are widening and most organizations are striving competitively to satisfy these widening consumer needs as well as to win consumer trust and loyalty. This is also as most organizations are faced with resource crunch and proficiencies that tend to limit their bid for improved productivity. There are some few factors that tend to force organizations to think of outsourcing based on managerial efficiencies, peculiarities and circumstances: focus on core operations based on competences, human capital and knowledge, finance and market operating determinants, reduction of operating costs, or both (Lee et al., 2019; Austin-Egole and Iheriohanma, 2020). To this end, organizations tend to concentrate on their core competences and areas of fair advantages while employing the services of external firms to handle those non-core activities. For instance, an organization that specializes in financial services can outsource its information technology engineering activities since the cost of hiring and maintaining such an engineer may be too high. In the past, universities in Nigeria tended to contract hostel accommodation cleaning services and toiletries to firms who could handle them at minimal costs but with strict supervision while concentrating on the provision of essential services such as light, beddings, etc. to students. Same was the case with General Hospitals, Teaching Hospitals and Federal and State Secretariats. Until recently, security and cafeteria were regarded as sacrosanct taking into consideration the sensitive nature of the services to the safety, sanitation and health of the beneficiaries in both the universities, hospitals and the secretariats. A lot of benefits were derived from this, at least stealing from the hostels and offices was minimized and the third parties ensured clean and healthy services to attract retention.

Outsourcing is the delegation of operations or jobs by an organization (buyer) to a third party (vendor), who can perform or do the jobs better, cheaper and faster (Tayauva, 2012). This definition, like most others, ignores the fact that what is being outsourced is a service that is traditionally done by the buyer. Organizations tend to outsource those services or activities done by them, which they no longer see as being core to their operations or are seen to be cheaper when contracted out and still the same or better result is achieved. The third party or external agent takes on the activities that were hitherto carried out in-house. The third party now has the responsibilities of strategically developing and managing sustained innovations in outsourced areas. Based on the above, this investigation defines outsourcing as the process of transferring production activities or services, traditionally done in-house by a firm to third party providers or external agents with the view to attaining same or better results.

Outsourcing has the proviso that the firm to which the operations and services are sub-contracted is specialized to undertake such operations and services at a cheaper and better cost while allowing the organization that is sub-contracting to concentrate on the areas it is specialized in with competitive and comparative advantage. While it concentrates on its core operations optimally, it divests itself of operations and activities where it performs minimally with the ultimate aim for sustained efficiency, optimal performance and productivity. For instance, the Nigeria Bottling Company and Camela Vegetable Oil Company Ltd outsource fabrication activities such as plastic cans and the like and this positively affected their productivity and performance (Austin-Egole and Iheriohanma, 2020).

Outsourcing can take different shapes and dimensions. Geographically, outsourcing can either be local or offshore. Local outsourcing takes place within the nationalistic boundaries of the buyer and vendor. On the other hand, offshore outsourcing is where the vendor is located in a country different from that of the buyer.

Outsourcing has the advantage of encouraging competences, specialization and healthy competitive advantages among organizations; provision of qualitative and quantitative goods and services; stemming the tide of employee turnover since the issue of contract staff who hitherto were engaged in the production of the goods and services now contracted out are retained by the third party; and, reduction in cost of training and retraining of staff and other attendant staff social services in the organization (Austin-Egole and Iheriohanma, 2020). In any case, there are disadvantages of outsourcing which include espionage among staff and this ordinarily should be an added advantage to an organization that has enviable programmes regarding employee satisfaction, employment security and employee commitment (affective, normative and continuance commitment). Outsourcing has been fingered as being the cause of loss of jobs in many organizations globally while it is creating new sets of jobs in other sectors of the economy (Austin-Egole and Iheriohanma, 2020) through the process of new technology and innovations. It exposes the low risk and low skilled workers to unequal collective bargaining power in the labour market in relation to employment relations and labour unionism (Braun and Scheffel, 2007).

Competitive Advantage

Contemporary business climate presents a number of challenges and opportunities for organizations. In order to keep pace with market forces, regional and global market integration, global requirements, consumer preferences etc. these organizations are compelled to think out strategies that will stand them out and ahead of their rivals and competitors. Thus, they need a competitive advantage over their competitors. Competitive advantage refers to factors that allow a company or an organization to produce goods or services better or more cheaply than its rivals (Twin, 2020). It is an attribute that not only allows but unlocks the organization's potentials to outperform its competitors. It is the leverage an organization has over its rivals based on its resources and capacities.

Marko (2013) observes that the quality of available human resources is a major resource among the key factors for economic development. The opportunity for the increase of an organization's competiveness depends on its ability to convert knowledge possessed by its manpower into services and products. Expanding on Marko's (2013) position, this investigation argues that knowledge is an innovative resource of any organization, and by extension, humans are unique resources whose experiences, skills, capabilities and expertise could, in physical and intellectual dimensions, create values that critically impact positively on organization's competitive edge with regard to performance and productivity. Man is not only the renewable resource of any organization; it is a critical and the only factor that manipulates all other factors of production in the production process. Implicitly, no organization grows more than the human capacity it has. Human resource is the oxygen of any organization as it is naturally endowed, whether developed or innate. The need for competitive edge strategies implies the increase in the stock of intellectual resources through knowledge audit. Management of organizations should regard knowledge audit as a veritable step in accomplishing knowledge management initiative taking into cognizance that experiences, skills, capabilities and expertise not only boost intellectual resources but enhance present and future performances of an organization. It also directs attention to possible areas of improvement through analysis of the strengths, weaknesses, opportunities and threats (SWOT) as well as increased intellectual assets of any organization.

In line with the above exposition, human resources as an oxygen of an organization initiates and manipulates all other factors of production in the ratio of sustained input/output combinations (solving emerging issues on factor combinations as to which, when, how and why?) for competitive edge. The same is true regarding marketing strategies, product branding and advertising (compare Indomie, Tummy Tummy and Golden Penny Pasta products; Peak, Three Crown and Dano Milk products etc.), and human resource management strategy of a knowledge-based organization (examples include Honda in the area of car engine manufacture, Apple, Nokia and Microsoft). All these are results from innovative knowledge resources and knowledge management geared towards competitive advantages and productivity. An organization's possession of core competencies, distinctive capabilities etc. provides the "distinctiveness" that culminates into competitive advantage to be exploited in a number of distinct markets comparatively. A derivable analogical deduction from the above is that the stimulating craze for competitive advantage amongst organizations emanating from the trending market forces around the globe, the growing size and complex nature of modern day organizations (from mergers and acquisitions), the growing incidences of employment legislation requiring the tripartite members in the labour relations to be legally compliant, the professionalization of labour, etc. have become a veritable driving force especially in the capitalist economic system not only for profit but to satisfy human survival needs. The indices here are the resource – based strategy (RBS) (comprising all the factors of production but manipulated by the futuristic entrepreneurial acumen of the human capacity). The summary of all these is that human resources (personnel) is no longer viewed, in Drucker's parlance, as a trash can or waste basket into which all unwanted tasks are dumped rather they are a key element in the pursuit for competitive advantage (Guest, 1990: 383 in Murton, Inman and O'Sullivan, 2010: 1). The above exposition points towards enveloping as well as unlocking the Siamese relationship binding competitive edge, competitive advantage with the need for efficiency as necessitated / engineered by outsourcing for sustainable productivity.

Organizational Productivity

Productivity, simply put, is a measure of the ratio of input to output. That is, the rate and quantity of output against the resources that were put into the process. From an organizational perspective, productivity relates to amount and quantity of goods and services an organization is able to produce over a given time. Sickles and Zelenyuk (2019) saw organizational productivity as the capacity of an organization to produce desired results with a minimum expenditure of time, personnel, money and resources. Every organization is set up for productivity. It is the ultimate measure of viability, profitability and success of an organization. Prathap (2011) observes that productivity is measured by the following variables thus: quantity and quality of output, timeliness of output, efficiency and effectiveness of work completed, availability and presence of employees on the job and the outcomes of employees' work. An organization is productive if it is capable, constructive, efficient, effective, creative etc. and its workers / employees and equipment / machinery are able to produce at an acceptable standard, rate and installed capacity. The Organization for Economic Co-operation and Development (OECD) (1986) opines that we have transcended from the general notion of defining productivity by relating "output to some inputs" to a broader concept as the optimal use of resources to best possibly satisfy the needs of the greater number of members of the society. In that regard, productivity analysis requires an account of certain influencing variables that include new and emerging technology, capital investment, level and quality of output, capacity utilization (relating to equipment and structures in place), energy use, managerial skills, and most importantly, the skills, efforts, knowledge and dexterity of the workforce. This view rather presents an increased economic efficiency approach to productivity. This also requires a discussion on the reasons for government involvement in promoting productivity, whether in advanced or developing economies, and more importantly, the role of government vis-à-vis the role of the private sector. Again, the economic analysis exposes the major characteristics of the prevailing policy measures on productivity. It is noteworthy to advise that the knowledge and ability of both the management and workers (in the present knowledge industry and productivity) serve as veritable ingredients towards strategic policy and choice options available for competitive edge, outsourcing, and comparative advantage for improved sustainable productivity and performance. Performance cannot be relegated to the background on issues regarding productivity.

While trying to differentiate productivity from performance, Aguinis (2009) observes that performance rather describes the attitude and behaviours of employees at work. Employee behavioural aspects do not describe the results of employee's behaviour or the end product as would productivity but rather the employees' behaviours themselves. Implicitly, performance is about the behaviour or what the employees do; the overall behaviour of the employee and his contributions to the general success of the organization. In another form, Aguinis (2009) indicated that performance refers to a continuous process involving identification, measurement and development of the performance of select individual workers and teams and comparing these to the strategic goals set by the organizations. While productivity centres on output, performance describes the behaviour of workers on the successful completion of tasks and their contribution therein. Invariably, it could be inferred that employee performance is the successful completion of tasks by a selected group of employees (individuals) as set and measured by a supervising head or organization in tandem with acceptable standards while efficiently and effectively utilizing available resources within a changing environment and time limits.

The above narrative implicates that productivity and performance cannot be treated in isolation of each other especially when issues about employment trends such as work-life balance, telecommuting, virtual office / work activities, week-end work, flexi-time etc. are considered. Productivity appears to be a dominant and physical factor as well as a quantum description of the qualitative nature of performance which dwells on the fluid, intangible and observable behavioural aspects of productivity. It is affirmed here that performance describes the organization's focal appraisal on efficiency, quality of goods and services rendered, timeliness and effectiveness in production process and delivery, and sustained profitability. It will tantamount to self-destruction and liquidation for any organization to concentrate on the pursuit of productivity while neglecting performance. Any management that neglects performance management and the Human Resource Management practice (HR) of the organization has planned to lower the quality of its productivity; remains vulnerable to liability exposure and loss of credibility with its stakeholders and customers irrespective of its outsourcing strategies, assumed competitive and comparative edge.

Productivity in an organization cannot be achieved if the requisite manpower, and more especially the top management (management), are incapable and ineffective. The management remains vital in piloting the productive wheel and performance strategies of any organization. Fernando et al. (2020) and Hosono (2020) are of the view that management is tasked with the responsibilities of establishing the quality policy strategies, communication strategies in the organization, establishing quality objective strategies, conducting management reviews and setting goals, providing and allocating resources and many more. Hosono (2020) adds that organizations increase their outputs if the top management is committed by communicating to the organization the importance of meeting customer demands as well as statutory and regulatory requirements and ensuring the availability of resources. All the above roles and responsibilities cannot be achieved by management without a capable and efficient workforce endowed with proficient knowledge and capacities. Hence, for an organization to delve into outsourcing, its management must be knowledgeable to make choices amidst alternatives if productivity is to be achieved sustainably. This is dependent on the available competitive edge, comparative structural, competitive managerial, proficient and requisite human capacities. Again, this is feasible if the requisite structures and resources are appropriately combined and set in motion by the management of the organization.

Empirical Review of Related Works

Austin-Egole and Iheriohanma (2020) did a comparative analysis of outsourcing and organizational performance of two private sector- based organizations in Nigeria. Using a sample of 503 respondents and adopting a survey research design with a major objective of relating outsourcing and organizational productivity, they hypothesised that outsourcing back office activities has a significant effect on organizational performance. Using chi-square statistics to test the hypothesis, they found out that outsourcing back office activities has a significant positive effect on organizational performance and productivity.

Asiamah (2013) investigated the relationship between outsourcing and organisational performance in the financial services sector in Ghana. The study was conducted among 50 firms with the objectives of correlating outsourcing and organizational productivity on one hand, and outsourcing and organizational competitive advantage. The analysis in the study revealed that there is a negative correlation between outsourcing and organizational productivity. However, it recorded a statistically significant positive correlation ($r = 0.251$) between outsourcing and competitive advantage. It recommended outsourcing as a competitive advantage tool for organizations.

Lee et al. (2019) did a study on "Outsourcing and organizational performance: The employee perspective". The objective was to examine the effect of outsourcing on organizational performance from the employees' perspective. The study used empirical panel data (2010 – 2014) of U.S federal agencies. The result reported, among others, a negative perception of outsourcing on organizational performance among employees of federal public organizations. Specifically, the study observed that as government outsourcing activity increases, employees report lower agency performance and productivity. It therefore, recommended, among others, that organizations embarking on outsourcing should be careful of their positions, resources, institutional structures and effects on employees' perception and productivity before taking up the project.

Boison et al. (2018) did a study, using a quantitative approach to "Assess the impact of outsourcing on organizational performance: A case of Vodafone Ghana". With a sample of 285, data analysis revealed a strong evidence of a negative relationship between outsourcing and financial performance and productivity at Vodafone Ghana. It recommended a cautious step towards the implementation of the outsourcing project, especially when the institutional arrangements and other competitive structures do not fit the required capacities for a business strategy.

The above reviews show that the concept of outsourcing as a competitive advantage in organizational productivity has various outcomes from diverse research on the theme. While some research reported a positive correlation between outsourcing and productivity, others showed negative relationship. The reason for this disparity is not far-fetched as there are other intervening variables that determine the success or failure of outsourcing as a business strategy. This is so because organizational changes, reforms or improvements may create circumstances that have negative effects on job motivation and other attitudes towards work. As such, through its effect on employees not displaced by outsourcing, it may affect organizational efficiency (Lee et al., 2019).

Methods

This treatise is critique based on theoretical analysis, conceptual perspectives and review of existing literature on the subject matter. In the understanding of this paper, outsourcing and competitive advantage are all about activities in organizations geared towards productivity. Hence a good theoretical and conceptual framework for this paper appraised the basic tenet that underlies the concepts as they interrelate. The paper is explorative, analytical and discursive as it is a conceptual review in methodology. It is a library research. Hence, data for this paper were sourced from various secondary sources such as journals, textbooks and internet materials. A content analysis of these materials was done towards achieving the focus of this treatise. This method is considered appropriate in an investigative study of this nature in the social and management sciences (Omoyibo and Ajayi, 2011; Chilcote, 1986).

Theoretical Framework

In understanding the nexus between outsourcing, competitive advantage and organizational productivity, it is pertinent to look at the theoretical postulations that tend to explain the phenomena. Among a plethora of social theories, the Core Competence theory is adopted as a theoretical framework for this study.

The Core Competence Theory

The core competence theory was propounded by Prahalad and Hamel (1990). The theory postulates that organizations should focus only on those competencies that are critical to their line of production or services, and outsource components that are peripheral to the production success of the organization. The theorists are of the opinion that this practice of outsourcing non-core areas in an organization's production process is the best practice to utilize available resources.

The theory defined as a collective learning in the coordination of diverse production skills and the integration of multiple stream technologies in the organization advocates that core activities in the production process need to be in house if the organization should attain competitive advantage and gain an edge in the market place. Iheriohanma and Austin-Egole (2020) averred that as a competitive advantage strategy, the core competence theory prescribes that organizations should concentrate on their comparative strength and opportunities while fanning out those non-core functions and other activities that constitute weaknesses and threats. In focusing on the core competences, organizations are expected to contract out non-core activities to third party while gaining points /steps ahead of their competitors in the market.

The core competence theory is considered appropriate for analysis in this investigation because by adopting and using its core competence, an organization stands the position of springing up unexpected and surprising products with minimal production costs while attaining sustainable productivity faster and quicker than other competitors in the market.

The organization responds to flexible dynamic environment and concentrates on product diversification with its core competence on the application of organization-wide technologies and production skills. These remain the fulcrum of foundations for added value in the industry. With a comparative structural and competitive managerial proficiency and requisite human capacities, the core competence theory presents the organization a wide range of opportunities that include specialization, professionalization and more crave for new information and technological acquisition and human capacity development, especially with the emergent trends in employment, workplace and productivity dynamics.

The Interactive Nexus between Outsourcing, Competitive Advantage and Organizational Productivity

Outsourcing, as a competitive advantage strategy, has gained renewed attention owing to the effects of globalization and new information technology. Globalization has opened up and linked world economies and exposed organizations to the dictates of competition. Wokoma and Iheriohanma (2010:74) defined globalization as "the economic integration and interdependence of national economies across the globe, through a rapid increase in cross-border movement of goods, services, technology, financial and human resources, facilitated by economic liberalization and information technology." It is pertinent to point out that globalization brings both opportunities and challenges; it liberates as it constrains. It creates huge market equality and at the same time diminishes market shares. The present global market, with the attendant work and employment trends (Iheriohanma and Austin-Egole, 2020), presents organizations with a chain of strategies that would not only challenge them but facilitate their actions into being more competitive and productive. Organizations are expected to monitor new political, economic, social, environmental and technological realities in order to keep pace with emerging work and market dynamics. As organizations are now closer to each other, leading to cooperation, collaborations, integration, trans-nationalization and competition, globalization and the attendant competitiveness challenge organizations to develop and adopt business process strategies that will guarantee competitive advantage and increased performance and productivity. In all these, outsourcing remains a key competitive advantage that will guarantee organizational productivity. This takes care of the first research question and the application of the core competence theory in this investigation.

According to Power et al. (2012), outsourcing is a strategic tool used by organizations to achieve competitive advantage. Thus, as a competitive advantage strategy, outsourcing is believed to have distinctive features that stand it out most especially in this era of globalization and cut-throat competition, unstable market forces and emerging work and employment trends (Iheriohanma and Austin-Egole, 2020). A major consideration for outsourcing is cost-saving (Dekkers, 2010). To buttress this point, Mckinsey revealed that in response to prevailing economic slowdown, about 70% of organizations are outsourcing jobs that were originally performed in-house to external partners in low cost labour countries such as India. Furthermore, Austin-Egole and Iheriohanma (2020), identified improved responsiveness to changes in the business environment, mitigation to reduced risk on changing technology and ensuring higher quality goods and services in the future as other considerations for the adoption of outsourcing as a competitive advantage strategy for organizational productivity. This analysis answers the research questions on the requisites and possible benefits of outsourcing project in this investigation. It also validates the application of the core competence theory in this study.

Given the relative importance of human capital in the production process, the volatility of employment trends (Iheriohanma and Austin-Egole, 2020) and the competitive nature of industries around the globe (Wokoma and Iheriohanma, 2010), management in organizations are expected to realize the dire need to expend more on productivity-enhancing investments for sustainability of growth and productivity. It will not be advisable not to invest in other factors of production, but when it is realized that the human factor drives the engine as well as be the oxygen of an organization in the production process, it behoves on the management to ensure that the intellectual capital and resources are properly audited and managed. This therefore, authenticates Marko's (2013) position on the need for competitive edge strategies for increased stock of intellectual resources through knowledge audit - the first step in accomplishing knowledge management initiative - taking into cognizance that experiences, skills, capabilities and expertise not only boost intellectual resources but enhance present and future performances of an organization. This is the foundation towards unlocking areas of improvement through analysis of the strengths, weaknesses; opportunities and threats (SWOT) for outsourcing project. This analysis validates the research question and objective that sought to unravel the consequences for organizations that are not managerially and structurally proficient for outsourcing project. Investment in infrastructure, human capital and learning by doing takes time to produce improvements in technical efficiency and better utilization in capital investments over time.

In examining the critical issue of long-term productivity in relation to endowed comparative advantage, policy makers and management in organizations need to realize the complementarities between investment in technologies and supporting infrastructure before embarking on outsourcing project. Organizations lacking the comparative structural, competitive managerial, proficient and requisite human capacities should not be lured into outsourcing projects because of the prospects; otherwise they would be losing out of the benefits of the core competency theory (Prahalad and Hamel, 1990; Jae, et al*.,* 2006; Austin-Egole and Iheriohanma, 2020). An organization without firm ground and scaling of preferences for outsourcing cannot spring up unexpected and surprising products with minimal production costs; it cannot also attain sustainable productivity faster and quicker than other competitors in the market. It is only the organization that realizes the critical need for the complementarities that can respond to flexible dynamic environment and concentrates on product diversification with its core competence on the application of organization-wide technologies and production skills to satisfy the needs of the greater number of the members of the society (OEDC, 1986). This analysis here answers the research question on possible benefits for embarking on outsourcing project.

A knowledge management with sound positive responsibilities creates structures for quality policy strategies, communication strategies in the organization, establishes quality objective strategies, conducts management reviews, sets goals, provides and allocates resources for the achievement of organizational and employees' goals. Management that focuses on organizational goals at the expense of employees' goals sets precedence for labour and industrial disharmony. The competitive nature of productivity, internationalization and interdependence of markets, employment trends, outstanding organization's comparative advantage and its competitive edge, strategies and resources, knowledge management, advances in technology and sophistication in business processes have all mandatorily exposed organizations to the realization of adoption of enviable Human Resources Management practices (HR) at least to retain employees and many more (Nwokocha and Iheriohanma, 2015). The awareness of these features by management remains critical for outsourcing and organizational productivity and this answers the research questions that demand to examine the requisites for embarking on outsourcing project; the possible benefits; and the consequences for organizations not managerially and structurally proficient for outsourcing project.

While outsourcing has been hailed as a competent competitive advantage strategy, some scholars and practitioners have called into question the competency of outsourcing as a veritable strategy of organizational productivity. Along this line of argument, Dolgui and Proth (2010) identified the following as reasons or special risks why outsourcing is a bad strategy: Dilemma of the competition; Loss of initiative by the buyer; Migration of production and services to vendor's country; and the harmful aspect of offshore outsourcing strategy. Added to the above is the risk of organizational espionage that may stand as a cog in the wheel of progress to the organization. There is the tendency for the third party to spy on the competitive advantages (strengths and opportunities) of the outsourcing organization and sell same to competitors or even develop on them and on the shortcomings (weaknesses and treats) to the detriments of the organization. Again, some disgruntled disengaged staff in the processes of outsourcing, downsizing and rightsizing could be treacherous since most of them could leave / exit the organization with bitterness and animosity. In the process of head-hunting for quality staff and recruitment, some organizations that do not have enviable, stable and regulatory strategies to retain staff could be robbed - off some highly trained and dependable staff who may be lured off their present employment or may want to team up or start up new competing firms / organizations in the same industry. In this case, organizations have to be circumspect in associating with their vendors and or embarking on outsourcing strategies as well as in the choice and implementation of the Human Resource management practices strategies. This revelation refers to the research question on the possible negative consequences of outsourcing project on the organization.

Conclusion

Outsourcing has become a buzz word in contemporary times because of its ability to enable organizations concentrate on its core activities, minimize cost and free up resources. Outsourcing has been identified as a veritable leverage to improved organizational productivity because of the competitive advantage it offers. However, on the other end of the spectrum lies the fact that in most instances, outsourcing has failed to be the competitive advantage needed for improved organizational productivity in most organizations despite assumed comparative advantage. These are well evinced in the review of empirical literature and the analyses herein.

Whichever the divide, there is more to gain from outsourcing where the organization has stable futuristic structures for competitive edge and comparative advantage over competing organizations in the industry. A knowledgeable and responsive management that understands its managerial responsibilities for positive strategies remains the gain.

Recommendations

Outsourcing has become a management and production strategy and has come to stay. Bearing this in mind, this paper therefore, proffers some recommendations that will aid organizations and management in making decisions concerning it.

- ✓ Organizations should clearly define priority areas to outsource. This will not only constrain them to strive to limit their appetite to outsource but will enable them maintain originality over their products and services. The definition and prioritization enable organizations to tackle contending critical environmental and operational issues such as dwindling finances, cut-throat competition and increasing customer base and choice.
- ✓ Organizations should engage the services of trustworthy and credible vendors. This will guard against espionage and leakage of information to competitors. It will also guard against the practice of unfavourable HR that would not create environment conducive to retain employees. Favourable HR practices encourages employee commitment (affective, normative and continuance commitment).
- ✓ The benefits from the adoption and practice of outsourcing by organizations entail the establishment and strengthening of a Quality Assurance Unit. This unit should be saddled with the responsibility of monitoring and measuring vendor performance and ensure that renewal of contract is subject to satisfactory targets by vendors.
- ✓ Government should put up regulatory policies and strengthen existing ones to discourage unnecessary offshore outsourcing. This will help to protect local industries, jobs and reduce capital flight. Organizations should not be lured into outsourcing practices if the outstanding requirements and structures are not fixed to enable them contract out non-core functions to specialized contractors while they focus on core activities in which they have competence and comparative advantage.

Declaration of Conflict of Interest

The authors declare that there is no conflict of interests with respect to the publication of the paper.

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