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INFLUENCE OF OUTSOURCING ON ORGANIZATIONAL COMPETITIVENESS OF MANUFACTURING FIRMS IN MOMBASA COUNTY, KENYA

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ABSTRACT

The current study sought to establish the influence of outsourcing on organizational competitiveness among manufacturing firms in Mombasa County. The study specifically focused on establishing the influence of logistics outsourcing, human resource outsourcing, ICT outsourcing and customer management outsourcing on organizational competitiveness of manufacturing firms in Mombasa County. The study was supported by Core Competency Theory, Human Resource Theory, Transaction Cost Theory and Resourced Based View Theory. A descriptive research design was adopted, and the target population comprised of 61 KAM registered manufacturing firms operating in Mombasa County. A census approach was involved where all the registered manufacturing firms were involved in the study. The unit of observation comprised one operation manager and one finance manager from each of the firm.

A five-point Likert scale questionnaire was employed in collecting data which was analyzed using descriptive statistics and inferential statistics. Relationship of the study variables was measured using multiple regression analysis. Data presentation was in the form of tables with frequency distribution and percentages. Prior to the actual study, 5 companies from Kwale County were sampled for a pilot study to pretest the research instrument. The study established that logistics outsourcing, human resource outsourcing, ICT outsourcing and customer management outsourcing positively and significantly influence organizational competitiveness of manufacturing firms. The results imply that increasing each of the variable with one-unit results to an increase in the organizational competitiveness of the manufacturing firms with the respective beta values. The results of the study contributed to recommendations that there is a need for manufacturing firms operating in Mombasa County to enhance their outsourcing practices in areas of logistics outsourcing, human resource outsourcing, ICT outsourcing and customer management outsourcing since the practices positively influences the firms' competitiveness levels.

Key Words: *Logistics Outsourcing, Human Resource Outsourcing, ICT Outsourcing, Customer Management Outsourcing, Organizational Competitiveness, Manufacturing Firms*

BACKGROUND OF THE STUDY

Business operational environment in the current times is characterized with dynamisms characterized with competition and increased changes in customer demands (Jae *et al.,* 2018). Rapidly increasing and changing issues associated with business complexity are accelerating changes in firms and the way they carry out their businesses (Sev, 2009). Despite the dynamics and changes witnessed in firms, realization of set goals forms the bottom line of operations in every organization. Dominguez (2006) asserts that for realization of set goals and objectives in the presence of knowledge explosion, technological advancement, sophisticated business operations and constant need for growth, firms need to look for ways to enhance their competitiveness thus boosting their performances. A firm evaluates factors such as its staff's capability, its level of technology, level of business operations among others and judges whether it is in a position to achieve its goals with what it possesses or needs to look for strategies to complement (Lantz & Isaksson, 2015). In meeting the demands for shareholders and customers, a firm may opt to look out for means to enhance its competitive advantage. By doing so, a firm aims at focusing on its core competencies while at the same time reducing its operational costs which introduces outsourcing as the appropriate approach (Elegbede and Akewushola, 2013). Outsourcing is a managerial tool that has gained popularity and relevance to managers in responding to dynamics associated with today's business operations.

According to Fleury and Laugen (2012), outsourcing is a situation where an external vendor supplies services on a recurring basis, to a firm that would essentially be executed in-house. Jae, *et al*., (2015) views outsourcing as a process in which firms focus on their business aspects which culminates into competitive advantage and contracts out non-core or peripheral aspects from other firms. In this arrangement development, and management of innovations within the outsourced activities become the sole responsibility of the contractor to the firm. With the prevailing competition, outsourcing has served as the means through which firm gains a competitive edge as it avails the management with avenues of focusing on its core competencies. In this perspective, a business has the abilities of shifting its energies away from non-core activities lying outside its area of specialization and instead direct more energy on its areas of expertise aiming at differentiating itself from its competitors. By outsourcing Kremic *et al.,* (2016) notes that a firm is in a position to reduce its costs of operations by benefiting from supplier's lowered structure of costs associated with economies of scale or other gains related with specialization of the outsourced activity. Firms have realized that outsourcing crucial support services enhances their edge of competition through provision of accessibility of intellectual capital related to wealth without investing in the infrastructure. The bottom line of any outsourcing strategy is to enable a firm concentrate on its core functions and allowing a third party devote resources and time to avail non-core functions.

STATEMENT OF THE PROBLEM

Outsourcing has been one of the major strategies that manufacturing firms utilize in order to remain competitive in the current dynamic environment. Several organizations and institutions have adopted outsourcing of some of the value chain activities to third parties (Mazareanu, 2019; Deloitte 2016). This is due to the benefits resulting from the process such as lower cost, better customer satisfaction and more importantly freeing the management to concentrate on the strategic issues by ceding the non-core functions to specialized firms (Akeshuwola & Elegbebde, 2012). The global outsourcing industry continues to grow with Mazareanu, (2019) estimating increase in size from $45.6 in 2000 to $85.6 in 2018. Mazareanu, (2019) estimates that 65% of business are likely to continue with outsourcing trends. Deloitte (2016) survey attributed outsourcing to various reasons. For instance, 59% of companies outsource to reduce or control cost; 57% do it to focus on business objectives; 47% to solve capacity issues; 31% to improve service quality, while 28% outsource to take help from talented professionals. However, despite the benefits associated with outsourcing practices amongst manufacturing firms, the firms continue facing performance challenges.

A report from World Bank (2015) revealed that manufacturing firms in Kenya registered declining profits and growth stagnation occasioned by turbulent operational environment. The sector contributed to the country's GDP 13.6% in 2016 which was a decline of 5.6% registered in 2015. According to pillar 1 of the Kenyan 'Big 4 Agenda', the coastal region is viewed to be one of the industrial hub's due to its strategic location for importations and exportations (GoK, 2018). This has led to increased population in the region increasing at the rate of 3.3% p.a. this has contributed to a strain in the demand of goods which has prompted manufacturers to set various manufacturing firms aiming at meeting the increased demands. According to GoK (2019), this has contributed to intense competition amongst the firms affecting their competitiveness capabilities. To stand the turbulent operational environment resulting from stiff competition, changes in customer demands, technological advancement and regulations.

Adelakun and Iyamu (2012) advocates for adoption of processes and functions that aim at reducing operational costs. Outsourcing forms one of the approaches that manufacturing firms can adopt to enhance their competition and enhance their performance levels. This study seeks to establish how outsourcing influences organizational competitiveness focusing on manufacturing firms operating in Mombasa County. Despite the increasing interest in the concept of outsourcing among manufacturing firms, only the following studies have examined how this strategy influence the competitiveness of firms. Maku and Iravo (2013) studied the role of outsourcing at Delmonte Kenya Limited and found that outsourcing for cost saving positively impacted the company's performance through reduction of labor and operational costs, hence improved profitability. Musangi (2013) studied Business Process Outsourcing (BPO) in Kenya using cost driven outsourcing, innovation driven outsourcing, and focus driven outsourcing as variables. The study found that one motivating factor for these corporations' decision to adopt outsourcing strategy was to reduce operational costs.

Conversely, Kiongera *et al* (2014) studied the effect of logistic outsourcing on the performance of sugar manufacturing firms in Western Kenya and found positive correlation between logistic outsourcing and performance of sugar manufacturing firms. However, all these existing studies (Maku and Iravo 2013; Musangi, 2013; Kiongera *et al*, 2014, have studied outsourcing in terms of its influence on organization performance using measures such as efficiency, effectiveness, and profitability. In other words, the studies have sought to understand whether performance is achieved by an individual firm following implementation of outsourcing. According to Kamanga and Ismail (2016) in their paper exploring competitiveness at Delmonte Kenya, they stated that outsourcing concept has not received remarkable attention and support which can be considered to be favorable for improving organization growth and performance in Kenya. Previous research on outsourcing has given contradicting outcomes. There have been studies that gave positive relationships between outsourcing and performance results, while also having some studies giving no significant or sometimes negative results. It therefore means that it all depends on a firm's motive to outsource to see results. The effects of outsourcing on organization performance is not well documented. The fact that there have been contradicting outcomes from previous outsourcing studies supports this statement.

However, from a study by Maku and Iravo (2013) on Delmonte Kenya Limited their conclusion was that manufacturers need to consider outsourcing in order to remain competitive while also pointing out the challenges faced while outsourcing such as loss of control of the outsourced services, dependence on suppliers, loss of confidentiality of important information which may land in the hands of competitors, poor quality of certain products such as spare parts and outsourcing service providers company' problems spilling over to the outsourcing company for example cases of staff strikes. Gakii (2010) carried out a study on challenges of implementing outsourcing in East Africa breweries. Her findings were that the organization needed to develop clear criteria on the choice of service providers. The extent of outsourcing and other approaches to flexibility have been well documented in developed countries (Gilley and Rasheed, 2000; Uddin, 2005; Quinn, Doorley and Paquette, 2000), in this study we are widening the scope to see how manufacturers who generally are involved in various processes have integrated outsourcing and how it has impacted their competitiveness in the manufacturing industry in Mombasa County.

OBJECTIVES OF THE STUDY

i. To establish the influence of logistics outsourcing on organizational competitiveness of manufacturing firms in Mombasa County.
ii. To determine the influence of human resource outsourcing on organizational competitiveness of manufacturing firms in Mombasa County.
iii. To examine the influence of ICT outsourcing on organizational competitiveness of manufacturing firms in Mombasa County.
iv. To evaluate the influence of customer management outsourcing on organizational competitiveness of manufacturing firms in Mombasa County.

LITERATURE REVIEW

Theoretical Framework

Core Competency Theory

The theory was proposed by Prahalad and Gary Hamel in 1990. According to the theory, firms ought to lay focus and concentrate on their strengths or the functions or areas which they have high competencies. The theory views core competency as the collective organizational learning on the means to coordinate various production skills and integrate diverse technological streams. The theory emphasizes that firms need to position their strategies in order to tap maximum benefits associated with their core competencies. According to Prahalad and Hamel (1990), core competencies in a firm contributes to production of quality services and products that competes effectively in the markets as compared to other products and services from other related firms. While hypothesizing the theory, Prahalad and Hamel (1990) posited that each firm possesses specific areas where it performs the best compared to its competitors. Application of this area of excellence by a firm in production of other areas such as product and services development and markets establishment, contributes to valued addition to the final customer. In operations of firms, the theory implies that firms need to nurture their core competencies and build their business models around the core competencies rather than focusing on non-core areas where the firm possess less competency.

This according to the theory does not mean that other competencies need to be ignored or neglected. Rather, the concept behind the theory is that firms need to leverage on their core strengths and find a means of handling non-core activities. The theory further suggests that activities within a firm need to be performed either by external service provider or in-house. A firm categorizes activities into core and non-core and the core competency theory advises firms to outsource non-core activities from best fit external service providers who is specialized in the specific area. However, some non-core activities that bear a significant impact on a firm's competitive advantage need to be retained and performed in-house. The aspect of outsourcing non-core competencies transfers responsibilities such as transport functions to the hands of suppliers who have the capability of performing the activities successfully (Kumar & Chandra, 2006). Such functions enhance a firm's success as it is able to capitalize on its key functions. The theory informs of the relevance of outsourcing processes such as logistics and technology which enables a firm to focus on its core competencies.

Human Resource Theory

Elton Mayo proposed human resource theory in early 1970s. The theory incorporates all the strategic objectives and tactics applied by owners and managers of firms in administering procedures and policies associated with employees. According to the theory, specific human resource objectives vary differently between organizations in respect to particular workforce compositions and needs, various overarching and major objectives are viewed important. One of the notable important objectives associated with the theory and usually overlooked is the role of HR in managing a firm's cost-effectiveness. While the functions of accounting and finance is ultimately for controlling expenses and balancing budgets, HR processes plays a key role in managing outgoing costs of a firm. According to the theory, management firms need to be cognizant when carrying out processes such as hiring so that the benefits, they offer matches with prevailing benefits offered by other firms in the same sector. Part of controlling the hiring process is working closely with an external hiring firm since the process takes valuable resources and time that may be unavailable in the firm.

Delegating such functions to an external party enables a firm to distribute costs, save on time and it is provided with avenues for focusing on core activities. Consequently, a firm acquires the best fit employees since the external service provider ensures only the best, qualified and skilled employees are recruited. The external service provider takes cautions not to acquire under skilled employees due to the possible negative consequences bound to be incurred by the service provider.

Resource Based View (RBV) Theory

Outsourcing can be explained from the dimension of relationship between service receiver and service provider. The resource-based view (RBV) analyses other aspects, taking into account internal strengths and weaknesses. A firm's resource perspective generates the core competencies and competitive advantage for specific business activity, RBV defines resources as tangible and intangible assets within the firm. According to Barney, (1991) the resource-based view is based on the concept of productive resources. In view of RBV theory of the firm, outsourcing is taken as a strategic decision which can be used to fill gaps in the firm's resource and capabilities (Grover *et al*., 1998). Normally firms establish their specific resources which they keep on reviewing in order to respond to shifts in the changing business environment. Hence, firms must come up with dynamic capabilities which are adaptable to the environmental changes (Pettus, 2001).

Capability is the key role of strategic management to ably adapt, integrate and reconfigure internal and external organizational skills, resources and functional capabilities to match the requirements of a changing environment. Combined capability, skills and right resources are necessary ingredients used by service providers to make quality products. The theory emphasizes on internal resources of a firm as opposed to external threats and opportunities created by conditions in the industry. The theory further emphasizes that to maintain sustainable competitive advantage in the industry of operation, a firm must have resources that provide economic value and must be immutable, scarce, non-substitutable and not readily available and obtainable in the markets. The theory underpins two crucial points in respect to resources of a firm: one is that a firm's performance is determined by its resources and secondly is that the resources must be valuable, immutable, rare and non-substitutable by other resources.

Transaction Cost Economic (TCE) Theory

Transaction costs arise from the fact that it is not possible for a firm to completely contract while incomplete contracts create renegotiations when the balance of power between the transacting parties shifts (Williamson, 1979). The attribute of a firm's transactions positively associated with transaction costs include the necessity of investment in durable, specific asset, inefficiency of transacting, task complexity and uncertainty, difficult in measuring task performance and interdependence with other transactions. Transaction cost economics (TCE) theory is based on a rational decision made by firms after considering transaction related factors such as asset specificity, environmental uncertainty and other types of transaction cost. Activities conducted under conditions of high uncertainty require specific assets e.g., human and physical capital. Asset specifically refers to the nontrivial investments in transaction i.e. specific assets. Hence, the theory is used in explaining the cost reduction strategy.

On the other hand, transaction cost economics (TCE) or theory view the relationship between service receiver and service provider as a model that allows economic transactions to take place (Reuben *et al.,* 2007). Transaction costs include time, money, human resources, contract issues negotiation matters, risks e.tc. Hence, the relationship between service receiver and service providers is closely integrated due to cost considerations (Shaharudin *et al*, 2014). However, according to Mclvor *et al.*, (2008), the two theories RBV &TCE can be combined to form a combined view through which outsourcing decisions can be based upon as RBV & TCE complement each other. The theory in respect to economics is perceived to provide tools suitable for making decisions that are necessary in helping a firm decide on outsourcing strategies (Ichoho, 2013). The theory further suggests that all functions where benefits to a firm are higher than the transaction costs should be outsourced. Benefits include reduced production costs and increased revenues.

Empirical Review

Prater, Frazier and Jiang (2006) conducted a study to empirically investigate the effects of outsourcing of firm's performance metrics while providing evidence on outsourcing influences on firm's profitability, productivity, cost effectiveness, cost efficiency and cost reduction. The study targeted media firms in Japan. The results of the study revealed that logistic outsourcing had no short-term significance effects on performance due to high pressure that emanating from intensive competition from other media firms. In long term however, the study revealed that the strategy had significant effects on performance as it resulted to cost efficiencies thus improving general performance of the firm.

In Spain, Boutinza *et al*., (2010) sought to establish the influence of logistic outsourcing on performance of service firms. The study findings established that there exists positive relationship between logistic outsourcing and performance of service firms. Additionally, the results revealed that logistic outsourcing contributed to development of resources within the firms that enhanced a firm's competitive advantage and increased profitability. Cho, Sink and Ozment (2008) conducted a study to examine the impact of logistic outsourcing and capability on performance of firm in e-commerce marketing environment. The study findings revealed that there was a positive relationship between logistic outsourcing and performance of e-commerce firms.

Mulama (2012) conducted a study to determine the effect of logistics outsourcing practices on the performance of large manufacturing firms in Nairobi, Kenya. The study findings revealed that logistic outsourcing practices had a positive effect on firms' performance. The study further established that the practice resulted to organizational effectiveness, improved quality of work life, increased profits, increased productivity, improved quality and enhanced continuous improvement. Piansoongnern, Anurit and Kuiyawattananonta, (2011) investigated performance outsourcing strategies adopted in Thailand's cement companies. The study findings revealed that cement companies outsourced functions such as logistics, technology and human resource which enhanced the company's performance.

Jiang *et al.,* (2006) conducted a study to assess the impacts of outsourcing on performance of publicly traded firms in China. Results of the study revealed that human resource outsourcing has a positive impact on performance of publicly traded firms. Specifically, training outsourcing had a high impact on performance as compared to payroll outsourcing. Wane (2016) sought to determine the influence human resource outsourcing on performance of international NGOs in Kenya. It was found that human resource outsourcing positively and significantly influenced performance of international NGOs in Kenya.

Another study conducted by Isa and Ibrahim (2014) focused on human resource outsourcing and its respective effects on financial performance in Pakistanian Islamabad corporate sector. The findings of the study revealed that human resource outsourcing positively and significantly correlated with performance of corporate sector. The study further revealed that the outsourcing firms benefited from reduced operational costs which further which contributed to delivery of high-quality products and services that satisfy the needs of customers. Emmanuel (2013) sought to establish the influence of IT outsourcing function on financial performance of telecommunication firms in Nigeria. The results of the analysis revealed that IT outsourcing influenced financial performance of the telecommunication firms. Through outsourcing IT functions, the study established that the practices led to increased firm's profitability, reduced operational costs, availed accessibility of specialized vendors and contributed to on-time response to unpredicted customer needs. Rasheed and Gilley (2008) conducted a study to examine the extent to which IT outsourcing influenced financial performance of manufacturing firms in the United States. The results of the study revealed a positive correlation between IT outsourcing and financial performance of manufacturing firms. The study further established that most of the firms involved in the study outsourced IT maintenance service while other key services were performed in-house.

A study by Kamuri (2015) sought to evaluate the challenges that faced implementation of IT outsourcing strategy at the Kenyatta National Hospital respective performance effect on the hospital. The results of the analysis revealed that the hospital had negative perception on IT outsourcing as it was bound to bring possible loss of critical skills, inadequacy of benefits and cost analysis, incompetence of service providers, loss of control and difficulties in realizing hidden costs associated with the strategy. Mungai and Moturi (2015) conducted a study to establish the effect of IT Outsourcing on the performance of Banks in Kenya. The findings of the study revealed that IT outsourcing had a positive and significant effect on performance of commercial banks. Further, the study established that commercial banks outsourced various IT functions in areas of application management, database management connectivity and helpdesk support.

Yilmaz and Bolat (2009) conducted a study to evaluate the relationship between outsourcing strategies and perceived organizational performance amongst hotels located in Turkey. The findings of the study revealed that outsourcing strategies positively impacted performance of hotels. The study further revealed that most of the sampled hotels outsourced customer care management services to create an avenue where the management of the hotel would focus on their core functions. Muhammad and Zhan (2013) conducted a study to evaluate the influence of outsourcing on integrated firm-level performance and focused on Quebec manufacturing SMEs. The study established that outsourcing practices enhanced strategic, social and economic performance of SMEs in the manufacturing sector. Additionally, the results revealed that customer care management and technology outsourcing positively and significantly correlated with performance of the firms.

The focus of a study conducted by Wambugu and Ombui (2013) was on the effects of outsourcing strategies on organizational performance at public sector in Kenya. The study findings revealed a positive correlation between outsourcing strategies and organizational performance in the public sector. The study led to conclusions that outsourcing strategies played a crucial role in influencing performance of the public-sector in-service delivery to the public. Services such as customer care support, customer relationship management, inventory management and procurement management were well performed by an external provider compared to when conducted from in-house. Johnston *et al.* (2011) conducted a study with the aim of establishing the relationship between customer care management outsourcing strategy and performance of garment manufacturing industries in Sri Lanka. The study concluded that industries that outsourced customer care management functions reaped from the exercise as the management was in a position to concentrate on its core functions which contributed to increased profits, market share and cost reduction.

RESEARCH METHODOLOGY

This study used a descriptive survey research design. The target population was all the manufacturing firms in Mombasa County. According to KAM (2019), there are 61 registered manufacturing firms in Mombasa County operating different lines of production as shown in Table 1.

Table 1: Target Population

Category	Firms	Percentage
Pharmaceutical and Medical equipment	1	1.6
Metals and Allied	10	16.4
Textiles and Apparels	10	16.4
Energy, Electrical and Electronics	2	3.3
Paper and Board	4	6.6
Plastic and Rubber	8	13.1
Chemicals and Allied	3	4.9
Food and Beverages	16	26.2
Building, Mining and Construction	5	8.2
Motor vehicles and Accessories	2	3.3
Total	**61**	**100**

The study purposively sampled operations managers and financial managers from each of the selected firms as the respondents for the study. Therefore, the sample size was 122 respondents since the study population is low enough for all of them to be included in the study. The study collected primary data using a questionnaire which was structured into a five-point likert scale. The data collected was analyzed through descriptive and inferential statistics. Specifically, means, standard deviations, frequency and percentages were adopted. Additionally, a multiple regression analysis was used to test for relationship between the independent variables and the dependent variable.

The Regression model equation was expressed as follows: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where: Y = Organizational competitiveness; α = Constant (coefficient of intercept); X_1 = Logistic Outsourcing; X_2 = Human Resource Outsourcing; X_3 = ICT Outsourcing; X_4 = Customer Management Outsourcing; e = Error term β_1, β_2, β_3, β_4 = Regression coefficient for four variables.

RESEARCH FINDINGS AND DISCUSSION

The researcher administered 122 questionnaires to the target respondents of the study comprising of 1 financial manager and 1 operational manager from each of the firm involved in the study. 101 questionnaires were fully filled and returned. This represented a response rate of 82.8% which was considered adequate and appropriate for conducting analysis. According to Mugenda and Mugenda (2013), a response rate of 70% and above is very good for analysis.

Descriptive Statistics

The study adopted descriptive statistics aiming at describing the distribution of measures obtained from responses from items contained in each of the variable in the questionnaire. In providing the descriptive statistics, the study employed both means and standard deviations. While developing the statistics, the researcher requested the respondents to rate their levels of agreement relating to items contained in each of the variable in a scale of 1-5 where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. The researcher then acquired the mean responses for each of the statements and respective standard deviations.

Descriptive Statistics of Logistic Outsourcing

The researcher provided respondents with statements pertaining to how logistic outsourcing influences competitiveness of the firm and were expected to indicate their agreement levels. The results outlined in table 2 shows that respondents agreed with statements that outsourcing inventory management functions has reduced inventory costs(mean=4.36), that outsourcing information management functions has reduced information management costs(mean=4.33), that outsourcing procurement management functions have reduced the firm's procurement costs(mean=4.18) and that logistic outsourcing contributes to the firm's attaining a proper inventory flow (mean=4.01).

The respondents further agreed with the statements that outside vendors contribute to fulfilment of customers' orders compared to in-house practices(mean=3.76), that contracting vendors in managing customers' orders and services have a positively impacts our performance (mean=4.55), that outsourcing transport functions facilitates efficient service delivery(mean=4.22) and that outsourcing storage facilities enables the firm to save on storage costs(mean=4.56). The average response mean of 4.25 and average standard deviation of 0.665 shows that all respondents agreed with the statements on logistic outsourcing. The results concur with Maghanga (2011) who highlighted that logistic outsourcing contributes to performance of firms by increasing customer demands responsiveness, enhancing quality and service delivery, reduces costs, increasing reliability, creates sound business relationship and acts as a source of core competence within a firm.

Table 2: Descriptive Statistics on Logistic Outsourcing

Statement	Mean	Std Dev
Outsourcing inventory management functions has reduced inventory costs	4.36	0.401
Outsourcing information management functions has reduced information management costs	4.33	0.651
Outsourcing procurement management functions have reduced the firm's procurement costs	4.18	0.711
Logistic outsourcing contributes to the firm's attaining a proper inventory flow	4.01	0.841
Outside vendors contributes to fulfilment of customers' orders compared to in-house practices	3.76	0.819
Contracting vendors in managing customers' orders and services have a positively impacts our performance	4.55	0.567
Outsourcing transport functions facilitates efficient service delivery	4.22	0.716
Outsourcing storage facilities enables the firm to save on storage costs	4.56	0.617
Average	**4.25**	**0.665**

Descriptive Statistics of Human Resource Outsourcing

The researcher provided respondents with statements pertaining to how human resource outsourcing influences competitiveness of the firm and were expected to indicate their agreement levels. The results outlined in table 3 shows that respondents agreed with statements that outsourcing organizational restructuring services gives the firm the opportunity to focus on their core mandate(mean=4.09), that outsourcing human resource planning services enables the firm to acquire the best fit employees(mean=4.44), that outsourcing competent firms in recruiting employees in the top management level ensures only the fit in the job get employed(mean=3.89) and that outsourcing competent firms in offering quality training services ensures the right skills are impacted on the employees(mean=3.85).

Respondents further agreed with the statements that outsourcing performance appraisal services ensures that employees are appraised on merit(mean=3.94), that assessing areas in need of improvement by an outside firm paves way for putting in place strategies for improvement by the firm(mean=4.32) and that outsourcing downsizing processes ensures that the firm downsizes in a way that enhances performances(mean=3.89). On average, all respondents agreed with the statements on human resource outsourcing as shown by average response mean of 4.06 and average standard deviation of 0.800. The results match with Kamathi (2017) who established that a firm have the potential of gaining more benefits as a result of utilizing external HR experts compared to in-house experts whose potentials are only limited to their own employees.

Table 3: Descriptive Statistics on Human Resource Outsourcing

Statement	Mean	Std Dev
Outsourcing organizational restructuring services gives the firm the opportunity to focus on their core mandate	4.09	0.831
Outsourcing human resource planning services enables the firm to acquire the best fit employees	4.44	0.491
Outsourcing competent firms in recruiting employees in the top management level ensures only the fit in the job get employed	3.89	0.514
Outsourcing competent firms in offering quality training services ensures the right skills are impacted on the employees	3.85	1.001
Outsourcing performance appraisal services ensures that employees are appraised on merit	3.94	1.094
Assessing areas in need of improvement by an outside firm paves way for putting in place strategies for improvement by the firm	4.32	0.736
Outsourcing downsizing processes ensures that the firm downsizes in a way that enhances performances	3.89	0.937
Average	**4.06**	**0.800**

Descriptive Statistics of ICT Outsourcing

The researcher provided respondents with statements pertaining to how human resource outsourcing influences competitiveness of the firm and were expected to indicate their agreement levels. The results outlined in table 4 shows that respondents agreed with statements that outsourcing system development services ensures that the firm have the right performance enhancement system (mean=3.96), that outsourcing acquisitions of computers and peripherals ensure that the firm acquires the best fit computer hardware's (Mean=3.9 and that outsourcing development and maintenance of services applications enables the firm remain updated on applications(mean=3.67).

Consequently, respondents further agreed with the statements that outsourcing network management services enables the firm to remain connected to network for optimal performance (mean=3.65), and that that outsourcing online internet management services ensures that the firm remains visible in the online platforms(mean=3.76). Respondents were however neutral on the fact that outsourcing system management personnel has enabled the firm to achieve maximum system functionality(mean=3.43) and that outsourcing data center management services enables the firm to secure its data(mean=3.41). On average however, all respondents agreed with the statements on ICT outsourcing as depicted by average response mean of 3.69 and average standard deviation of 1.051. The results tallies with Emmanuel (2013) who established that through outsourcing IT functions, the practices led to increased firm's profitability, reduced operational costs, availed accessibility of specialized vendors and contributed to on-time response to unpredicted customer needs.

Table 4: Descriptive Statistics on ICT Outsourcing

Statement	Mean	Std Dev
Outsourcing system development services ensures that the firm have the right performance enhancement systems	3.96	0.964
Outsourcing acquisitions of computers and peripherals ensure that the firm acquires the best fit computer hand wares	3.98	0.988
Outsourcing system management personnel has enabled the firm to achieve maximum system functionality	3.43	1.254
Outsourcing data center management services enables the firm to secure its data	3.41	1.114
Outsourcing development and maintenance of services applications enables the firm remain updated on applications	3.67	1.008
Outsourcing network management services enables the firm to remain connected to network for optimal performance	3.65	1.099
Outsourcing online internet management services ensures that the firm remains visible in the online platforms	3.76	0.932
Average	**3.69**	**1.051**

Descriptive Statistics of Customer Management Outsourcing

The researcher provided respondents with statements pertaining to how human resource outsourcing influences competitiveness of the firm and were expected to indicate their agreement levels. The results outlined in table 5 shows that respondents agreed with statements that outsourcing customer care support services enables the firm to deliver quality services to customers(mean=4.50), that receiving and handling complaints by the outsourced firms creates openness between the firm the complaints(mean=4.37), that resolution of disputes through outsourced firms ensures fairness between the parties(mean=3.79) and that outsourcing customer relationship management boosts the customers confidence with the firm(mean=3.81).

Respondents further agreed with the statements that one of the main reasons why the firm outsources customer care management functions is to enable the firm focus on core functions(mean=3.99), that the outsourced firm collaborates and engages directly with customers to identify their desires (mean=4.01) and that the outsourced firm organizes and maintains customer databases in an orderly manner for future referencing(mean=4.31). Respondents were however neutral on the fact that the outsourced firm formulates innovative customer retention and attraction strategies(mean=3.34). An average response mean of 4.02 and average standard deviation of 0.747 shows that all respondents were in agreement with the statements on customer management outsourcing. The results match with Dominguez (2006) assertions that customers are the reason for existence of firms and their management plays a significant role in determining the success or failure of firms.

Table 5: Descriptive Statistics on Customer Management Outsourcing

Statement	Mean	Std Dev
Outsourcing customer care support services enables the firm to deliver quality services to customers	4.50	0.411
Receiving and handling complaints by the outsourced firms creates openness between the firm the complaints	4.37	0.291
Resolution of disputes through outsourced firms ensures fairness between the parties	3.79	1.023
Outsourcing customer relationship management boosts the customers confidence with the firm	3.81	0.782
One of the main reasons why the firm outsources customer care management functions is to enable the firm focus on core functions	3.99	0.733
The outsourced firm collaborates and engages directly with customers to identify their desires	4.01	0.821
The outsourced firm organizes and maintains customer databases in an orderly manner for future referencing	4.31	0.571
The outsourced firm formulates innovative customer retention and attraction strategies	3.34	1.341
Average	**4.02**	**0.747**

Descriptive Statistics of Organizational Competitiveness

The study sought to assess the competitiveness levels of the firms. Respondents were first provided with statements in respect to organizational competitiveness. The results in table 6 shows that respondents agreed with the statements that outsourcing practices have resulted to increased sales growth over the last five years compared to competitors(mean=4.44), that outsourcing customer management functions have enhanced satisfaction with firm's products based on customer reviews(mean=4.21), and that outsourcing practices have enabled the firm to achieve business focus and quality which has resulted into increased our market share(mean=4.13).

The results further shows that respondents further agreed with the statements that outsourcing practices has contributed largely to cost reduction which has in turn increased our profitability compared to our competitors(mean=4.00), that outsourcing business processes have enabled the firm achieve satisfactory performance levels(mean=4.12) and those outsourcing functions have enabled the firm attain a steady and a satisfactory level of return on investment and sales(mean=4.54). On average, the respondents agreed with all statements pertaining to organizational competitiveness as shown by average response mean of 4.24 and average standard deviation of 0.356. The results tallies with Kremic *et al.*, (2016) who noted that a firm is in a position to reduce its costs of operations by benefiting from supplier's lowered structure of costs associated with economies of scale or other gains related with specialization of the outsourced activity.

Table 5: Descriptive Statistics on Organizational Competitiveness

Statement	Mean	Std Dev
Outsourcing practices have resulted to increased sales growth over the last five years compared to competitors	4.44	0.517
Outsourcing customer management functions have enhanced satisfaction with our products based on our customer reviews	4.21	0.301
Outsourcing practices have enabled the firm to achieve business focus and quality which has resulted into increased our market share	4.13	0.218
Outsourcing practices has contributed largely to cost reduction which has in turn increased our profitability compared to our competitors	4.00	0.388
Outsourcing business processes have enabled the firm achieve satisfactory performance levels	4.12	0.513
Outsourcing functions have enabled the firm attain a steady and a satisfactory level of return on investment and sales	4.54	0.198
Average	**4.24**	**0.356**

The study further sought to establish changes in the market share of firms as a result of adopting outsourcing practices. The results presented in table 6 shows that in 2013, 37.7% of the firms had a market share of between 0% and 10%, 30.9% had a market share of between 11% and 20%, 20.8% had a market share of between 21% and 30% while 10.6% had a market share of over 30%. In 2014, 30.6% of the firms had a market share of between 0% and 10%, 29.8% had a market share of between 11% and 20%, 22.9% had a market share of between 21% and 30% while 16.7% had a market share of over 30%. In 2015, 23.5% of the firms had a market share of between 0% and 10%, 25.7% had a market share of between 11% and 20%, 30.9% had a market share of between 21% and 30% while 19.9% had a market share of over 30%.

In 2016, 19.6% of the firms had a market share of between 0% and 10%, 22.7 % had a market share of between 11% and 20%, 34.9% had a market share of between 21% and 30% while 22.8% had a market share of over 30%. In 2017, 34.8% of the firms had a market share of between 0% and 10%, 36.8% had a market share of between 11% and 20%, 14.7% had a market share of between 21% and 30% while 13.5% had a market share of over 30%. The results show an increasing trend in the levels of market shares of firms from 2013 through to 2016 with a decrease in 2017.

Table 6: Changes in Market Share

Year	0%-10%	11%-20%	21%-30%	Over 30 %
2013	37.70%	30.90%	20.80%	10.60%
2014	30.60%	29.80%	22.90%	16.70%
2015	23.50%	25.70%	30.90%	19.90%
2016	19.60%	22.70%	34.90%	22.80%
2017	34.80%	36.80%	14.70%	13.50%

The study further sought to assess firms' changes in profitability before tax as a result of outsourcing. The results presented in table 7 shows that in 2013, 30.8% of firms acquired a profit of below kshs.200million, 27.1% had a profit of between kshs.200m and kshs.400m, 30.6% had a profit of between kshs.401m and kshs.600m whereas those who had a profit of more than kshs.600m accounted for 11.5%. In 2014, 26.7% of firms acquired a profit of below kshs.200million, 27.3% had a profit of between kshs.200m and kshs.400m, 27% had a profit of between kshs.401m and kshs.600m whereas those who had a profit of more than kshs.600m accounted for 19%.

In 2015, 19.4% of firms acquired a profit of below kshs.200million, 29.2% had a profit of between kshs.200m and kshs.400m, 30.9% had a profit of between kshs.401m and kshs.600m whereas those who had a profit of more than kshs.600m accounted for 20.5%. In 2016, 12.5% of firms acquired a profit of below kshs.200million, 23.7% had a profit of between kshs.200m and kshs.400m, 33.7% had a profit of between kshs.401m and kshs.600m whereas those who had a profit of more than kshs.600m accounted for 30.1%. In 2017, 25.2% of firms acquired a profit of below kshs.200million, 41.9% had a profit of between kshs.200m and kshs.400m, 26.3% had a profit of between kshs.401m and kshs.600m whereas those who had a profit of more than kshs.600m accounted for 6.6%. The results show that the manufacturing firms involved in the study had an increasing level of profits within the years considered in the study with 2013 and 2017 having the lowest profit levels.

Table 7 Changes in Profitability

Year	Below 200Million	200-400 Million	401-600Million	Above 600million
2013	30.80%	27.10%	30.60%	11.50%
2014	26.70%	27.30%	27.00%	19.00%
2015	19.40%	29.20%	30.90%	20.50%
2016	12.50%	23.70%	33.70%	30.10%
2017	25.20%	41.90%	26.30%	6.60%

The study further assessed the how outsourcing practices had reduced the firms' operational costs. The results presented in table 8 shows that in 2013, 45.9% of firms witnessed a reduction of below kshs.1 million in operational costs, 23.8% had a reduction of between kshs.1million and kshs.3million, 25.4% had a reduction between kshs.4 million and kshs.6 million while those with above kshs.6million accounted for 4.9%.

In 2014, 35.8% of firms witnessed a reduction of below kshs.1 million in operational costs, 28.9% had a reduction of between kshs.1million and kshs.3million, 27.3% had a reduction between kshs.4 million and kshs.6 million while those with above kshs.6million accounted for 8%. In 2015, 30.2% of firms witnessed a reduction of below kshs.1 million in operational costs, 30.2% had a reduction of between kshs.1million and kshs.3million, 29.7% had a reduction between kshs.4 million and kshs.6 million while those with above kshs.6million accounted for 9.9%.

In 2016, 12.2% of firms witnessed a reduction of below kshs.1 million in operational costs, 36.8% had a reduction of between kshs.1million and kshs.3 million, 34.2% had a reduction between kshs.4 million and kshs.6 million while those with above kshs.6 million accounted for 16.8%. In 2017, 38.6% of firms witnessed a reduction of below kshs.1 million in operational costs, 30.5% had a reduction of between kshs.1 million and kshs.3 million, 26.7% had a reduction between kshs.4 million and kshs.6 million while those with above kshs.6 million accounted for 4.2%. The results show that majority of the firms involved in the study had witnessed a reduction in the operational costs as a result of outsourcing.

Table 8 Changes in Operational Costs

Year	Below 1 million	Between 1M-3M	Between 4M-6M	Above 6M
2013	45.90%	23.80%	25.40%	4.90%
2014	35.80%	28.90%	27.30%	8.00%
2015	30.20%	30.20%	29.70%	9.90%
2016	12.20%	36.80%	34.20%	16.80%
2017	38.60%	30.50%	26.70%	4.20%

Multiple Regression Analysis

The purpose of conducting a multiple regression analysis in the study was to assess the degree of relationship between outsourcing and organizational competitiveness of manufacturing firms in Mombasa County. The confidence interval of the analysis was at 95%. The results outlined in table 9 shows that there exists a strong relationship between outsourcing and organizational competitiveness of manufacturing firms in Mombasa County as shown by the value of R=.819. The R-Squared value which represents the coefficient of determination was .671 implying that 67.1% of variations in the competitiveness of manufacturing firms is accounted by outsourcing.

Table 9 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.819[a]	.671	.663	1.2176321
a. Predictors: (Constant), Logistic Outsourcing, Human Resource Outsourcing, ICT Outsourcing and Customer Management Outsourcing			

The statistical significance of the model assessing the relationship between outsourcing and organizational competitiveness of manufacturing firms in Mombasa County was assessed through ANOVA. The results presented in table 10 shows that the value of F-Calculated was 13.5556 and the value of F-Critical from F-Statistics Table at 5% level of significance and at (4,96) was 2.46. The value of F-Calculated exceeds the value of F-Critical. This implies that the model was statistically significant thus a good fit for the study.

Table 10 ANOVA (Model Significance)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	109.844	4	27.461	13.5556	0.0200167[b]
	Residual	194.478	96	2.0258		
	Total	304.322	100			
Dependent Variable: Organizational Competitiveness Predictors: (Constant), Logistic Outsourcing, Human Resource Outsourcing, ICT Outsourcing and Customer Management Outsourcing						

Table 11 outlines the coefficients of the model. The results show that logistic outsourcing positively and significantly influences organizational competitiveness of manufacturing firms in Mombasa County as shown by a beta value of 0.433 and sig value of 0.000<0.05. The results bear implications that increasing logistic outsourcing practices with one unit increases organizational competitiveness with 0.433 units. The results concur with Mulama (2012) who established that logistic outsourcing practices had a positive effect on firms' performance.

The results also show that human resource outsourcing positively and significantly influences organizational competitiveness of manufacturing firms in Mombasa County as shown by a beta value of 0.397 and sig value of 0.000<0.05. The results bear implications that increasing human resource outsourcing practices with one unit increases organizational competitiveness with 0.397 units. The results concur with Isa and Ibrahim (2014) who established that outsourcing firms benefited from reduced operational costs which further which contributed to delivery of high-quality products and services that satisfy the needs of customers. The results also revealed that ICT outsourcing positively and significantly influences organizational competitiveness of manufacturing firms in Mombasa County as shown by a beta value of 0.302 and sig value of 0.003<0.05.

The results bear implications that increasing ICT outsourcing practices with one unit increases organizational competitiveness with 0.302 units. The results tallies with Rasheed and Gilley (2008) who established a positive relationship between IT outsourcing and financial performance of manufacturing firms. The results finally revealed that customer management outsourcing positively and significantly influences organizational competitiveness of manufacturing firms in Mombasa County as shown by a beta value of 0.116 and sig value of 0.011<0.05. The results bear implications that increasing customer management outsourcing practices with one unit increases organizational competitiveness with 0.116 units. The results tallies with Wambugu and Ombui (2013) who noted that services such as customer care support, customer relationship management, inventory management and procurement management perform well when under external provider compared to when conducted from in-house.

Table 11 Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Predictors	**B**	**Std. Error**	**Beta**	**T**	**Sig.**
(Constant)	2.113	0.165		12.806	0.016
Logistic Outsourcing	0.433	0.101	0.409	4.287	0.000
Human Resource Outsourcing	0.397	0.196	0.379	2.026	0.000
ICT Outsourcing	0.302	0.213	0.287	1.418	0.003
Customer Management Outsourcing	0.116	0.109	0.099	1.064	0.011

CONCLUSION

The study findings contributed to conclusions that logistics outsourcing practices positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County. The study further established that logistics outsourcing practices such as outsourcing inventory management functions, outsourcing transport functions, outsourcing storage facilities information management functions, procurement management functions, and contracting vendors in managing customers' orders and services positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County. The study findings also contributed to conclusions that human resource outsourcing practices positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County.

The study further established that human resource outsourcing practices such as outsourcing organizational restructuring services, human resource planning services, competent firms in recruiting employees in the top management level, outsourcing competent firms in offering quality training services, performance appraisal services, and downsizing processes positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County. The study findings further contributed to conclusions that ICT outsourcing practices positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County. The study further established that ICT outsourcing practices such as outsourcing system development services, acquisitions of computers and peripherals, system management personnel, data center management services, and development and maintenance of services applications and network management services positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County.

The study findings finally contributed to conclusions that customer management outsourcing practices positively and significantly influences organizational competitiveness of manufacturing firms operating in Mombasa County. The study further established that customer management outsourcing practices such as outsourcing customer care support services, resolution of disputes services, customer relationship management, customer engagement and collaborations services and customer retention and attraction strategies positively and significantly influence organizational competitiveness of manufacturing firms operating in Mombasa County.

RECOMMENDATIONS

Following the findings of the study, the researcher recommended to the manufacturing firms operating in Mombasa County to enhance their logistic outsourcing practices since the practice positively and significantly influences organizational competiveness. They can be achieved through practices such as outsourcing inventory management functions, outsourcing transport functions, outsourcing storage facilities information management functions, procurement management functions, and contracting vendors in managing customers' orders and services. The study further recommends manufacturing firms operating in Mombasa County to enhance their human resource outsourcing practices since the practice positively and significantly influences organizational competiveness. This can be achieved through practices such as outsourcing organizational restructuring services, human resource planning services, competent firms in recruiting employees in the top management level, outsourcing competent firms in offering quality training services, performance appraisal services, and downsizing processes.

The study also recommends manufacturing firms operating in Mombasa County to enhance their ICT outsourcing practices since the practice positively and significantly influences organizational competiveness. This can be achieved through practices such as outsourcing system development services, acquisitions of computers and peripherals, system management personnel, data center management services, and development and maintenance of services applications and network management services. The study finally recommends manufacturing firms operating in Mombasa County to enhance their customer management outsourcing practices since the practice positively and significantly influences organizational competiveness. This can be achieved through practices such as outsourcing customer care support services, resolution of disputes services, customer relationship management, customer engagement and collaborations services and customer retention and attraction strategies.

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CONFLICT OF INTEREST

No potential conflict of interest was recorded by the authors.

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