

Outsourcing Activities and the Performance of Benin Electricity Distribution Company Nigeria

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ABSTRACT

The quest for a better performance in the service industry has led to numerous managerial decisions, which include exploring various means and apply them in the operation of their organisations to achieve a better performance. Among the various means include outsourcing which cannot be overemphasized. The study was aimed at examining the effect of outsourcing on performance of Benin Electricity Distribution Company in Nigeria. The study employed survey research design with a sample size of 14 business managers who were selected purposively. The data collected were analysed using descriptive Statistics such as percentages, mean score and frequency distribution. The findings of the study showed that all activities at BEDC are outsourced except for the payroll services, tax processing services and payment processing services that were outsourced in just only two branches of BEDC with others having 85.7% no response rate. In line, with the findings of this study, the study concludes that activities at BEDC should be outsourced. The study therefore recommends organisations responsible for electricity distribution should outsourced all non-core activities and not all core activities so as to prevent the organisation from vulnerability.

Keywords: Outsourcing, Outsourcing practices, Organisational Performance, Distribution Company, Electricity

1. INTRODUCTION

Electricity distribution is agreed to be the third link in the value chain of the power sector and thus usually the closest to the consumers and Nigeria as a country is not left out in the production and distribution of electricity. Jyri (2011) opined that in Europe, electricity sector has been in a state of change during the past decade. The situation is applicable to Nigeria electricity sector which can be traced back to the era of Electric Power Sector Reform Act of 2005, when National Electricity Power Authority (NEPA) was transformed into a Power Holding Company of Nigeria (PHCN), which was subsequently unbundled into generating, transmission and distribution companies. Consumers of electricity depends on the electricity distribution companies and the companies have been required to improve their productivity, and in doing so, they have made some drastic changes in so many functions. One way of doing that, is to outsource some activities of the organisations to vendors who would accomplish it better or at a lower cost.

Outsourcing as a concept emanated from the American terminology meaning outside resources' the strategic usage of resources that are different from the organisation's internal staff and resources to perform various activities (Bhattacharya, et al., 2013). The

term was later used in the economic terminology to indicate the use of external sources to develop the businesses, which typically were using their internal resources (Victor-Adrian & Dumitru-Alexandru, 2012). Cost of human, material resources and the likes that arises from the production of goods and services tends various organisations in Nigeria to adopt outsourcing as a tool to improve the corporate performance of their organisations. Be that as it may, reasons why organisations outsourced varies from one to another, Mohamed, et al. (2018) was of the view that, firms that perform all their business activities may have to spend huge amounts on replacing obsolete technology as compared to when the business activities are outsourced, they (organisation) will not even feel the pinch. Besides that, other reasons for outsourcing as emanated from literature includes: conversion of fixed cost into variable cost (Alexander & Young, 1996); increased profitability and productivity (Casale, 1996); increasing capacity, improving capacity, improving quality (Kotabe et al., 1998); cutting cost (Greer *et al.*, 1999); lower innovation costs and risks (Quélin & Duhamel, 2003); access to external competencies by achieving best practices ((Kakabadse & Kakabadse, 2002); serving as a tool to adapt to rapidly changing environments (Leavy, 2004); and improve financial performance (Dean, 2006). Many organisations (private or public) sometimes make a decision on whether to outsource or not some of its activities. Taking a decision on outsourcing these activities, organisations must take into account the performance effects of outsourcing these tasks. To do so, it might be necessary to distinguish between “core” and “noncore” activities.

While there may be consensus that firms ought to perform core activities in-house and outsource those tasks which are non-core to their organisations, what is considered core and non-core varies between organisations. Hence, the choice of which task to outsource is often motivated by the organisation’s business strategy and critical to long- and short-term survival and competitive position of firm (Abdul-Halim & Che-Ha, 2009; Julius, *et al.*, 2014). Activities that are likely to be outsourced according to literature includes recruitment and selection, evaluating employees, safety and health concerns, quality initiatives, outplacement, management and training development, security, cleaning, refuse disposal, administrative support, payroll management, information system, finance, and reward strategies & systems (Dominic, 2014; Mwichigi & Waiganjo, 2015; Sumittra, 2015). These activities are outsourced either because they were considered noncore or because the organisation lacked the expertise to handle them internally (Kremic, Tukel, & Rom, 2003).

Successive governments in Nigeria over time have endeavoured to tackle Nigeria's electricity problem by maintaining a monopoly in power provision and pumping money into the poorly managed sector by metamorphosed the sector into generating plants and distribution companies (Alao & Amoo 2014). Benin Electricity Distribution Company (BEDC) is one of the successor distribution companies created following the unbundling and privatization of the state-owned power utility: Power Holding Company of Nigeria plc. Although, several studies (Akinbola, et al., 2013; Mwelu et al., 2014; Olannye & Okoro 2017; Agburu et al., 2017) on outsourcing has received remarkable attention most especially in the fast-food industry, manufacturing sectors, banking sector, communication sectors and the likes but little or limited studies have been conducted on outsourcing and the performance of the power distribution companies in Nigeria, hence it is necessary to fill this gap for this study. In the same vein, major challenge encountered by most service firms according to Julius *et al.*, (2014), is the decision on which activity to outsource and which ones to retain in-house of which electricity distribution firms are not left out. The selection of Benin electricity distribution company (BEDC) to other electricity distribution company in Nigeria was based on the fact that BEDC are responsible for retail distribution of

electricity in four different states: Delta, Edo, Ekiti and Ondo States with geographical coverage of 55,770 square kilometres. The company operates from twenty (25) business districts with approximately 350 offices located across the four (4) states with about 13 million people and about 4 million households. The study therefore aims at assessing the activities outsourced practices in achieving organisational performance of Benin Electricity Distribution Company.

2. LITERATURE REVIEW

2.1 Outsourcing

The idea of outsourcing has been adopted in so many fields or areas among which includes manufacturing sector, IT sector, banking sector, telecommunication sector, hotel and Nigerian food industry, beverage, and tobacco industry (Audu et al., 2017; Olannye et al., 2017; Felix et al., 2016; Haron, 2015; Prince, et al., 2015; Mwelu et al., 2014; Ogunsanmi, 2013; Rajee et al., 2013). Over time, authors have expressed a variety of opinions about outsourcing. According to Bhattacharya et al. (2013), outsourcing is the purposeful use of resources outside the organization to carry out tasks that would normally be performed by inside staff. In the opinion of Bustinza et al., (2010) outsourcing is the process of performing a service by an external organisation under a contract with agreed standard, cost and condition to another organisation. Outsourcing is another practice of finding services from an external source (Brown & Wilson, 2005). From the perspective of information technology, kern et al. (2002), view outsourcing as the practice of contracting or selling a firm's IT resources, personnel, or operations to a third-party supplier for monetary payments over an agreed time period. Adeleke *et al.* (2014), viewed outsourcing has been synonymous with 'casualising that is, jobs that are outsourced are temporary jobs. They defined it as the temporary employment of "expert" labour to do tasks within an organisation. From each author's perspective, there is thin line relationship between all the definition. Outsourcing therefore is the process or act of providing services to a client outside to perform at an agreed or actual price.

2.2 Organisational Performance

Efficiency, effectiveness, quality, productivity, quality of life, profitability, innovation, and learning can all be used to measure an organization's performance (Chen, 2011; Cocca & Alberti, 2010). It may be summed up as "a set of financial and nonfinancial indicators that provide information on the extent to which objectives and results are being attained" (Jenatabadi, 2015). Organisations have an important function to play in our daily lives and therefore, the successful ones, represent a key ingredient for developing nations (Gavrea, et. al., 2011). Most organisations focus is to have a continuous performance since it is through performance, that organisations are able to grow and progress. Organisational performance is among the most important variables in the field of management which is common in the academic literature but according to Carton, (2004) its definition is difficult because of its many meanings which a generally acceptable definition cannot be referred to. Organisation performance is also the degree to which the organisation attains a range of expected targets that are in line with its vision and mission.

2.3 Theoretical Review

The idea of outsourcing is founded on a variety of theories, including Resource Based Perspective, Transaction Cost Economics, Core Competence, and Contractual Theory; nevertheless, the resource-based theory and contractual theory serve as the foundation for this study.

2.3.1 Resource Based Theory

Outsourcing can further be explained from the perspective of the relationship between outside vendor and the organisation receiving the services of the vendor. The resource-based view (RBV) theory is a managerial framework that was used in determining the strategic resources a firm can exploit to achieve sustainable competitive advantage. The major proponents of the theory were Wernerfelt, B, Prahalad & Hamel, and Barney, J. whose study were on “The Resource-Based View of the Firm”. RBV claims that enterprises are heterogeneous because they have heterogeneous resources, which means that different resource combinations allow them to adopt alternative strategies (Lavie, 2008). The strategy is founded on the idea that businesses are made up of a variety of real and intangible resources, including data, information, processes, technology, expertise, and experience. When these resources are integrated, they provide capabilities (which are seen as a particular kind of resource), some of which, either separately or together, produce a group of core competences that provide the business with a long-term competitive edge.

This theory takes the comparative advantage into account that a firm derive through outsourcing of resources. Its foundation is determined by perception that a firm should concentrate its effort on resources it feels there is a higher comparative advantage over other and outsourced the resources it has least comparative advantage. Grover *et al.* (1998), opined that in light of the RBV theory of the company, outsourcing is seen as a tactical choice that may be used to close gaps in the firm's competencies and resources. The internal resources of the company are given more weight in RBV theory than are the external opportunities and risks brought about by industry conditions. According to the theory, a resource must have economic value, be currently rare, challenging to duplicate, non-substitutable, and tough to obtain from markets in order to provide sustainable competitive advantage. The resource-based perspective in outsourcing builds from a proposition that an organisation that lacks valuable, rare, inimitable and organized abilities and resources, shall seek for an external provider to overcome that weakness. Therefore, the most prominent use of the theory is in the preparation phase of the outsourcing process for defining the decision-making framework and in the vendor selection phase for selecting an appropriate vendor. By so doing, outsourcing firm will concentrate its efforts and strength on the resources she has a less comparative advantage over as compared to others which in a better way drive the performance of such organisation.

2.3.2 Contractual Theory

A legally binding contract that establishes the institutional framework and spells out each party's rights, obligations, and responsibilities is necessary for the implementation of an outsourcing plan. The agreement's aims, policies, methods, and strategies are all laid out in detail in the contract. The outsourcing agreement's goals are to ensure proper service exchange between the parties, avoid misunderstandings, forbid moral hazard in a cooperative setting, and safeguard each party's confidential information. Contracts that are properly drafted eliminate risks associated with non-performance and misunderstandings, as well as the uncertainty that may be present during the decision-making process of the business. The agreement specifies a process for resolving disputes (Luo, 2002). Law professionals stress the need for a thorough contract that may serve as a reference point outlining the relationship between the client and the vendor (Kern & Willcocks, 2000). The contractual theory in outsourcing drive performance by addressing the contractual agreement that exist better the principal (organisation) and the outsourcing vendor.

2.4 Empirical Review

Over time, scholars have empirically explored the outsourcing's relationship to

organisational performance among which includes: a descriptive study by Edwin and Egeruo (2016) on the challenges of customer's satisfaction in electricity distribution companies in Nigeria sought to examine the expectations of customers and the level of satisfaction that they have been able to get. The general objective of the study was to examine customer satisfaction levels and the strategies put in place to achieve customer satisfaction in Electricity Distribution Companies in Nigeria while the specific objectives include the examination of customer expectation, assessment of customer satisfaction levels, assessment of service quality impact on satisfaction, customer satisfaction strategies and identification of challenges confronting Electricity Distribution Company in their bid to satisfy their customers. Schedules for interviews and questionnaires from the Electricity Distribution Units served as the technique of data collection among the one hundred and fifty-six (156) personnel of various branches of the Electricity Distribution Companies in Nigeria as the sample size. Data collected was analysed using the descriptive method of data analysis. The study found that higher percentage of those surveyed (58.04%) strongly agreed that marketers do not pick reading, 71.43% of those survey strongly agreed that lot of bills are over estimated, and 71.43% of the respondents strongly agreed that a lot of bills are over estimated. The study therefore recommends that Electricity Distribution Company in Nigeria has got better room for improvement in satisfying their customers.

Angelina, et al. (2017) study on adoption of prepaid electricity metering system and customer satisfaction in Nairobi County, Kenya was to find out the relationship between adoption of prepaid electricity metering system and customer satisfaction in Nairobi County, Kenya. While the objective of the study was to establish the effect of costing on prepaid electricity on customer satisfaction; to determine the effect of reliability on prepaid electricity on customer satisfaction; to determine the effect of availability on prepaid electricity on customer satisfaction; and to evaluate the effect of flexibility on prepaid electricity on customer satisfaction. The study adopted the descriptive research design among the target population of 1200 KPLC customers whose meters had been change from postpaid to prepaid metering system. The sample size of the study was 138 out of which 120 responded to the questionnaire. The study stratified sampling procedure was used for the study. Multiple linear regression was adopted by the study to establish the relationship that exist between prepaid metering system and customer satisfaction. The study findings established that there is a relationship between adoption of prepaid electricity metering system and customer satisfaction in Nairobi County, Kenya. While the key reasons establishing the adoption of prepaid electricity metering system and customer satisfaction were: costing; reliability; availability and flexibility. The study established a weak positive correlation between adoption of prepaid electricity metering system and customer satisfaction in Nairobi County, Kenya.

Makanjuola et al. (2015) study investigates the problems of prepaid metering systems in Nigeria with reference to the Eko Electricity Distribution Company. The aim of the study was to investigate the problems and challenges faced by the prepaid metering system and efforts geared towards in resolving the identified issues using a human survey approach termed questionnaires to the officials and customers of EKDC. Absence of vending infrastructure, non-tripping of the contractor, the cost of acquiring the meter, and delays in receiving and installation of prepaid meters are part of the challenges the study identified. The study was conducted in the Badagry area of Lagos State. 180 customers responded out of the 200 customers who were simple-randomly selected and administered with a questionnaire among the total population of 900 residential customers already on the prepayment metering system. Also, semi-structured and unstructured interviews were conducted in addition to the questionnaires that were administered to both EKEDC Staffs

and the customers. Statistical and non-statistical methods such as graphs, tables, pie charts and responses obtained from interviews from EKEDC officials and the customers was used in data analysis. The obtained results enabled the study to get to the far-reaching recommendations which are considered to be ideal for the successful implementation of the prepaid metering system. These include high quality meters, provision of electricity at all times, computerization of the prepaid metering system, introduction of prepayment metering country-wide and periodic training of electricity staff members and officials.

In the same vein, Mwichigi and Waiganjo (2015), conducted a study into the connection between outsourcing and operational performance of Kenya's energy sector with particular reference to Kenya Power. The objective of the research was to ascertain whether the operational performance of Kenya's energy sector will be impacted by outsourcing some operations both individually and collectively, including administrative support outsourcing, finance outsourcing, resourcing outsourcing, and technical outsourcing. Descriptive and inferential statistics were used mostly for data analysis. The results showed that profitability had increased over time, with the financial year from July 2008 to June 2009 having the biggest profit rise of 75%, which was associated with outsourcing certain activities. The study concluded that there was a positive and significant relationship between administration, financial, resourcing and technical outsourcing services with operational performance.

Furthermore, Akwasi (2012), examined the effect of outsourcing on certain Kumasi financial institutions' performance. The study was to determine the types of activities outsourced by the organisations, the rationale for outsourcing them and to evaluate how the outsourced tasks affect the performance of the organisation. The methodology was based on qualitative and quantitative analysis of the financial data of the selected institutions for a period of four years and the use of other moderating factors to help evaluate the organisations performance. The outcome demonstrates a strong relationship between outsourcing and organisational performance. The study also found that, the management's decision to outsource a task or activity was primarily motivated by cost savings and the need to free up staff time for the financial institutions' core operations. The effect of outsourcing on worker productivity in a few parastatals was established by Dominic's (2014) study. The research objectives were to establish the forms of outsourcing used in selected parastatals in Kenya, to establish the effect of outsourcing on innovation in the chosen parastatals, to determine the effect of outsourcing on staff productivity, and to ascertain the effect of outsourcing on operating costs. According to the study, contracting out was the most common type of outsourcing used in the selected parastatals. In addition, security, cleaning, refuse disposal, and training were the main outsourced services in parastatals. Further, outsourcing had effects on operational costs, innovation and productivity. Its effects on operational cost were through cost saving, reducing operational cost and improved resources management which was significant while its effects on innovation and productivity were found to be insignificant.

Also, an investigation into the relationship between outsourcing and performance based on balanced score card of Ilam Post Office by Karam, *et al.*, (2014) adopted a descriptive-survey method and utilized the questionnaire to gather data from the respondent. Useable data were gathered from 18 managers and assistants from the post office. T-student and correlation was used to analysis the data. According to the study, there is a strong and positive relationship between outsourcing post office activities and performance management in three aspects of financial, customers and internal processes; however, there was a positive and weak relationship between outsourcing and the learning aspect. The study shows that outsourcing services of post offices can help enhance the performance, reducing

the expenses, and modifying the organizational structure.

Sumittra (2015), verified the relationships among human resource outsourcing of five activities such as recruitment activities, training administration, payroll management, and human resource information system and organisational performance through HR cost efficiency, effective HR development and HR flexibility. The concept was put to the test using information gathered through postal surveys of 165 multinational corporations using a questionnaire as the testing tool. Human resource outsourcing has a strong direct and indirect impact on organizational performance through HR cost efficiency, effective HR development, and HR flexibility, according to the findings of ordinary least square regression analysis. According to the study, areas of human resource functions that are outsourced have a significant effect on the organisation's performance.

3. METHODOLOGY

The study was carried out in Benin Electricity Distribution Company as one of the leading electricity distribution companies in Nigeria with a geographical coverage of 55,770 square kilometers operating with twenty (25) business districts with approximately 350 offices located across the four (4) states with about 13 million people and about 4 million households. The study was limited to areas covered by BEDC in Ondo and Edo State Nigeria. Ondo axis consist of 4 business units while Edo state consist of 10 business units. The choice of the two areas was based on geopolitical zone (South west and South south) of Nigeria. The method used in this study is the survey type which involves the selection and studying the sample chosen from the total population of 14 business managers in order to assessing the activities outsourced in achieving organisational performance of Benin Electricity Distribution Company. The sampling techniques adopted for the study was purposive sampling techniques as a manager represent each of the business units within Edo and Ondo axis of BEDC. Questionnaire was used as research instrument which was validated by applying the questionnaire to business manager of Ikeja Electricity Distribution Company with a Cronbach Alpha coefficient result of 0.831. The data was analyse using the percentage score, frequency table and mean ranking method to show the activities outsourced and organisational performance at BEDC.

4. DATA ANALYSIS AND DISCUSSION OF FINDINGS

This section discusses the activities that are outsourced by BEDC in achieving a better performance in the organisation. The discussions were sub-headed into identifying if the business units in the axis under study outsourced their activities and also rating the knowledge of the assessment of those activities outsourced in achieving a better performance in the study area. This was achieved with the aid of percentage score, frequency table and mean score. The identified activities are security services, cleaning services, payroll services, customer services, marketing services, meter distribution services, information technology services, human resources services, public relations/ legal services, financial reporting services, tax processing services and payment processing services and were rated on a 5-point Likert scale of never, rarely, sometimes, often, and always. The mean value of the activities was calculated and this forms the basis of the ranking of the identified activities. As shown in Table 1, all the business manager in all the units under study attests to the fact that all activities in their units are outsourced in achieving a better performance in the study area except for payroll services, tax processes and payment processing that has 85.7% no response rate in some of the study area.

From the data collected for this study, the back-office activities outsourced are the security, cleaning and payroll services. Responses on the rating of the knowledge of the security services outsourced in the study areas revealed that 3 respondents indicating 21.4% of the respondents, agree that often times security services in their units are outsourced, 11 respondents representing 78.6% of the respondents always outsourced the security. However, none of the business manager attest to the fact that they never, rarely and sometimes outsourced the security services. The security services were ranked first (1st) with a mean value of 4.79. On the cleaning services, the business managers in the axis under study indicate that the cleaning services are oftentimes outsourced to a tune of 9 respondents indicating 64.3% and always outsourced the cleaning services to a tune of 5 respondents representing 35.7% response rate as well. Cleaning services was ranked second (2nd) with a mean value of 4.36. The table revealed further that 12 respondents indicating (85.7%) of the respondents attest to the fact that the payroll services in BEDC are never outsourced, while 1 respondent representing (7.1%) respectively often and always outsourced the payroll services. This service was ranked tenth (10th) with a mean value of 1.50. This is due to the fact that the activities are important activities (core) that as to do with payment of salaries of workers which cannot be entrusted in the hands outsourcing vendor. The result of the back-office activities shows that contracting the back-office activities is the best option for BEDC in order to reduce cost as most of the activities are outsource out to contracting vendors. The result was in line with the position of Akwasi (2012); Dominic (2014) that, the key factors that influenced the choice to outsource a function/activity by management was to reduce cost and also contracting out was the most popular form of outsourcing used in parastatals and the activities outsourced in achieving a better performance includes security, cleaning, refuse disposal, and training.

Similarly, the primary activities outsourced are customer, marketing and meter distribution services. Rating the knowledge of assessment of customer services and marketing services revealed that 9 respondents indicating 64.3% often outsource the customer services as the remainder 5 respondents representing 35.7% response rate respectively always outsource the customer services as well. None of the respondents attest that they never, rarely and sometimes outsourced the customer services. Both services (customer services and marketing) were also ranked second (2nd) respectively with a mean value of 4.36. In the same vein, meter distribution activities were not exempted as part of the activities outsourced at BEDC and the table revealed further that 2 respondents representing 14.3% of the response rate rarely outsource the meter distribution activities at BEDC, 9 respondents showing 64.3% sometimes outsourced the meter distribution activities, 1 respondent representing 7.1% and 2 respondents indicating 14.3% often and always outsourced the meter distribution services. This service was ranked sixth (6th) having a 3.21 mean value. The result of the primary activities supported the study of Karam, *et al.* (2014), that a strong and positive relationship between outsourcing post office activities and performance management most especially in the aspects of customers' services exist.

The supporting activities outsourced are information technology, human resource, and public relation/legal services. The IT services of BEDC were outsourced and it revealed that 8 respondents indicating 57.1% of those surveyed attest that the information technology services of BEDC are sometimes outsourced for achieving a better performance, 5 respondents showing 35.7% of the response rate indicates that they often times outsourced the IT activities of BEDC as the remainder to the tune of 1 respondent representing 7.1% as well indicates that they always outsourced the information technology activities of BEDC. This high rate of outsourcing this section of task may result the fact information technology assist and help in making work easier in this global and competitive environment. The IT

services was ranked fifth (5th) having 3.50 mean value. Human resource services indicate that 3 respondents indicating 21.4% of response percentage rarely outsourced the human resource services, 7 respondents showing 50.0% sometimes outsourced these services, 3 respondents indicating 21.4% indicates that they often times outsourced these services as the remainder 1 respondents indicating 7.1% of those surveyed always outsourced the human resource services. None of those surveyed indicate that they never outsourced the human resource services. The service was ranked seventh (7th) with a value of 3.14.

The reason behind this is that BEDC as an organisation are trying to reduce cost and gain competitive advantage over others by outsourcing these activities. Lastly on the supporting activities is the public relation/legal services and the table revealed that 3 respondents indicating 21.4% of the response percentage rarely outsourced these services for better performance, 8 respondents indicating 71.4% sometimes outsourced these activities, 3 respondents indicating 21.4% among the participants often times outsourced the legal services of BEDC. This activity has a mean value of 3.00 as been ranked eighth (8th) position. The findings of the supporting activities aligned with the study of Sriwongwana (2009) who disclose that organisations typically undertake outsourcing of HR-related activities to gain competitive advantage over others. The study also supported the study of Sumittra (2015) that outsourcing human resources significantly affects organizational performance in both direct and indirect ways, including through cost-effectiveness, efficient human resource development, and resource flexibility.

The final set of specified tasks are accounting-related, and the services under this category that are outsourced include financial reporting, tax preparation, and payment processing. It can be revealed from Table 1 that financial reporting services are sometimes outsourced indicating 21.4% of the 3 respondents, 9 respondent showing 64.3% response rate often times outsourced the financial reporting services while the remaining 2 respondent indicating 14.3% always outsourced the financial reporting services having 3.93 mean value and ranked fourth (4th) position. For tax processing services of BEDC, it was revealed that tax processing services are never outsourced at the majority of business unit of BEDC indicating 85.7% of the response rate representing 12 respondents, as the remainder 2 respondents of BEDC business units indicates 14.3% response rate always outsource the tax processing services. The services was ranked (9th) having 1.57 mean value. The processing of payment activities in BEDC revealed that majority among the participants indicates that most payment processes at BEDC was never outsourced. This gave rise to a tune of 85.7% response rate while often times and always they outsourced the payment processes at two of branches of BEDC to a tune of 7.1% response rate respectively. The payment was ranked 10th. This result was in line with the study Mwichigi and Waiganjo (2015) that indicate the Kenyan energy sector's financial reporting has improved over the years, with the sector reporting the biggest profit growth 75% which was associated with outsourcing.

Table 1: Assessment of Activities Outsourced in Achieving Organisational Performance

Activities Outsourcing	Yes (%)	No (%)	Never	Rarely	Sometimes	Often	Always	Mean Value	Rank
Security Services	100	0	0(0.0)	0(0.0)	0(0.0)	3(21.4)	11(78.6)	4.79	1 st
Cleaning Services	100	0	0(0.0)	0(0.0)	0(0.0)	9(64.3)	5(35.7)	4.36	2 nd
Payroll Services	14.3	85.7	12(85.7)	0(0.0)	0(0.0)	1(7.1)	1(7.1)	1.50	10 th
Customer Service	100	0	0(0.0)	0(0.0)	0(0.0)	9(64.3)	5(35.7)	4.36	2 nd
Marketing Service	100	0	0(0.0)	0(0.0)	0(0.0)	9(64.3)	5(35.7)	4.36	2 nd
Meter Distribution	100	0	0(0.0)	2(14.3)	9(64.3)	1(7.1)	2 (14.3)	3.21	6 th
Infor. Tech. Services/System	100	0	0(0.0)	0(0.0)	8 (57.1)	5(35.7)	1(7.1)	3.50	5 th
Human Resources	100	0	0(0.0)	3(21.4)	7(50.0)	3 (21.4)	1(7.1)	3.14	7 th
Public Relations/ Legal Services	100	0	0(0.0)	3(21.4)	8 (71.4)	3 (21.4)	0(0.0)	3.00	8 th
Financial Reporting	100	0	0(0.0)	0(0.0)	3 (21.4)	9 (64.3)	2(14.3)	3.93	4 th
Tax Processing	14.3	85.7	12(85.7)	0(0.0)	0(0.0)	0(0.0)	2(14.3)	1.57	9 th
Payment Processing	14.3	85.7	12(85.7)	0(0.0)	0(0.0)	1(7.1)	1(7.1)	1.50	10 th

Source: Authors' Computation (2023)

5. CONCLUSION AND RECOMMENDATION

The study has assessed activities outsourced practices on the performance of performance of Electricity Distribution Companies such as BEDC. After successful data collection for this study, in which survey research design was adopted and the data was analysed, the study established that positive significant relationship among the activities outsourced practices and organisational performance of BEDC exist. The study concludes that the all the activities outsourced practices are outsourced out rightly in BEDC which gives a 100% response rate in all the branches investigated except the payroll services, processing of payments and taxes with 85.7% no response rate many of the branches. This was as a result of these activities being important activity that are core to BEDC and cannot be entrusted in the hands outsourcing vendor. The study recommends that electricity distribution firms such as BEDC and other service industries should outsource all activities like the security, cleaning, customer services and the likes which are not core to the organisation as this will assist the organisation in concentrating all their energy on all essential tasks and saving a lot of cost that will be incurred when engaging in performing those activities. More importantly all essential functions of an organisation should not be outsourced as this will make the organisation to be vulnerable to all.

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