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The Effect of Outsourcing on Business Operations

Henry Odigie Isaiah
Eurasian Management and Administration School
109004, Moscow, Aptekarsky Lane 9 2 Russia.
DBA Strategic Management.

Asunmo Olakunle Olayide
Eurasian Management and Administration School
109004, Moscow, Aptekarsky Lane 9 2 Russia.
DBA Strategic Management.

Correspondence should be addressed to: Henry Odigie Isaiah; henryisaiahodigie@gmail.com

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Abstract

Outsourcing has become a strategic business tool that has a relevant impact on how modern businesses operate. By examining the nuances of outsourcing strategies, organizations can make well-informed decisions that support their objectives and enhance their performance. This study aims to analyze the impact of onshore and offshore outsourcing on corporate operations. Analyzing the relationship between outsourcing and firm performance, this study aims to fill the research gap in literature by providing a thorough analysis of the impact of both onshore and offshore outsourcing on corporate operations. The data was analyzed using the regression technique with the aid of Special Package for Social Science (SPSS). This study contributes to knowledge by offering a comprehensive understanding of the intricate effects of both onshore and offshore outsourcing on corporate operations. The result study reveals that offshore and onshore outsourcing strategies have a substantial impact on operational capabilities. As a result, the study recommended that management should employ onshore and offshore outsourcing strategy is used in order to improve the operational capability of their organization.

Keywords: outsourcing; offshoring; onshoring; capabilities; strategy

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Introduction

Over the previous few decades, outsourcing has undergone a major evolution. Initially motivated by the desire to save money, outsourcing was largely seen as a way to lower labor costs by moving some tasks to nations with low wages (Su et al., 2015). This strategy, frequently linked to offshore outsourcing, allows businesses to access a pool of talent from around the world and profit from labor arbitrage. But over time, the outsourcing industry has changed significantly. Organizations now understand that outsourcing is a strategic tool for obtaining specialized talents, increasing scalability, and promoting innovation as well as a cost-cutting approach (Onyango, 2018). Onshore outsourcing is a result of this trend, when proximity and ease of collaboration take precedence over financial factors. Whether done domestically or abroad, outsourcing has become a strategic business tool that has a big impact on how modern businesses operate. As firms attempt to preserve competitiveness, decrease costs, and access specialized capabilities, the option between offshore and onshore outsourcing has important ramifications for their overall business strategies (Mhillu, 2022). Offshore or onshore, outsourcing has become a crucial component of contemporary company operations, altering the world's economic landscape. Delegating certain company operations or tasks to outside service providers is known as outsourcing. This practice enables Organizations to use outside resources and expertise while concentrating on their core competence (Wiener & Saunders, 2014). The decision

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between offshore and onshore outsourcing strategies can have a substantial impact on an organization's competitiveness, operational effectiveness, and broader business strategy.

Organizations are continuously looking for ways to streamline their processes and maintain their agility in response to market demands in today's dynamic and interconnected global economy (Kaplan & Orlikowski, 2014). As a strategic imperative, outsourcing enables businesses to use external resources and knowledge to concentrate on their core capabilities while achieving operational efficiency and cost-effectiveness. It entails handing off particular corporate tasks or procedures to outside service providers, freeing up internal resources for strategic initiative.

Offshore outsourcing involves delegating commercial operations to service providers based in other nations often distinguished by cultural and geographical differences. Accessing a worldwide talent pool, cutting labor expenses, and achieving around-the-clock operations are the appeals of offshore outsourcing (Buckley et al., 2022). It also brings particular difficulties like linguistic hurdles, time zone variances, and cultural nuances.

In contrast, onshore outsourcing entails working with service providers located in the same nation or region. This strategy places a higher priority on close proximity, facilitating simpler collaboration and lowering some hazards connected with cross-border transactions (Chakravarty et al., 2014). For businesses that demand close coordination, adherence to regional laws, and efficient interaction with service providers, onshore outsourcing is especially pertinent.

On many elements of business operations, both offshore and onshore outsourcing strategies have a significant impact. Onshore or offshore outsourcing can result in cost savings due to lower labor costs and economies of scale (Barua & Mani, 2014). Offshore outsourcing can result in significant cost savings, while onshore outsourcing has benefits including lower travel costs and less language obstacles. Organizations can get specialized skills and knowledge through outsourcing that might not be easily accessible internally (Lacity & Willcocks, 2014). When specialized industry knowledge or certifications are required, onshore outsourcing might be especially useful. A crucial factor to take into account is maintaining control and guaranteeing the caliber of outsourced processes. Offshore outsourcing might need sophisticated quality control methods, whereas onshore outsourcing gives closeness for easy inspection. The decision to outsource offshore versus onshore can have an impact on an organization's overall business strategy. The emphasis on cost reduction, focusing on core competencies, and market expansion are just a few examples of how outsourcing decisions affect strategic priorities. Organizations must carefully consider the effects of offshore and onshore outsourcing on their company operations in an environment where global business is becoming more competitive and interconnected (Chakravarty et al., 2014).

Onshore outsourcing places a higher priority on proximity and ease of collaboration whereas offshore outsourcing prioritizes possible cost savings and access to a global talent pool. The choice of these two approaches can have a substantial impact on an organization's operational effectiveness, competitiveness, and overall business strategy (Rahman et al., 2020).

Although outsourcing promises to provide access to specialized knowledge and abilities, it is yet unknown to what extent offshore and onshore outsourcing techniques improve operational capabilities. To give empirical understanding of the skill sets accessed through each method and their influence on organizational operation, research is required. It has not been sufficiently investigated how outsourcing strategies affect an organization's ability to compete in the global market and how well they mesh with more general business strategy. It is crucial to comprehend how these strategies affect competitiveness, resource allocation, and strategic priorities (Buckley et al., 2022). Outsourcing decisions have an impact on organizational decision-making processes, including resource allocation and strategic priority setting. The methods through which offshore and onshore outsourcing strategies affect these choices, however, are not well-documented.

Regarding the choice and implementation of offshore and onshore outsourcing strategies, corporate executives and practitioners lack practical advice and recommendations. For Organizations looking to successfully navigate the complex outsourcing landscape, research that converts insights into strategy is crucial. In-depth research that thoroughly investigates the effects of offshore and onshore outsourcing on corporate operations is noticeably lacking in the existing outsourcing literature, which mostly focuses on general outsourcing trends. Businesses need to understand how outsourcing impact corporate operations, competitiveness, and strategic decision-making in order to navigate the complex outsourcing landscape with success. This gap needs to be bridged in order to progress professional and intellectual understanding in this field.

In light of these worries, the purpose of this research is to discuss the complex issues and potential benefits associated with both onshore and offshore outsourcing techniques. Additionally, it seeks to provide organizations with practical

information and empirical data to aid in decision-making and to further our understanding of how outsourcing affects contemporary company operations.

This study aims to fill this research gap by providing a thorough analysis of the impact of both onshore and offshore outsourcing on corporate operations. By examining the nuances of different outsourcing strategies, organizations can make well-informed decisions that support their objectives and enhance their overall performance in a global business environment that is always changing.

This study intends to contribute to the body of knowledge in academia and the industry by offering a comprehensive understanding of the intricate effects of both onshore and offshore outsourcing on corporate operations. This report also offers helpful advice and information to assist practitioners and business executives in selecting and implementing both onshore and offshore outsourcing strategies. Furthermore, it bridges the existing research gap by carefully analyzing outsourcing strategy's effects.

The ultimate objective of the study is to help companies optimize their outsourcing strategies so that they can achieve better overall productivity, competitiveness, and strategic outcomes in the quick-paced global business environment landscape.

By offering a thorough analysis of the effects of both onshore and offshore outsourcing on corporate operations, this study seeks to close this research gap. By studying the nuances of different outsourcing strategies, organizations can make well-informed decisions that support their goals and improve overall performance in a fast-paced international business environment.

This research study aims to investigate the effect of outsourcing strategy business operation. The primary research objectives include:

To assess the effect of an offshore outsourcing plan on improved operational capabilities of the business.
To investigate the impact of an onshore outsourcing approach on improved operational business capabilities.

An organization may outsource certain non-core duties or services to external service providers or other third parties as part of a strategic business strategy. This strategic choice is being taken in order to accomplish a number of operational and strategic goals, including cost reduction, increased concentration on core capabilities, accessibility to specialized talents, increased flexibility, and higher efficiency. In an agreement known as outsourcing, an external supplier takes on responsibility for a set of tasks, freeing up the client organization to focus on its core business operations. Due to economies of scale, lower labor costs, and improved processes, outsourcing can result in cost savings because service providers frequently have the knowledge and experience necessary to perform services more effectively. Organizations can boost their competitiveness by outsourcing non-essential functions, refocusing resources and attention on core skills and strategic initiatives.

With the use of outsourcing, businesses can take advantage of service providers' specialized knowledge and skills, particularly in industries like IT where quick-moving technological change necessitates specialized understanding. Without having to worry about managing internal resources, outsourcing gives businesses the freedom to scale operations up or down in response to shifting business needs. Service providers frequently have well-established procedures, resources, and best practices, which can boost productivity and elevate customer satisfaction. According to Muhic and Björn (2014), outsourcing can give organizations access to a global talent pool and market, enabling them to extend beyond their national borders.

Delegating non-core operations to outside service providers is a smart business practice known as outsourcing. Cost reduction, improved focus on core capabilities, availability of specialized skills, and increased effectiveness are its driving forces. However, it also entails dangers and difficulties that need for rigorous administration and oversight in order to guarantee positive results (Sakib, Tabassum, & Uddin, 2023).

Delegating non-core duties, making strategic decisions, using third-party service providers, and signing contracts are a few of the essential elements of outsourcing. Delegating non-core functions or tasks to external providers is the main aspect of outsourcing. According to Varajo, Cruz-Cunha, and da Glória Fraga (2017), these functions can include manufacturing, transportation, finance, and accounting in addition to information technology (IT) services, customer support, and human resources.

Choosing to outsource is not a tactical or impromptu action, but rather a strategic choice made after carefully weighing the advantages and disadvantages. In order to streamline their operations, organizations assess whether tasks can be contracted out. Typically, outsourcing entails working with external service providers, who may be domestic or

foreign depending on the requirements and goals of the organization. These service providers are experts in their particular fields. Contractual agreements that define the scope of work, service levels, performance measures, responsibilities, and financial terms are what regulate outsourcing. These agreements give the client and service provider's relationship a framework.

The dangers and difficulties associated with outsourcing include loss of control since entrusting external providers with crucial tasks may give rise to worries about a loss of control over procedures and data. If service performance and quality fall short of expectations, clients and consumers may get dissatisfied. There may be security and privacy hazards when third-party suppliers handle sensitive data and information. Communication difficulties may result from client and service provider cultural and linguistic disparities. If a provider experiences operational or financial problems, an excessive reliance on external providers may lead to dependency and vulnerability. The time and money involved in outsourcing can be significant (Varajo, Cruz-Cunha, & da Glória Fraga, 2017).

This study reviewed both relevant and related literatures in relation to outsourcing strategies and business operational capabilities. The review was done under the following headings: offshore outsourcing strategy; and onshore outsourcing strategy in relation to business operational capabilities.

The improvement in cost differentials has led to a growing trend of organizations opting to offshore outsourcing. Offshore outsourcing is the process of shifting some or all of a business's operations or processes to an outside service provider located in a different nation. Businesses are increasingly outsourcing internal business activities to low-cost locations outside of the buying firm's country of origin in order to meet their demands for highly skilled, competitive workforce. It is therefore believed that outsourcing to foreign nations might reduce labor expenses for services that significantly rely on trained workers and enhance corporate capabilities.

Ochieng and Charls (2023), examine the relationship between company performance and strategic outsourcing in developing nations. Firm performance is the dependent variable in this study, whereas service integration and management, offshore outsourcing, and multi-sourcing are the independent variables. Three theories served as the foundation for the investigation: the social exchange theory, the resource dependency theory, and the transaction cost economics theory. According to the study's findings, offshore outsourcing significantly affects how well developing-nation businesses do. The demographic, sample size, method of analysis, domain, scope, and nation of study were not specified by the authors.

Igwe, (2021) examine the effect of outsourcing on firm productivity in Nigeria. The population of the study consisted 156 oil marketing firms in Nigeria, with the sample size of 14 sampled oil companies. The study used the primary source of data (questionnaire) and the pearson moment correlation analysis technique was employed for testing of the hypotheses formulated in the study. The study found out that outsourcing has a positive and significant effect on the productive of the sampled oil marketing companies in Nigeria. The study failed to specify the period covered by the study.

Munjal, et al., (2019) examined the effect of outsourcing on firm financial performance. The authors used the sample size of 1710 companies listed in India for the period covering thirteen year from 2001-2013. Using foreign technologies and professional services from offshore outsourcing as the explanatory variables and the dependent variable was firm performance. The data used for this study was sourced from prowess database, the author employed the univariant test to check if difference exist between companies that use outsourcing and those that do not. The authors established that offshore outsourcing has significant effect on the performance of corporate organization in India. The authors failed to underpin the study with a theory, also the study did not conceptualize the concepts used in the study and finally, no discussion as to the measurement adapted or adopted for the variables of the study.

Awe, et al., (2018), assessed how outsourcing affected the performance of manufacturing and service companies alike. The study aggregated quantitative data from 51 outcomes of roughly 24 publications using meta-analysis. The authors found that while offshore outsourcing as a whole has a significant relationship with the performance of manufacturing and service firms, when outsourcing is examined separately, the performance of manufacturing and service firms is significantly impacted only by IT. The authors did not conceptualize the variables, provide a theoretical foundation, or include variable measures. They also did not identify the various specific forms of outsourcing that were used in the study. In addition, the authors withheld information about the study's scope and did not specify the population or sample that they employed.

Brandl, et al., (2018) assessed the impact of outsourcing on the capability's development of firms in emerging market. Firm external determinant was used as outsourcing component on firm capabilities. Using multiple case studies, the authors found out that outsourcing has impact on the capacities of firms in the emerging economy. The study did not

state clearly the population including the sample size of the study, the authors failed to discuss the scope of the study including variable measurement and definition of the concepts as used in the study.

The impact of offshore and onshore outsourcing on China's upgrading in global value chains was studied by Chen and Shen in 2021. The analysis made use of information from the World Input-Output Database as well as data on bilateral commerce. The writers found that the value of China's manufacturing and service industries has not increased significantly as a result of onshore outsourcing. The study did not disclose the study's sample size and overall population, and the authors did not disclose the analysis method or approach. Nor did they specify the time frame for the investigation.

Austin-Egole et al. (2020) looked at how Nigerian businesses performed in relation to their outsourcing strategies. The Nigerian bottling company and the Camela vegetable oil company in Owerri, Imo State, were the subjects of the study. The study used a survey research approach, and it used primary and secondary data for its data collection. The secondary data for the analytical discussion came from library research. While questionnaires were used to obtain the primary data. According to the study, onshore outsourcing improves organizational performance. The study's authors did not provide a theory to support their findings, and they did not specify the time frame they looked at.

Pomegbe et al., (2019) evaluated the effect of outsourcing on bank performance in Ghana. The sample size of the study consisted of 77 branch or operational managers of the studied banks. The study established the onshore outsourcing has positive significant effect on the performance of the studies banks in Ghana. The authors failed to mention the type of data used in the study, nothing was said about the technique of analysis used in the study. Also, the authors did not state the period the study covered.

Igbatayo, (2019) examined the effect of business process outsourcing on the capacity of manufacturing firms in Nigeria. The author established that unlike the offshore outsourcing the nearshore or onshore outsourcing has lower effect on the capacity of oil and gas companies in Nigeria as the offshore outsourcing save more cost which lead to improve capacity. The author failed to specify the type of outsourcing and onshore outsourcing employed in the study, there was no theoretical underpinning, no population and sample size in the study. Also, the type of data used and analysis technique employed was not stated in the study.

Whitaker, et al., (2018) assessed the impact of onshore and offshore outsourcing on business process outcome. The authors used data of 50 firms in United States including data of 38 companies in Forbes Global 2000. Outsourcing was represented by client firm capabilities, vendor configuration and country location. The study found that onshore outsourcing result to improvements business process outcome of the 50 firms under consideration. The study failed to specify the type and method of data analysis employed in the study, there was no theoretical underpinning, and also no discussion was made on variable measurement in the study.

Historically, the most widely recognized theory to explain outsourcing has been the transaction cost theory. The transaction cost theory is one of the best resources available to businesses to help them decide which of their processes to outsource and get ready for the organizational adjustments that come with outsourcing. The qualities of this model make it helpful for both the phases of relationship management and reconsideration. The transaction cost theory's ability to analyses and select outsourcing contracts—which are frequently incredibly complex—is a very helpful feature. Transaction cost theory suggests that when working with outside providers results in lower transaction costs than handling the task internally, then businesses should outsource. This theory emphasizes the use of contracts, incentive alignment, and governance frameworks to guarantee successful outsourcing arrangements and lower transaction costs.

Many academics have used the transaction cost theory to study the phenomenon of outsourcing. First, researchers Lacity and Willcocks (1995) examined the stages of preparation, vendor selection, relationship management, and reconsideration from the perspective of the transaction cost theory in their study on decision-making with regard to the outsourcing of IT activities. In order to develop a model that explains the stages of preparation and relationship management, Aubert, Rivard, and Patry (1996) combined the theory of incomplete contracts with transaction cost theory. Eight years later, the same researchers made a comeback (Aubert et al., 2004) with a new model that explores the outsourcing planning stage by combining the two theories once more. Ulset (1996) focused on the role of R&D in outsourcing, using the transaction cost theory as a foundation. highlighting the significance of patent-protected intellectual property for businesses. The method examines the phases of planning, supplier selection, and relationship management. Brandes, Lilliecreutz, and Brege (1997) looked at the variables that affect an outsourcing project's success in a different research project. The model looked at the stages of planning, relationship management, and reconsideration based on the transaction cost theory. The researchers arrived at the conclusion that outsourcing decisions yield better results based on the transaction cost hypothesis and the vendor's capacity to establish a solid manufacturing foundation.

The Theory of Resources serves as both the foundation and inspiration for the Core Competencies Theory. Core competences were defined by researchers Prahalad and Hamel (1990) as the collective knowledge of an organization, particularly with regard to combining multiple productive talents and integrating various technologies. According to the Core Competencies Theory, evaluating the vendor's competencies is essential to deciding whether an agreement will succeed. Examining the relationship management and reconsideration phases with the help of the Core Competencies Theory. The second approach most frequently used in scholarly research on outsourcing is the Core Competencies Theory. The Core Competencies Theory served as the foundation for Pinnington and Woolcock's (1995) investigation into the possibility of improving an organization's organizational skills through the outsourcing of business operations associated with its IT system. They focused their investigation on the phases of planning and reevaluating.

According to this theory, companies can focus on their core skills, innovate more successfully, and obtain a competitive edge in their key markets by outsourcing non-essential services. The strategic perspective of outsourcing, which aims to improve a company's value proposition and market positioning, is consistent with core competency theory.

Methods

The analysis makes use of quantitative statistics. The correlation coefficients, correlation matrix, and regression equation model are examples of the quantitative analytical tools.

Results

To examine the effects of independent factors on the dependent variable, the research study employs multiple regression analysis. Presentation, analysis, and interpretation of data.

As revealed in table 2 this study uses Cronbach's alpha for several variables; according to Sekaran (2003), Cronbach's alpha should fall between 0.714 and 0.844. The above reliability statistics value for the three variables demonstrates that there is no issue with removing a questionnaire item, which supports the accuracy of the study's variables.

Table 2. Reliability Statistics

Variables	Cronbach's Alpha if Item Deleted		Numbers of items
Backward Vertical Integration	.714		
Forward Vertical Integration	.817		
Firm Performance	.844		

The research investigation discovered a Pearson association between operational capabilities and offshore and onshore outsourcing strategies are presented in the table 3:

The operational capabilities (OC), offshore outsourcing strategy (OOS), and onshore outsourcing strategy (OOS) are correlated in Table 3 as a matrix. The correlation demonstrates that there is a substantial positive connection between offshore outsourcing strategy and onshore outsourcing strategy, in addition to a positive and significant association between all the variables. From the link, it can be inferred that, notwithstanding the independent factors, both onshore and offshore outsourcing strategies have a favourable impact on operational capabilities. Operational capabilities have a (r = 0.327), onshore outsourcing strategy has a (r=0.390), and offshore outsourcing strategy has a (r=0.431).

Table 3: Correlations

Variables		offshore outsourcing	onshore outsourcing	operational capabilities
Offshore Outsourcing	Pearson Correlation	1	.431	.327
	Sig. (2-tailed)		.000	.000
	N	231	231	231
Onshore Outsourcing	Pearson Correlation	.431	1	.390
	Sig. (2-tailed)	.000		.000
	N	231	231	231
Operational Capabilities	Pearson Correlation	.327	.390	1

	Sig. (2-tailed)	.000	.000	
	N	231	231	231

According to this result revealed in table 4, offshore outsourcing regression coefficient Beta = 0.247 implies that a 1% increase in offshore outsourcing increases operational capabilities by 24% if other variables are held constant. Its T value of 4.307, which is greater than the critical T at the 5% level of significance, demonstrates that there is sufficient statistical evidence that an increase in offshore outsourcing will result in an increase in operational capabilities and vice versa.

Regarding the second hypothesis, the regression coefficient for onshore outsourcing strategy beta= 0.477 suggests that a 1% increase in onshore outsourcing strategy will increase operational capabilities by 47.7% if other variables are held constant. Additionally, its T value of 8.304, which is higher than the critical T at the 5% level of significance, demonstrates that there is sufficient statistical evidence to support the claim that an increase in onshore outsourcing strategy will increase operational capabilities.

Table 4: Table summary of coefficient of regression on offshore outsourcing strategy, onshore outsourcing strategy on operational capabilities.

Table 4: Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.925	.214		4.325	.000
	offshore outsourcing	.234	.054	.247	4.307	.000
	onshore outsourcing	.463	.056	.477	8.304	.000

a. Dependent Variable: operational capabilities

Since there is a high positive correlation between the independent variables and operational capabilities, as shown by the regression coefficient R square of = 0.390 in table 5, an increase in the independent factors will result in an increase in operational capabilities. Additionally, the corrected R2 of = 0.385 demonstrates that a rise in the independent variables would result in a 38.5% rise in employee performance and vice versa. Therefore, offshore outsourcing strategy and onshore outsourcing strategy account for 38.5% of the variance or fluctuation in operational capabilities, while the remaining 61.5% may be attributable to other factors that were not taken into account in the study.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625[a]	.390	.385	.95999

a. Predictors: (Constant), onshore outsourcing, offshore outsourcing

Furthermore, there is sufficient statistical evidence to conclude that the independent variables have a positive and significant relationship with operational capabilities, as shown in table 6 which demonstrates the influence of the independent variables are statistically significant at the 5% level of significance on operational capabilities with a calculated F value of 72.960 being greater than the theoretical F value.

Table 6: Model summary of operational capabilities, offshore outsourcing strategy, onshore outsourcing strategy ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	134.477	2	67.239	72.960	.000[b]
	Residual	210.120	228	.922		
	Total	344.597	230			

a. Dependent Variable: operational capabilities

b. b. Predictors: (Constant), onshore outsourcing, offshore outsourcing

The statistics for multicollinearity are shown in the table 7. According to the research of (O'Brien & Robert, 2007), the tolerance value of less than 0.20 or 0.10 denotes a multicollinearity issue.

Table 7: Multicollinearity diagnostic between the Independent Variables

Model		Collinearity Statistics	
		Tolerance	VIF
1	offshore outsourcing	.856	1.241
	onshore outsourcing	.812	1.232

a. Dependent Variable: operational capabilities collinearity Statistics

Discussion

This study looked at how the operational capabilities of manufacturing sectors were affected by offshore and onshore outsourcing strategies. In this study, it was discovered that the first hypothesis, according to which an offshore outsourcing strategy has no substantial impact on operational capabilities was rejected. This hypothesis one stated is consistent with earlier research by Bier, Lange, Glock, Christopher, and Holweg as well as Kremic, Tukel, and Rom (2006), which found that manufacturing organizations that prioritize offshore outsourcing strategy see an increase in operational capabilities and productivity.
In this study, it was discovered that the second hypothesis, according to which an onshore outsourcing strategy has no substantial impact on operational capabilities, was incorrect. This second hypothesis's finding is consistent with other research (Koszewska, 2004; Großler, Laugen, Laugen & Fleury, 2012; Tornow, Wiley 1991) that found that using an onshore outsourcing approach will improve an organization's operational skills and help it work toward a single objective.

Offshore and onshore outsourcing strategies were among the variables considered in this study. Additional factors that might affect operational capacities in the future study could include dynamic learning perspectives, innovation control, corporate management of productivity, dynamic capabilities, etc. Additionally, this study employed quantitative methods; it is anticipated that future research would use additional methods like qualitative or mixed methods for data analysis. This study concentrated on a specific industry in order to do further research in various other areas with bigger numbers of sample respondents. Future research could include more organizations, and should consider using statistical methods such as SMART PLS4, Lisrel, and AMOS in their study.

Conclusions

It is concluded that this study differs from previous studies of outsourcing as it takes a unique approach by examining outsourcing strategies by employing data which is an added value of the analysis in the field of outsourcing. Following conclusions are made by the study, which are based on the research's findings: According to the study, offshore outsourcing strategy and operational capability are significantly related. As a result, we advised management to make sure that offshore outsourcing strategy is used to improve operational capability of the company.

The result equally proved that onshore outsourcing strategy is a significant variable that may influence operational capability of industries, thus, it is concluded that stakeholders and managers might employ onshore outsourcing strategy provided is a significant variable that may affect operational capability of the industries.

List of abbreviations

Not applicable

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