



Research Article

# Outsourcing and Organizational Performance in Fast-Food Businesses in Benin Metropolis

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**Abstract:** Across sectors and industries, the strategic imperative of outsourcing in supporting organizational performance has been emphasized. In this study we focused on outsourcing and organizational performance in the fast-food businesses in Benin City, Nigeria. Specifically, we explored three dimensions of outsourcing – business process outsourcing (BPO), knowledge process outsourcing (KPO) and information technology outsourcing (ITO) - and their effects on organizational performance. A cross-sectional design was adopted and executed through a survey. In accomplishing the study objectives, the 196 employees of the two selected food organizations, being the entire population of the sampled food organizations, were invited to respond to the research instrument. An appropriately structured 28 item research instrument prepared in a 5-point Likert format was used for data collection to assess the variables investigated. The hypotheses were tested with multiple regression at 5% level of significance. The findings of the study showed that all the three dimensions of outsourcing explored had significant effect on the performance of the sampled fast-food businesses in Benin City Metropolis. Appropriate recommendations in line with the findings of the study were proffered.

**Keywords:** business process outsourcing; knowledge process outsourcing; information technology outsourcing; organizational performance

## 1. Introduction

Globally, outsourcing is known as a crucial strategy for fast-food and eatery businesses seeking to optimize operations, reduce costs, and enhance service delivery. Major multinational brands over the years outsource supply chain procurement responsibilities, transportation coordination, and even client support entrusting them to expert firms to enhance productivity and concentrate on essential business operations. The emergence of the COVID-19 pandemic further unsettled global distribution networks, increased labor shortages, and heightened concerns over food safety and quality control. These challenges have forced many businesses to reassess their outsourcing strategies to ensure sustainability and adaptability in an uncertain economic and competitive landscape.

In Nigeria, the fast-food and eatery sector faces unique challenges in outsourcing. While outsourcing promises cost savings and improved service delivery (Doval, 2016) issues such as unreliable supply chains, inconsistent government policies, and currency depreciation hinder its full potential. The post-corona virus disease reality has exacerbated these challenges with disruptions in food imports, rising inflation, and increasing consumer demand for hygienic and efficient service delivery. Additionally, rising security concerns and a lack of technological infrastructure pose risks to outsourcing logistics and food delivery services. To remain competitive, there is the need for fast-food businesses to develop localized customer centered outsourcing solutions that balance cost efficiency with quality control and sustainability.

The fast-food business sector in Nigeria has in recent times attracted a lot of interest from both local and foreign investors (Onwuzuruike et al. 2022) leading to rapid outlet development, strategic relationships, increase in foreign entrants' investments etc. These businesses struggle for resources, infrastructure, market share, and relevance. To compete successfully for optimal profit, the organizations have employed inventive and new weaponry

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in their business operations. One avenue that organizations have pursued to attempt improving their competitive position has been to increase the role of outsourcing in their operations (Agburu et al., 2017). This work addressed outsourcing as one strategic tool being used by businesses (Sreedevi & Tushar, 2018) and we considered dimensions such as business process outsourcing (BPO), knowledge process outsourcing (KPO), and information technology outsourcing (ITO) to evaluate how they impact organizational performance.

Organizational performance describes how effectively a company achieves its goals and objectives in areas such as profitability, productivity, customer satisfaction, and innovation. It is measured through financial indicators (like revenue, profit margins), operational efficiency, employee performance, and market competitiveness (Kaplan & Norton, 2001). It reflects an organization's ability to meet stakeholder expectations and describes the organizational output. Scholars like (Gunasekaran et al., 2015; Kivuva, 2018) affirm organizations monitor performance in outsourcing relationships using strategic measures, financial measures, quality measures and market performance such as cost savings, cycle time, customer satisfaction etc. to assess outsourcing effectiveness.

While outsourcing has been widely adopted in various sectors, its effect on organizational performance, particularly in the fast-food industry within Nigeria remains underexplored (Onwuzuruike et al. 2022) and more especially within the Benin Metropolis. Despite the potential benefits of outsourcing such as cost reduction, access to specialized expertise, and improved focus on core business activities, the fast-food businesses in Benin Metropolis appear to face challenges in effectively implementing outsourcing strategies. Additionally, there is the lack of sufficient empirical evidence on how outsourcing affects key performance indicators in the context of fast-food businesses in this region.

The key purpose of the study was to explore the relationship between outsourcing and organizational performance using dimensions of outsourcing such as BPO, KPO, and ITO to investigate their effects on performance. The following research questions guided the study: (1) What is the effect of BPO on organizational performance? (2) How does KPO influence on organizational performance? (3) What is the impact of ITO on organizational performance?

## 2. Literature Review

### 2.1. *Understanding the Concept of Organizational Performance*

Essentially, organizational performance describes how well an organization achieves its goals, objectives, and mission. It reflects the extent to which an organization fulfills its purpose by comparing actual outcomes to set objectives, covering all facets of operations (Kaplan & Norton, 2001; Waruhiu, 2014; Mwagona & Kinyua, 2023). It involves executing objectives through sound corporate governance, effective management, and a steady focus on results. According to Pitt and Tucker (2008), it serves as a key indicator of organizational effectiveness, showing how well processes or outcomes meet specific goals. Literature highlights core aspects of organizational performance, including financial performance (revenue growth, profitability, ROI, and stability); productivity (efficiency, effectiveness, and product/service quality); innovation (ability to adapt and remain competitive); quality (standards compliance and continuous improvement); customer satisfaction (meeting needs, expectations, and fostering loyalty); employee engagement (motivation, satisfaction, and retention); and corporate citizenship (social contributions, environmental care, and ethical conduct) (Kaplan & Norton, 2001; Waruhiu, 2014; Doval, 2020; Mwagona & Kinyua, 2023). Studies indicate that one vital strategy that can enhance organizational performance is corporate outsourcing. (Power et al., 2006; Waszkowski et al., 2018; Ndubuisi-Okolo & Arinze, 2022).

### 2.2. *Understanding Outsourcing in Organizations*

Outsourcing involves delegating corporate tasks, processes, or entire business functions to an external contractor. It allows organizations to transfer non-core activities to specialized providers to enhance efficiency and cost-effectiveness, shifting tasks beyond an organization's core competencies (Smith et al., 2006). It entails procuring services externally that could have been sourced internally and focuses on delegating recurring internal functions to third-party providers (Garver & Mentzer, 2000; Ndubuisi-Okolo & Arinze, 2022). Recently, outsourcing has been adopted across sectors to enable focus on core operations, reduce costs, pursue comparative advantages, and meet customer and shareholder demands. This makes outsourcing as a strategic and valuable approach to achieving corporate objectives

(Akewushola & Elegbede, 2013; Agburu et al., 2017). Smadi and Al-jawazneh (2016) note that globalization drives organizations to explore global opportunities and outsource goods and services to enhance competitive advantage.

The literature identifies outsourcing benefits such as cost savings, reduced capital investment, increased adaptability, focus on core competencies, and lowered risk from technological shifts (Verhoef, 2005). However, challenges include longer transit times, inventory issues due to uncertainty, cultural and security concerns, inadequate vendor infrastructure, quality issues, erosion of in-house skills, currency fluctuations, job losses, and intellectual property risks (Russell & Taylor, 2008). Also, there are criticisms of outsourcing strategy stemming from issues such as its negative effects on employee psychology, data protection and confidentiality risks, financial and reputational risks, and limited prospects for flexibility (Khan et al., 2022).

### *2.3. Nexus of Outsourcing with Organizational Performance*

Some scholars (Power et al., 2006; Halvey & Melby, 2007; Oshri et al., 2009) have identified several forms of outsourcing using diverse criteria. In this study we examined outsourcing in three dimensions i.e. BPO, KPO, and ITO and explored its relations with organizational performance.

BPO involves delegating specific business functions or processes to an external service provider and refers to the transference of internal business operations to an external entity (Halvey & Melby 2007; Ndubuisi-Okolo & Arinze, 2022). With advancements in global telecommunications, BPO often extends to international providers when local outsourcing solutions are inadequate. Scholars emphasize that BPO typically involves forming partnerships with third-party service providers to manage non-core but essential business functions, such as customer service, human resources, and accounting etc. (Duening & Click, 2005; Power et al., 2006). The study by Gituma (2019) shows that commercial banks mainly outsource and that BPO had significant effects on organizational performance. Also, Waszkowski, Nowicki, & Worwa (2018) report findings supporting that well designed business processes can be managed and programmed for performance improvement.

KPO focuses on outsourcing high-value business activities that require specialized expertise and analytical skills. Unlike BPO, KPO involves processes that are critical to a company's competitive advantage and require advanced decision-making, research, and technical capabilities (Agarwal & Nisa, 2009). It is information-driven, facilitating the continuous creation and dissemination of knowledge within industries such as research and development, market analysis, product design, and strategic planning. KPO enhances innovation by leveraging specialized talent to drive business growth. Javed, Rafique, and Muhammad (2020) analyzed the perceived impact of outsourcing services in the construction industry in Pakistan and found out that outsourcing had significant effects on performance and this is especially true for knowledge driven industries. Kamau (2021) conducted research and the results show that there exists a strong positive correlation linking knowledge management processes and organizational performance, and a positive correlation between knowledge management infrastructure and performance.

ITO entails outsourcing IT services to external providers while retaining strategic control over core technology functions. The primary goal is cost reduction, operational efficiency, and fostering innovation through multiple suppliers. Unlike BPO, ITO does not rely on exclusive partnerships but instead encourages competition among vendors. Some organizations adopt joint ventures to co-develop IT solutions, sharing both risks and rewards. A notable trend in ITO is the Application Service Provider (ASP) model, where businesses purchase software on a pay-per-use basis rather than investing in in-house IT infrastructure (Kennedy et al., 2002). Organizations that consider IT a core function often retain IT operations in-house to maintain full control. Several associated benefits of ITO such as cost effectiveness, clients' services efficiency, technical expertise, improved organizational performance etc. have been documented, some studies however have reported mixed results on the relationship between ITO and performance (Bui et al., 2018). In a related study by Murphy (2024) on the influence of IT outsourcing on organizational success and innovation, the study findings indicate a worrisome rate of perceived ITO failures and reveal that the specific industry of an organization can affect ITO success.

## **3. Theoretical Review**



### 3.1. *The Transaction Cost Economics*

The Transaction Cost Economics theory, originally introduced by Ronald Coase in 1937 and later expanded by Oliver Williamson in the 1970s and 1980s, explains why firms exist and how they minimize transaction costs. Coase suggested that firms reduce the costs associated with market exchanges, while Williamson further developed the concept by examining governance structures - markets, hierarchies, and hybrids - that help control these costs. The theory integrates economic and management theories to help businesses determine the best market relationships. The theory is widely used in outsourcing decisions, helping firms determine when and how to outsource tasks effectively. It also explains the contractual complexity in outsourcing arrangements. However, the theory has limitations. It focuses on individual transactions, overlooking modern collaborative business arrangements, and is considered static, failing to account for the dynamic nature of today's business environment. Overall, this theory highlights the importance of contractual relationships, emphasizing that outsourcing can reduce costs, improve task efficiency, and enhance customer satisfaction by allowing firms to delegate weaker areas to experts while maintaining service quality under their brand.

### 3.2. *Resource Based View Theory*

The Resource-Based View (RBV) theory of the firm, developed by Edith Penrose and popularized by Barney (1991), emphasizes that a company's competitive advantage depends on its unique resources and capabilities. According to RBV, firms should focus on developing and utilizing valuable, rare, inimitable, and non-substitutable (VRIN) resources to achieve sustained competitive advantage. This theory provides a strong foundation for understanding the strategic role of corporate outsourcing, as firms seek to optimize resource allocation by focusing on their core competencies while outsourcing non-core functions. Corporate outsourcing aligns with the RBV theory by allowing firms to concentrate on their key strengths while leveraging external expertise for non-core activities. For instance, a technology company may outsource customer support and payroll management to external specialists, ensuring that internal resources are dedicated to innovation and product development. By outsourcing routine tasks, firms enhance efficiency, reduce costs, and allocate resources strategically to areas that offer the greatest competitive advantage. This approach supports the RBV principle that firms should build and maintain distinctive capabilities rather than spread resources across multiple non-strategic functions.

The RBV highlights the importance of resource control rather than ownership. Firms do not need to own all resources but must ensure access to critical capabilities through strategic outsourcing partnerships. For example, leading global brands outsource manufacturing to specialized firms with advanced production expertise, ensuring high-quality output while focusing on branding, marketing, and product design. However, organizations must carefully manage outsourcing to prevent losing core competencies or becoming overly dependent on external vendors. A well-structured outsourcing strategy ensures that firms retain control over critical knowledge and intellectual property, in line with RBV's emphasis on maintaining competitive resources. In conclusion, the RBV theory strongly supports corporate outsourcing as a strategic tool for optimizing resource utilization. By outsourcing non-core functions, firms enhance efficiency, focus on core competencies, and sustain long-term competitive advantage. However, outsourcing decisions should be made strategically to protect critical resources and prevent over-reliance on external providers. Thus, RBV provides a valuable framework for guiding firms in making outsourcing decisions that strengthen their market position.

### 3.3. *Synthesis of Empirical Research*

Previous studies have explored the relationship between outsourcing and organizational performance across industries. Waszkowski et al. (2018) conducted research on BPO and corporate efficiency. The results of the research prove that well designed business processes may not only be managed but also be easily enhanced and automated in a way that allows organizations to improve their performance in meaningful ways. Yeboah (2013) studied outsourcing and organizational performance in Ghana's banking and insurance sectors using 50 corporate businesses. The findings revealed significant correlations between outsourcing and quality, outsourcing and competitive advantage, but there was no significant correlation between outsourcing and productivity.

Musau (2016) studied the effect of outsourcing strategy on organizational performance at Bidco Africa Ltd., a leading FMCG manufacturer in Thika, Kenya. Conducted between

September 2015 and April 2016, the research aimed to determine factors influencing outsourcing decisions and their impact on company performance. A descriptive research design was used, with data collected from 90 employees selected through random sampling. Findings showed that cost-driven, innovation-driven, and focus-driven outsourcing significantly influenced performance. Cost-driven outsourcing improved efficiency, while innovative-driven outsourcing helped the company create and deliver value faster than competitors. The study concluded that strategic outsourcing enhances performance by reducing costs and risks, increasing innovation flexibility, and strengthening core competencies and market share.

Obikezie and Dike (2023) studied the impact of outsourcing strategy on organizational growth in selected fast-food firms in South-South Nigeria. Using a correlation survey design, they analyzed data from 10 registered fast-food firms using a structured questionnaire and Pearson Product Moment Correlation coefficient. The study found a significant positive relationship between BPO and outlet expansion, concluding that outsourcing is essential for improving quality and driving growth. It recommends that fast-food firms should sustain customer satisfaction through quality improvement through outsourcing.

Ndubuisi-Okolo and Arinze (2022) examined the relationship between outsourcing strategy and the performance of Deposit Money Banks in Anambra State. Using a survey research design, data was collected from 162 respondents across three major banks in Nnewi, Awka and Onitsha through structured questionnaires. Analysis using Pearson Correlation and Regression in SPSS revealed a significant positive relationship between outsourcing strategy and bank performance. BPO enhanced task accomplishment, while marketing outsourcing improved cost-effectiveness. Summarily, outsourcing promoted overall banking operations by ensuring quality service and addressing weak areas, recommending further outsourcing for improved efficiency.

Duan, Grover, and Balakrishnan (2009) conducted research on BPO and its impact on organizational performance. The findings confirm that outsourcing provides value for both core and supporting business processes, but BPO announcements related to core processes lead to higher abnormal returns than those involving supporting processes. Although the ownership of the processes was not a significant factor in BPO performance, its interaction with the firm's venture capital position provided insights into the optimal timing of outsourcing. Their study emphasizes the importance of developing processes internally, especially when outsourcing core business functions, for successful BPO outcomes.

Ihunwo and Ikegwuru (2023) in their research examined logistics outsourcing and its impact on the organizational performance of oil and gas companies in Rivers State. The study utilized a descriptive research design, with a target population of 295 oil and gas firms in the state. A sample of 170 companies was selected, and three executives from each company were chosen using a non-probability sampling method, resulting in a total of 510 management staff respondents. They utilized correlation analysis to evaluate the relationship between logistics outsourcing and organizational performance. The findings of their study revealed a positive and significant correlation between operational outsourcing services and organizational performance, as well as between manufacturing outsourcing and organizational performance. The study recommended that management adopt effective logistics outsourcing strategies, such as operational and manufacturing outsourcing, to drive sustainable business growth.

### *3.4. Research Gaps and Hypothesis Development*

Research reports suggest outsourcing improves organizational performance, whether through cost reduction, innovation, or better service delivery. Other studies however have reported mixed results (Bui et al., 2018; Murphy, 2024). It is also worthy of note that most of the studies are of foreign origins with very few studies from Nigeria. This research is also imperative as it explored the food services industry in Benin City Metropolis in which to the best of knowledge of the researchers there exists an apparent paucity of studies on this subject. Against this background, the research examined how the identified components of outsourcing influenced organizational performance of the sampled food businesses. In view of the reviewed literature this research was conducted. The research aim was to examine the effects of outsourcing on organizational performance in the sampled fast-food businesses using the three reviewed dimensions of outsourcing. The research hypothesized as follows:

H<sub>01</sub>: BPO does not have a statistically significant impact on organizational performance of the sampled food businesses;

H<sub>02</sub>: KPO does not have a statistically significant impact on organizational performance of the sampled food businesses;



H<sub>03</sub>: ITO does not have a statistically significant influence on organizational performance of the sampled food businesses.

## 4. Materials and Methods

### 4.1. Research Design

A cross-sectional design was adopted and executed through a survey. The survey was utilized because of its usefulness for handling large samples and for obtaining detailed information about issues, events, problems, and describes them as they are. It helps to collect descriptive details about a group of people or elements.

In accomplishing the study objective, the 196 employees of the selected food organizations, being the entire population of the sampled food organizations, were invited to respond to the research instrument. The study therefore was a census. The two fast-food organizations were purposively selected from amongst the food businesses in the city because of their geographical spread across the city metropolis, their huge staff strength, the high customer patronage, the evident participation in the food services sector and because they had been in the food business for over ten years.

### 4.2. Validity and Reliability of Research Instrument

An appropriately structured 28 item research instrument prepared in a 5-point Likert format ranging from strongly disagree to strongly agree was used for data collection to assess the variables – BPO, KPO, ITO and organizational performance. The items were derived from different extant studies on outsourcing and modified to suit the objectives of this study. The validity of the instrument was assured using face and content validation techniques.

We conducted a pilot study to establish the reliability of the instrument. This was determined by conducting a reliability test using the Cronbach alpha reliability coefficient test. Alpha values for all the variables were between 0.72 - 0.86 lying greater than the 0.70 acceptable range for a reliable and standard value as proposed by Nunnally (1978). The reliability values are given in Table 1 below. The table displays the different variables examined with their computed alpha values. The variables studied are BPO, KPO, information process outsourcing and organizational performance.

**Table 1.** Reliability alpha values.

No	Variables	Alpha values
1.	Business process outsourcing	0.86
2.	Knowledge process outsourcing	0.72
3.	Information technology outsourcing	0.83
4.	Organizational performance	0.80

Source: Authors' computation.

The functional regression model is given as:

$$OP = f(OS) \quad 1$$

$$\text{Whereas: } OS = f(BPO, KPO, ITO) \quad 2$$

Then:

$$OP = f(BPO, KPO, ITO) \quad 3$$

The econometric form of the research model is given as:

$$OP = \beta_0 + \beta_1 BPO + \beta_2 KPO + \beta_3 ITO + \epsilon_0 \quad 4$$

Where:

OS = Outsourcing strategies (BPO, KPO, ITO)

BPO = Business process outsourcing made up of the following items: BPOI<sub>1</sub>, - BPOI<sub>7</sub>

KPO = Knowledge process outsourcing made up of the following items: KPOI<sub>1</sub>, - KPOI<sub>7</sub>

ITO = Information technology outsourcing made up of the following items: ITOI<sub>1</sub>, - ITOI<sub>7</sub>

OP = Organizational performance made up of the following items: OPI<sub>1</sub>, - OPI<sub>7</sub>

ε<sub>0</sub> = Error term

β<sub>0</sub> = Intercept of model constant

β<sub>1</sub> - β<sub>3</sub> = are the regression coefficients.

## 5. Results and Discussion

At the inferential level of analysis, the hypotheses were tested with multiple regressions.



The hypotheses were tested at 5% level of significance. The choice of regression analysis was because it establishes the presence of an association and explains the effect of the components of the independent variables on the dependent variable. The summarized regression results are presented in table 2. The table contains the regression output for the different independent and dependent variables examined showing the regression coefficients, the R value, the R<sup>2</sup> value, the adjusted R<sup>2</sup> value and the F statistics. The details are given in table 2 below where predictors include Constant, BPO, KPO, and ITO; and dependent variable is OP.

**Table 2.** Summarized regression results.

	Un. Std. Coef		Std. Coef (Beta)	t-value	p-value	VIF
	Beta	SE error				
Constant	2.793	.317		4.956	0.000	
BPO	0.198	.089	0.109	6.821	0.004	1.88
KPO	0.850	.206	0.321	2.652	0.005	1.05
ITO	0.611	.108	0.435	8.410	0.002	1.88
R = 0.75						
R <sup>2</sup> = .562						
Adjusted R <sup>2</sup> = .55						
Standard error of estimate = .599						
F value = 36.463						

The constant term coefficient value is 2.793, BPO coefficient is 0.198 with a standard error of 0.109, KPO coefficient is 0.850 with a standard error of 0.321, and ITO is 0.611 and 0.435 respectively. Also, the three independent variables (BPO, KPO, and ITO) have their variance inflation factor (VIF) less than 2 hence, the multicollinearity generated by these variables (BPO, KPO, and ITO) is not significant. The result shows that organizational performance is linearly related to the independent variables: BPO, KPO, and information process outsourcing (ITO) with a constant term that is 2.793. Also, the three components of outsourcing were significant and had p-values all less than the alpha ( $\alpha$ ) significance value of 0.05. The model summary showed R value = 0.75; R<sup>2</sup> value = .562; adjusted R<sup>2</sup> value = .55; and F value = 36.463. The p values were all significant at (0.000; 0.004; 0.005 and 0.002) respectively. The R<sup>2</sup> value of 0.562, suggests that approximately 56.2% of the variance in organizational performance is explainable by the combined effect of the three predictor variables, i.e. components of outsourcing investigated. This demonstrates a moderately strong relationship between the predictors and the dependent variable – organizational performance. The R value of 0.75 implies a strong positive linear relationship between the observed and predicted values of organizational performance implying that the model's pre-dictions closely align with actual observed outcomes. The adjusted R<sup>2</sup> value of 0.555 accounts for the number of predictors in the model and the sample size (n = 196). The small difference between R<sup>2</sup> and the adjusted R<sup>2</sup> indicates that the model is not overfitted and the predictors contribute meaningfully to explaining the variation in organizational performance, even when adjusted for model complexity.

Our study findings showed that outsourcing influences organizational performance in the sampled fast-food businesses. This means that BPO, KPO and ITO are effective in improving organizational performance. Specifically concerning research question one and hypothesis one, the result reveals that BPO has a significant relationship with organizational performance in the sampled fast-food businesses. This finding is in line with the study by Awino and Mutua (2014) whose research confirmed that Kenyan State corporations were involved in outsourcing; and that BPO had a positive contribution to the firms' overall performance. Similar results were reported by Nyameboame and Haddud (2017) that outsourcing reduced operational cost, enabled consistent and improved service delivery, enhanced current technology and expert knowledge and significantly enhanced the performance in the oil and gas organization. Makau and Nyangau (2022) report study findings that establish the influence of BPO on organizational performance through BPO activities like supply chain and customer services outsourcing in selected local airlines in Kenya. Our finding differs somewhat from the result of the study by Ejechi and Oshodin (2019) who reported that BPO demonstrated an indirect relationship with organizational performance through competitive advantage. Their study reported that the components of BPO employed did not have significant effect on organizational performance but on competitive advantage,

and that BPO activities should be stepped up by organizations because rather than impacting indirectly on organizational performance, a direct impact will be more significant to the performance of the organization. Theoretically our study result lends support to the RBV of the firm, that organizations can attain improved performance when they utilize resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). In this context when they properly manage their outsourcing relationship and activities with their strategic partners who satisfy the VRIN criteria, their organizational performance and value creation will be enhanced.

For research question two and hypothesis two on the effect of KPO on organizational performance, the result reveals that KPO has a statistically significant and positive effect on organizational performance. This finding reinforces the view that outsourcing knowledge-intensive activities can serve as a strategic lever for improving operational efficiency, innovation capacity, and overall performance outcomes. Our result aligns with a growing body of empirical and theoretical studies that underscore the role of knowledge outsourcing on firm-level outcomes. For instance, Liu and Deng (2015) provide empirical evidence that organizations can significantly improve performance metrics through the effective management of KPO capabilities. Their study highlights how well-structured KPO arrangements facilitate learning, innovation, and value creation within firms. Similarly, Liu and Lin (2019) reported that knowledge outsourcing is positively correlated with key performance indicators such as productivity, customer satisfaction, and financial returns, suggesting that strategic investments in KPO can be a vital component of competitive advantage. The study by Akinbola, Ogunnaike, and Ojo (2013) reported that KPO supported customer satisfaction and marketing performance. Also, KPO fosters organizational learning and capacity development, as it often involves collaboration with external knowledge experts and the integration of advanced analytical capabilities.

In addition, the positive relationship observed between KPO and performance may be explained through the lens of Knowledge-Based Theory, which views knowledge as the most strategically significant resource of the firm. Outsourcing to knowledge experts allows firms to access sophisticated cognitive and technical skills, which, when properly integrated, can lead to higher levels of innovation, efficiency, and customer satisfaction. In sum, the evidence supports the conclusion that KPO is not merely a cost-saving tactic but a strategic approach to drive superior performance outcomes especially in knowledge-intensive industries where innovation, responsiveness, and adaptability are critical to survival and growth.

With respect to research question three and hypothesis three on the effect of information technology outsourcing on organizational performance, our study finding provides empirical evidence to support that ITO benefits the company by enhancing performance. This is supported by the study of Mtsweni, Mokwena and Moeti (2021) whose study results revealed that the quality of IT services provided have a direct impact on the performance of the organization. Also, Wang, Gwebu, Wang, and Zhu, (2008) report that there are positive effects of information technology outsourcing on performance and that it appears mostly at the process level. On the contrary, our findings differ from the results of the study by Murphy (2024) who examined the influence of IT outsourcing on organizational success and innovation and reports findings indicating a worrisome rate of ITO failures and that the specific industry of an organization can affect its success. The study also reported information technology outsourcing as adversely impacting organizational innovation and recommended intense market research on vendor skillsets and experience, establishment of well-structured contracts and multi-sourcing strategies amongst others to mitigate incidences of ITO failures.

## 5. Conclusions

The study concludes that all three dimensions of outsourcing explored had significant effect on the performance of the sampled fast-food businesses in Benin City Metropolis. In view of the above the study recommended that fast-food businesses should optimize BPO practices and identify operational processes suitable for outsourcing to improve efficiency and reduce costs. The management should leverage KPO for innovation as it enhances business performance. The fast-food businesses should utilize it to foster innovation and support strategic decision-making. Specialized knowledge-intensive tasks such as market research, data analytics, and product development should be outsourced to KPO providers with deep industry expertise. Also, the sampled fast-food businesses should strengthen ITO practices in view of its significant effect on business performance as it will ensure a secure, reliable, and up-to-date technology infrastructure. The organizations should work with ITO



partners who can provide robust services like cyber security, facilities management and system integration. This will ensure operational efficiency, protect sensitive data, and align information technology systems with the business's strategic objectives. The implications in practical terms are that fast food businesses should enhance operational efficiency by outsourcing routine tasks, utilize knowledge process out-sourcing possibilities and invest in ITO to ensure reliable systems and cybersecurity, technology infrastructure alignment etc. The study suggests that future studies should be undertaken to compare outsourcing effects across different service industries to highlight sector-specific practices. Also, longitudinal studies should be conducted to examine how outsourcing affects sustained innovation, profitability, and customer loyalty. Lastly it is also important to explore outsourcing risks in fast food operations and how proper governance can minimize them.

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