

# GENDER AND EXPERIENCE OF BUSINESS PROCESS OUTSOURCING STRATEGY ON ORGANIZATIONAL PERFORMANCE

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## Abstract

*The study focused on the impact of gender and experience on business process outsourcing (BPO) strategy on competitive advantage and organizational performance. Three second-order constructs of BPO were identified as strategic risk, capability evaluation and relationship commitment. These variables were moderated in terms of gender and experience against competitive advantage. The survey research design was employed in order to obtain information on the characteristics of the respondents. The population (100) comprised of all manufacturing firms registered with the Manufacturers Association of Nigeria (MAN), Edo/Delta. Each firm was administered a questionnaire and only 86 was found useable which then constituted our sample size. Data was first analyzed using Microsoft excel (2010) to code and screen data, while AMOS 23.0 was further used to perform moderating effects of gender and experience on competitive advantage and organizational performance respectively using AMOS 23.0. The result showed that with respect to capability evaluation, females ( $P < 0.001$ ) have more impact on competitive advantage than males ( $p < 0.011$ ), while with respect to competitive advantage respondents within 1-5 years ( $p < 0.32$ ) and 6-10 years ( $p < 0.44$ ) of experience had more impact on organizational performance. The study concluded that with respect to capability evaluation, female have more impact on competitive advantage and this could be as a result of either they had a clear understanding of the core and non-core capabilities or some other factors. Also, with respect to the impact of competitive advantage on organizational performance, the males had more influence and this could be attributed their consistent emphasis on quality, reliability and or quick responsiveness to customers. The study concluded that with respect to capability evaluation on competitive advantage, employees within the experience range of 1-5 years had more impact than others and this could be as a result of either careful consideration was given to capabilities that may be important in the failure or some other factors. Finally, the study concluded that the impact of competitive advantage on organizational performance was attributed to employees in the category of 1-5 years and 6-10 years of experience. The study recommended that organizations should motivate and train the workers equally without prejudice to gender preference. Where teams are inevitable, a detailed understanding of core and non-core business process outsourcing capabilities be conveyed to the workers, specifying their responsibilities followed with appropriate authority and they should know what is expected of them.*

**Keywords:** Business process outsourcing, capability evaluation, competitive advantage, organizational performance, relationship commitment, strategic risk

## Introduction

Globalization has and is still the trending issue that has kept the business organizations on their toes always searching for better ways to achieve performance. Organizations have continuously made effort integrate its supply chains performance by outsourcing part of its business. Outsourcing is a strategy employed by organizations (client) to assign/give the rights and authority to another organization (service provider) to undertake some its activities, usually the non-core activities. In other words, activities that involve strategically delegating part of the business to an independent unit or organization is referred to as outsourcing. Not all functions or services or products can be fully undertaken by organizations especially the large ones. One would ask, which aspect of one's supply chain should organizations make internally and which should be source externally? There is need to outsource some activities especially in large organizations. Outsourcing is clearly a management strategy not just to gain competitive advantage and core competence rather it is also an avenue to enhance organizational performance.

Today, outsourcing has clearly developed as a predominant and transformational business practice (Handley & Benton, 2009) that promotes organizational performance. Organizational performance is basically a function of the workforce and the workforce can be said to be a function of motivation. All organizational performance depends largely on the workforce and it is therefore pertinent for organizations to continually recognize the importance of every worker. Organizations relies on the workforce to improve performance or achieves its missions and also to increase productivity. This study intended to unveil the extent to which, firstly, the impact of gender on competitive advantage and organizational performance; and secondly, the impact of experience on competitive advantage and organizational performance. In other words, this study was set out to examine the moderating effects of gender and experience of the workforce with respect to BPO strategy on competitive advantage and organizational performance.

## **Literature Review**

### ***Organizational Performance***

Organizational performance is a measure of the situation of the business either overtime or at present. It could be measured in terms of financial metrics or non-financial metrics. Several variables have been used to define the concept of organizational performance. Some of the variables include profits, sales/turnover, growth in key results areas, dividends, and lots more. Organizations choice of measures for its performance varies even within the same industry. However, similar is that, whatever variables adopted will be measured against set targets.

### ***Business Process Outsourcing Defined***

A business process involves a series of activities aimed at achieving set goals. Trkman, (2010) describes business process as an organized and related set of activities designed to attain defined goals and to add value to its stakeholders especially its customers. It is simply the movement and provision of a business process from an organization to an external organization. BPO is surrendering the realization of a process to another to perform. The process might include product/service design, marketing functions, accounting functions, human resource functions, research and development functions, logistic functions, security functions etc. (Brown & Wilson, 2005). In evaluating the business outsourcing process in relation to organizational performance, three constructs/variables (strategic risk, capability evaluation and relationship commitment) will be examined as identified by Handley and Benton (2009) as critical elements.

### ***Strategic Risk Evaluation***

Looking at the risk involved in outsourcing and the required capabilities, organizations must decide on what activities to outsource and what not to. Two theories are pertinent here: the transaction theory and the resource based view theory. The transaction cost theory according to Williamson (1979) the market should be responsible for providing for the cost of goods/services. He further asserted that “it is not possible for a firm to completely contract while incomplete contracts create renegotiations when the balance of power between the transacting parties shifts”. Transaction cost theory (TCT) considers the asset specificity (to what extent can an asset, such as specialized software or product, be redeployed), cost of

transaction/exchange, environmental uncertainty, as well as the frequency of the transaction (Nma, Chigbu, & Abasilim, 2014). Resource based view lies on the premise that resources should be made available to promote organizational success. Information resource can also be externally sourced. Daily, Malton and Cannella (2003) view that the performance of an organization for the achievement of their various objectives is a function of available information to the management.

It can be said that a detailed evaluation of these strategic implications of outsourcing will be associated with higher level of organizational performance. Not evaluating can cause a firm to outsource its core activities unknowingly. Handley and Benton (2009) found out that there is no positive impact of strategic evaluation on organizational performance.

The strategic consequences of outsourcing can give an organization a competitive advantage (Handley & Benton, 2009). According to the core competence theory, only core or critical activities should not be outsourced and that by so doing, it will gain competitive advantage by been able to focus on speed (time), quality of its core activities, price etc. It can also be postulated that critical strategic evaluation is associated with competitive advantage.

### **Capability Evaluation**

Capability evaluation is the degree to which the capabilities and resources of an organization is evaluated. Insinga and Werle (2000) posited that the evaluation of organizations capabilities is necessary when outsourcing decisions are to be made. Handley and Benton (2009) emphasized organizations must do more than just evaluating its capabilities but must consider the importance of that activity to the strategic intent of the organization. The environment of business is not constant and as such the core capabilities of today will also change and might become non-core in the future. In 2008, Holweg and Pil added that capability evaluation must further consider the prerequisite skills needed in other to gain competitive advantage. The resource based view theory has been used to explain capability evaluation of organizations by stating that when organizations create boundaries.

### **Relationship Commitment**

Relationship commitment according to Prahinski and Benton (2004) is a situation where the client (the outsourcing firm) obligates itself to fulfilling the term and conditions surrounding a stable relationship with the supplier or vendor. It is about making long and short term or continuous sacrifice to adhere to the contractual relationship and or obligations by all supply chain partners. Anderson and Weitz (1992) describe relationship commitment as “a willingness to make short-term sacrifices to maintain the relationship.” BPO relationship requires total commitment from all supply chain partners involved especially the top management of the outsourcing firm (Kakabadse & Kakabadse, 2003). Prahinski and Benton (2004) had a different view of relationship commitment. They saw this relationship as a partnership and as a total system where either the clients or the vendor must maximize the value as a whole rather than maximizing their values independently at the expense of the other.

### **Competitive Advantage**

Organizations are always on their toes trying to surpass competitors to become leaders or gain higher market share. Competitive advantage simply means superior performance relative to other competitors in the same industry or superior performance relative to the industry average (Barney, 1995). It is simply providing customers with greater value for patronizing the organization, thereby edging out its competitors. Competitive advantage is the extent to which an organization is able to create a defensible position over its competitors (Li et. al, 2006). It comprises capabilities that allow an organization to differentiate itself from its competitors and is an outcome of critical management decisions. Competitive advantage is the leverage that a business has over its competitors. This can be gained by offering clients better and greater value.

Wang (2014) simply stated that when an organization develops and/or acquires certain qualities which its competitors do not have, then competitive advantage is achieved. can be gained by offering clients better and greater value. There are so many dimensions that abound in literature in an attempt to measure competitive advantage. Some of the dimensions include profitability, price/cost, customer satisfaction, product innovation, quality, dependable delivery, timeliness to the market etc.

### **Theoretical Framework**

This research is based on the Resource Based View (RBV) theory that assumes resources are means to achieving competitive advantage and superior organizational performance. Jurevicius, (2013) argued that if a resource exhibits VRIO (Value, Rare, Imitate, and Organized) qualities, the resource enables the organization achieve and sustain competitive advantage.

### **Methodology**

The study utilized the survey research design. It specifically adopted a survey research design that utilized questionnaires to obtain data from respondents. Survey researched design was chosen because we could not cover a high number of respondents. From the bulletin of the Manufacturers Association of Nigeria, Edo/Delta, only 100 organizations registered formally with the Association. This later became the basis of the population of the study. The unit of analysis was delimited to Edo/Delta because of proximity, and Managers and Supervisors formed our respondents because they have the necessary information for this study. A copy of the questionnaire was given to each organization which was filled by either the Manager/Supervisor. A total number of 86 copies of the questionnaire was found useable which then constituted the sample size. The data was analyzed using MS Excel version 2010, and AMOS software where moderating effects were performed.

### **Empirical Analyses and Results**

Analyses and reports of this study is shown below:

#### ***Description of Respondents' Bio-Data***

This section contains the descriptive analysis of the demographic information elicited from the sampled respondents. The demographic variables include: gender, experience and education qualification.

Table 1: Respondents Demographics

S/N	Variables		Frequency/Percentage
1	Gender	Male	67(80.7%)
		Female	16(19.3%)
2	Experience	1-5yrs	18(21.7%)
		6-10yrs	47(56.6%)
		11-15yrs	13(15.7%)
		16-20yrs	Nil
		21yrs and above	Nil

Source: Researchers' computation (2021)

### Tests for Measurement Model

#### *Validity and reliability of instrument*

The reliabilities and validities were evaluated via Cronbach's Alpha of SMARTPLS. Table 2 report Cronbach's Alpha, rho\_A, composite reliability and discriminant validity.

Table 2: Construct Reliability and Validity

	Cronbach's Alpha	rho-A	Composite reliability	Discriminant validity
CA	0.72	0.741	0.839	0.797
OP	0.745	0.798	0.849	0.809

Source: Researchers' computation (2021)

### Tests for Moderating Effects

In testing for moderating effects, gender and experience of the respondents will be considered. Firstly, our analysis report on gender shows (see Table 3) that only capability evaluation influences competitive advantage and that more of the influence on competitive advantage is attributed to females. That is to say, the females ( $p < 0.01$ ) has more influence than males ( $p > 0.05$ ) with respect to the impact of capability evaluation on competitive advantage. Also, with respect to organizational performance, our study found out that males ( $p < 0.05$ ) have more impact than females ( $p > 0.05$ ).

*Table 3: Comparison of path coefficients and T-values for Gender*

Paths	Male		Female		Comparison
	Est.	T-value	Est.	T-value	
SR-OP	-.421	.674	.685	.493	M = F
SR-CA	-.790	.430	.796	.426	M = F
CE-CA	.803	.422	-6.130	**	M < F
RC-CA	.655	.512	-1.013	.311	M = F
CA-OP	-2.529	.011*	-.490	.624	M > F

\*\* P < 0.001, \* p < 0.05, M=F means no difference in impact between male and female on CA, M<F means female has more impact than male, M>F means male has more impact on OP than females.

Source: Researchers' computation (2021)

For covariance, only relationship between CE and SR was significant with both males and females' p values greater than 0.01. However more of the effect was from the males (0.006) than from the females (0.01). The study found out that there were high and positive correlation between CE and SR (0.796), low correlation between SR and RC (0.283) and negative and low correlation between CE and RC (-0.132).

*Table 4: Moderation effects indicating the covariance and correlations of Male and Female respondents*

#### Covariances: (Male - Default model)

##### Correlations: (Male)

	Estimate	S.E.	C.R.	P		Estimate
ZSR<-->ZCE	0.381	0.138	2.759	0.006	ZSR<-->ZCE	0.387
ZSR<-->ZRC	-0.044	0.129	-0.344	0.731	ZSR<-->ZRC	-0.045
ZRC<-->ZCE	-0.116	0.13	0.898	0.369	ZRC<-->ZCE	-0.118

Source: Researchers' computation (2021)

#### Covariances: (Female - Default model)

##### Correlations: (Female)

	Estimate	S.E.	C.R.	P		Estimate
ZSR<-->ZCE	0.574	0.234	2.457	0.014	ZSR<-->ZCE	0.796
ZSR<-->ZRC	0.228	0.212	1.076	0.282	ZSR<-->ZRC	0.283
ZRC<-->ZCE	-0.147	0.271	-0.517	0.605	ZRC<-->ZCE	-0.132

Source: Researchers' computation (2021)



*Table 5: Goodness of fit statistics in moderating effects of gender*

Indices	Abbreviation	Observed values	Recommended criteria	References
Chi square	$\chi^2$	5.919	pval>0.05	Hair, Black, Babin, Anderson, and Tatham (2010)
Normed chi square	$\chi^2/DF$	1.480	$1 < \chi^2/df < 3$	Byrne (2010)
Goodness-of-fit index	GFI	.970	>0.90	Hu and Bentler (1999)
Adjusted GFI	AGFI	.777	>0.80	Jöreskog and Sörbom (1993)
Normed fit index	NFI	.918	>0.90	
Comparative fit index	CFI	.963	>0.95	
Root mean square error of approximation	RMSEA	.081	<0.05 good fit <0.08 acceptable fit	
Tucker-Lewis index	TLI	.817	$0 < TLI < 1$	

*Source: Researchers' computation (2021)*

Our analysis report on experience showed (see Table 6) that only capability evaluation impacts on competitive advantage and that more of the influence on competitive advantage is attributed to respondents with experience between 1-5 years ( $p < 0.01$ ) while other respondents with higher experience were insignificant. This is possible because the management might decide to have in fresh hands that are flexible to engage in outsourcing activities. Also, with respect to the impact of competitive advantage on organizational performance, our study found out that respondents with experience between 1-5 years and 6-10 years ( $p < 0.05$ ) have more impact than respondents with experience between 11-15 years ( $p > 0.05$ ).

*Table 6: Comparison of path coefficients and T-values for Experience*

Paths	Exp. 1-5yrs	Exp. 6-10yrs	Exp. 11-15yrs	Comparison
	Est. T-value	Est. T-value	Est. T-value	
RC-CA	-.585 .559	-.095 .924	-.253 .800	=
CE-CA	-4.756 **	-1.308 .191	1.133 .257	1-5years >
RC-OP	1.213 .225	.063 .949	.213 .831	=
CA-OP	2.145 .032*	2.011 .044*	.377 .706	<11-15years

\*\*  $P < 0.001$ , \*  $p < 0.05$ ; = means no difference in impact on RC-CA between the categories of experience, 1-5years > means it has more impact than other respondents in other experience category and <11-15years means respondents in this category have no impacts on OP while others respondents in other category has.

*Source: Researchers' computation (2021)*

For covariance, only relationship between CE and SR was significant for respondents with experience between 6-10 years (0.01) (see Appendix VI).

The study also found out that there were moderate and positive correlation between CE and SR for all respondents.

*Table 7: Moderation effects indicating the covariance and correlations of respondents with various categories of experience*

**Covariances: (Exp1-5 - Default model)**

**Correlations: (Exp1-5)**

	Estimate	S.E.	C.R.	P		Estimate
ZCE<-->ZSR	.416	.242	1.720	.085	ZCE<-->ZSR	.439
ZRC<-->ZSR	.138	.224	.618	.537	ZRC<-->ZSR	.146
ZCE<-->ZRC	-.182	.225	-.806	.420	ZCE<-->ZRC	-.192

**Covariances: (Exp6-10 - Default model)**

**Correlations: (Exp6-10)**

	Estimate	S.E.	C.R.	P		Estimate
ZCE<-->ZSR	.550	.163	3.366	**	ZCE<-->ZSR	.562
ZRC<-->ZSR	.058	.143	.405	.686	ZRC<-->ZSR	.059
ZCE<-->ZRC	-.147	.144	-1.021	.307	ZCE<-->ZRC	-.150

**Covariances: (Exp11-15 - Default model)**

**Correlations:**

**(Exp11-15)**

	Estimate	S.E.	C.R.	P		Estimate
ZCE<-->ZSR	.390	.266	1.466	.143	ZCE<-->ZSR	.418
ZRC<-->ZSR	.061	.246	.246	.805	ZRC<-->ZSR	.065
ZCE<-->ZRC	.098	.247	.399	.690	ZCE<-->ZRC	.105

*Source: Researchers' computation (2021)*

*Table 8: Goodness of fit statistics in moderating effects of experience*

Indices	Abbreviation	Observed values	Recommended criteria	References
Chi square	$\chi^2$	3.255	pval>0.05	Hair, Black, Babin, Anderson, and Tatham (2010)
Normed chi square	$\chi^2/DF$	.362	$1 < \chi^2/df < 3$	Byrne (2010)
Goodness-of-fit index	GFI	.983	>0.90	Hu and Bentler (1999)
Adjusted GFI	AGFI	.915	>0.80	Jöreskog and Sörbom (1993)
Normed fit index	NFI	.945	>0.90	
Comparative fit index	CFI	1.000	>0.95	
Root mean square error of approximation	RMSEA	.001	<0.05 good fit <0.08 acceptable fit	
Tucker-Lewis index	TLI	0.990	0<TLI<1	

*Source: Researchers' computation (2021)*

## Conclusion

After a review and analysis on the impact gender and experience has on competitive advantage and organizational performance, the study concluded that with respect to capability evaluation, female have more impact on competitive advantage and this could be as a result of either their evaluation team had a clear understanding of our core and non-core capabilities or their outsourcing decision were consistent with the business units and operations strategy or they fully evaluated their outsourcing decision in line with future strategic options. The study further concluded that with respect to the impact of competitive advantage on organizational performance, the males had more influence and this could be attributed their consistent emphasis on quality, reliability and or quick responsiveness to customers. The study revealed that both gender and experience of all categories had equal impact on competitive advantage and organizational performance with respect to strategic risk and relationship commitment. Delving into our analysis on experience, we concluded that with respect to capability evaluation on competitive advantage, employees within the experience range of 1-5 years had more impact than others and this could be as a result of either careful consideration was given to capabilities that may be important in the failure or they were more motivated, or self-drive for actualization of organizational goals, or the evaluation team fully considered the organizations' core competence or some other factors. Finally, the study concluded that the impact of competitive advantage on organizational performance was attributed to employees in the category of 1-5 years and 6-10 years of experience. This could mean that the old workers are tired or not motivated because they are at the peak of their career or they are not flexible enough to adapt to the changes in the dynamic environment of business or they have in the past failed to introduce new products to the market or lack dependable delivery in the past or some other factors.

The study recommended that organizations should

- i. motivate and train the workers equally without prejudice to gender preference. Where teams are inevitable, a detailed understanding of core and non-core business process outsourcing capabilities be conveyed to the workers, specifying their responsibilities followed with appropriate authority and they should know what is expected of them;
- ii. workers with more experience should be kept abreast of the technological changing business world and be trained alongside

those with less experience. This will be of enormous benefit to the organizations because more wealth of experience and training will reflect on market and financial performance of the organization.

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