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INFLUENCE OF OUTSOURCING STRATEGIES ON PERFORMANCE OF SELECTED MEDIA HOUSES IN KENYA

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Abstract

Purpose: This study sought to establish the influence of outsourcing strategies on the performance of selected media houses in Kenya. The study specifically sought to establish the influence of information technology outsourcing, customer care management outsourcing, human resource outsourcing, and logistics outsourcing on the performance of selected media houses in Kenya.

Methodology: The study was guided by the following theories: Transaction Cost Theory, Resource-Based View Theory, Core Competency Theory, and Human Resource Theory. A descriptive research design was used in this study. The target population comprised 3 media houses in Kenya, with the unit of observation being employees in managerial positions in the IT department, Customer Care Department, Human Resource Department, and transport and logistics department. The study adopted Yamane's sampling formula to acquire a sample of 165 respondents from the target population. The instrument for primary data collection in this research was a numerical 5-point Likert scale questionnaire. The data collected was analyzed by employing descriptive statistics and inferential analysis using the Statistical Package for the Social Sciences (SPSS) version 21 and MS Excel Software.

Findings: The results of the study revealed that information technology outsourcing, customer care management outsourcing, human resource outsourcing, and logistics outsourcing positively and significantly influence the performance of the selected media houses in Kenya. The findings indicate that these outsourcing practices positively and significantly influence the performance of media houses, underscoring their strategic value in enhancing organizational effectiveness and competitiveness.

Unique Contribution to Theory, Practice and Policy: The study recommended that selected media houses strengthen their performance by enhancing strategic outsourcing practices across key functional areas. Specifically, the study advocates for increased information technology outsourcing, including system development, network management, call center operations, and maintenance of applications and operating systems. It further recommends outsourcing customer care management through collaborative customer engagement, support services, and innovative retention strategies implemented by external vendors. In addition, the study emphasizes outsourcing human resource functions such as recruitment, training, performance appraisal, restructuring, and downsizing processes to competent firms. Finally, it highlights the importance of logistics outsourcing, including inventory, procurement, order management, transport, and information management functions.

Key Words: *Information Technology Outsourcing, Customer Care Management Outsourcing, Human Resource Outsourcing, Logistic Outsourcing and Performance.*

Background of the Study

The business operational environment in the current times is characterized by dynamism, characterized by competition and increased changes in customer demands (Jae et al., 2008). Rapidly increasing and changing issues associated with business complexity are accelerating changes in firms and the way they carry out their businesses (Sev, 2009). Despite the dynamics and changes witnessed in firms, the realization of set goals forms the bottom line of operations in every organization. Dominguez (2006) asserts that for the realization of set goals and objectives in the presence of knowledge explosion, technological advancement, sophisticated business operations, and a constant need for growth, firms need to look for ways to enhance their performance.

A firm evaluates factors such as its staff's capability, its level of technology, level of business operations, among others, and judges whether it is in a position to achieve its goals with what it possesses or needs to look for strategies to complement (Lantz & Isaksson, 2015). In meeting the demands of shareholders and customers, a firm may opt to look for means to enhance its comparative advantage. By doing so, a firm aims at focusing on its core competencies while at the same time reducing its operational costs, which introduces outsourcing as the appropriate strategy (Elegbede & Akewushola, 2013). Outsourcing is a managerial tool that has gained popularity and relevance to managers in responding to the dynamics associated with today's business operations.

According to Fleury and Laugen (2012), outsourcing is a situation where an external vendor supplies services on a recurring basis to a firm that would essentially be executed in-house. Jae et al. (2015) view outsourcing as a process in which firms focus on their business aspects, which culminates in a competitive advantage and contracts out non-core or peripheral aspects to other firms. In this arrangement, the development and management of innovations within the outsourced activities becomes the sole responsibility of the contractor to the firm. With the prevailing competition, outsourcing has served as the means through which a firm gains a competitive advantage, as it provides the management with avenues of focusing on its core competencies. In this perspective, a business has the ability to shift its energies away from non-core activities lying outside its area of specialization and instead direct more energy on its areas of expertise, aiming at differentiating itself from its competitors.

By outsourcing, Kremic et al. (2016) note that a firm is in a position to reduce its costs of operations by benefiting from suppliers' lower costs of structure associated with economies of scale or other gains related to specialization of the outsourced activity. Firms have realized that outsourcing crucial support services enhances their edge in competition through the provision of accessibility to intellectual capital related to wealth without investing in infrastructure. The bottom line of any

outsourcing strategy is to enable a firm to concentrate on its core functions and allow a third party to devote resources and time to non-core functions.

Statement of the Problem

Globalization, increased competition, and a dynamic operational environment are forcing firms to adopt outsourcing strategies aiming at reducing costs, enhancing their competitive advantages, and satisfying shareholders (Mol, 2007). In this perspective, outsourcing has become a prevalent activity in business operations due to the realization of its importance in the performance of firms. Elegbebde and Akeshuwola (2012) contend that outsourcing strategies enhance customer satisfaction and frees the management from non-core functions to focus on core business activities. However, despite the benefits witnessed from outsourcing strategies, the results of the strategies in the media firms have not been fully felt. The media firms have been posting dwindling performance in terms of profits and market. According to the NSE Report (2016), media firms in Kenya registered a total loss of KShs 1.5 billion in 2016 and a subsequent total loss of KShs 1.02 billion in 2017, representing a 16% drop in 2015. Similarly, the market share of major media firms dropped by over 12% due to increased competition and a turbulent operational environment (PWC, 2016). The dismal performances have seen the media firms sack more than 500 employees in a bid to reduce operational costs and reposition themselves in the market. The poor performances raise the question of whether the adoption of outsourcing strategies influences the performance of the media firms.

The study is also motivated by knowledge gaps from other studies. Studies such as Dahlander and Gann (2010) on the influence of human resource outsourcing in Indian Media Houses established that outsourcing enabled the media firms to concentrate on core business activities, which enhanced performance. A study by Asakawa and Un (2014) on the effects of outsourcing strategies on organizational performance amongst Malaysian textiles manufacturing firms revealed that outsourcing strategies contributed to operational efficiencies, which enabled firms to perform competitively in the market. Musangi (2013) on business process outsourcing on performance of Kenyan manufacturing firms established that firms that adopted outsourcing strategies increased their profits while at the same time reducing their operational costs. Iravo and Maku (2013) on the effects of outsourcing on organization performance at Delmonte Kenya Limited revealed a positive correlation between outsourcing and performance. Most of the studies have focused on the influence of outsourcing on the performance of other firms rather than the media houses. Additionally, most of the studies have focused on firms outside Kenya. The current study thus seeks to establish the influence of outsourcing strategies on the performance of selected media houses in Kenya.

Objectives of the Study

- i. To find out the influence of technology outsourcing on the performance of selected media houses in Kenya

- ii. To examine the influence of customer care management outsourcing on the performance of selected media houses in Kenya
- iii. To assess the influence of human resource outsourcing on the performance of selected media houses in Kenya
- iv. To determine the influence of logistic outsourcing on the performance of selected media houses in Kenya

Literature Review

Theoretical Review

Transaction Cost Theory

The theory was proposed by Williamson (1979) and seeks to evaluate the logic behind the existence of firms. The theory postulates that firms exist with a perspective of reducing the transaction costs of specific transactions that are bound to occur between a seller and a buyer. Processes surrounding specific transactions are well designed within firms due to the limitations of human capabilities, associated specific transaction costs, and failure to consider basic assumptions related to markets such as homogeneous goods, perfect information, rational actors, and the unavailability of liquidity constraints.

The theory further seeks to expound on beneficial instances to execute a process in the firm and the ideal circumstances instigating the outsourcing process. In responding to the two instances, the theory views markets and firms as different forms that organize and coordinate economic transactions. According to the theory, when a firm's external transactions cost exceeds a firm's internal bureaucratic costs, the firm is bound to grow. The growth will be attributed to the firm's ability to produce items or undertake processes rather than if the activities or processes are executed externally. On the other hand, if internal bureaucratic costs of a firm involved in producing an item or undertaking a given process exceed the external markets, a firm is left only with the outsourcing option, without which the firm perishes.

The theory with respect to economics is perceived to provide tools suitable for making decisions that are necessary in helping a firm decide on outsourcing strategies (Ichoho, 2013). The theory further suggests that all functions where the benefits to a firm are higher than the transaction costs should be outsourced. Benefits include reduced production costs and increased revenues. The theory is relevant to the current study as it informs of the importance and relevance of outsourcing to a firm, more so due to the benefits associated with outsourcing, such as cost reduction. The theory supports the dependent variable of the study, which is the performance of the firm. The theory argues that better outsourcing practices contribute to cost-cutting, more so when the outsourced activities have high and unmanageable costs when conducted in-house. Accurate identification of processes and activities that need as shown by the theory would result to a reduction in costs and improvements in operational efficiencies amongst the selected media firms in Kenya.

Resource-Based View (RBV) Theory

Explanation of outsourcing within a firm can be explained with the aspect of the association between the service provider and the service receiver. The RBV offers an analysis of other dimensions, considering internal weaknesses and strengths of a firm. A firm's resource endowment generates its competitive advantage and core competencies for a specific business process. In this perspective, the theory defines resources as assets within a firm that are either intangible or tangible. According to Barney (1991), the proponent of RBV, the concept of resource-based view revolves around productive resources.

With respect to the theory of the resource-based view of a firm, outsourcing is seen as a firm's strategic decision which can be applied in filling existing gaps in a firm's capabilities and resources (Grover et al., 2007). In an ideal case, firms establish resources that they review periodically to respond to changes in the business operational environment. Pettus (2005) therefore argues that firms must design dynamic capabilities adaptable to changes in the business operational environment. According to Hoopes et al (2013), capability is the key strategic management role to competently adapt, reconfigure, and integrate both external and internal organizational resources, skills, and functional capabilities in order to match the needs of a changing operational environment. Combined right resources, skills and capability are important ingredients applied by firms and service providers in designing quality products and services.

The theory emphasizes on internal resources of a firm as opposed to external threats and opportunities created by conditions in the industry. The theory further emphasizes that to maintain sustainable competitive advantage in the industry of operation, a firm must have resources that provide economic value and must be immutable, scarce, non-substitutable, and not readily available and obtainable in the markets. The theory underpins two crucial points with respect to resources of a firm: one is that a firm's performance is determined by its resources, and secondly is that the resources must be valuable, immutable, rare, and non-substitutable by other resources.

The theory is relevant to the current study as it informs of the importance of resources such as information technology within a firm that determines outsourcing decisions aiming at improving performance. Outsourcing decisions are based on the objectives a firm aims at achieving, such as cost reduction, introduction of new products or services, labor flexibility, and focus on core competencies. The theory, therefore, supports the importance of information technology outsourcing.

Core Competency Theory

The theory was developed by the works of Prahalad and Gary Hamel in 1990. The theory postulates that firms must concentrate and focus on their strengths or the functions or areas in which they have high competencies. According to the theory, core competency refers to the collective organizational learning on the means to coordinate various skills of production and integrate diverse streams of technology. The theory further adds that firms need to position their strategies in order to tap the maximum benefits associated with their core competencies. According

to Prahalad and Hamel (1990), core competencies in a firm contribute to the production of quality services and products that compete effectively in the markets as compared to other products and services from other related firms.

In establishing the theory, Prahalad and Hamel (1990) noted that each firm possesses a specific area where it performs the best compared to its competitors. Application of this area of excellence by a firm in the production of other areas, such as product and services development, and market establishment, contributes to valued addition to the final customer. In operations of firms, the theory implies that firms need to nurture their core competencies and build their business models around the core competencies rather than focusing on non-core areas where the firm possesses less competency. This, according to the theory, does not mean that other competencies need to be ignored or neglected. Rather, the concept behind the theory is that firms need to leverage their core strengths and find a means of handling non-core activities.

The theory further suggests that activities within a firm need to be performed either by an external service provider or in-house. A firm categorizes activities into core and non-core, and the core competency theory advises firms to outsource non-core activities to best fit external service providers who are specialized in the specific area. However, some non-core activities that bear a significant impact on a firm's competitive advantage need to be retained and performed in-house. The aspect of outsourcing non-core competencies transfers responsibilities such as transport functions to the hands of suppliers who have the capability of performing the activities successfully (Kumar & Chandra, 2006). Such functions enhance a firm's success as it is able to capitalize on its key functions. The theory informs of the relevance of outsourcing processes such as logistics and technology which enables a firm to focus on its core competencies. The theory, therefore, supports logistics and technology outsourcing practices of a firm.

Human Resource Theory

The theory was proposed by Elton Mayo in the early 1970s and generally incorporates all the strategic objectives and tactics applied by owners and managers of firms in administering procedures and policies associated with employees. According to the theory, specific human resource objectives vary between organizations with respect to particular workforce compositions and needs, and various overarching and major objectives are viewed as important (Beer, 2017). One of the notable and important objectives associated with the theory, and usually overlooked, is the role of HR in managing a firm's cost-effectiveness. While the functions of accounting and finance are ultimately for controlling expenses and balancing budgets, HR processes play a key role in managing outgoing costs of a firm.

According to Deadrick and Stone (2009), management of a firm needs to be cognizant when carrying out processes such as hiring so that the benefits they offer match with prevailing benefits offered by other firms in the same sector. Part of controlling the hiring process is working closely with an external hiring firm since the process takes valuable resources and time that may be unavailable in the firm. Delegating such functions to an external party enables a firm to distribute

costs, save on time, and provides it with avenues for focusing on core activities. Consequently, a firm acquires the best-fit employees since the external service provider ensures only the best, qualified, and skilled employees are recruited. The external service provider takes caution not to acquire under-skilled employees due to the possible negative consequences bound to be incurred by the service provider (Deadrick & Stone, 2009). The theory contributes to the study as it informs of the importance of outsourcing human resource activities. The practice ensures that a firm acquires skilled personnel who positively contribute to improved performance in the processes of the firm. Additionally, the theory ensures that a firm focuses on its core activities and delegates other functions to other providers for the realization of operational efficiencies and effectiveness.

Conceptual Framework

A conceptual framework is a pictorial representation of variables, namely the independent, dependent and intermediate variables.

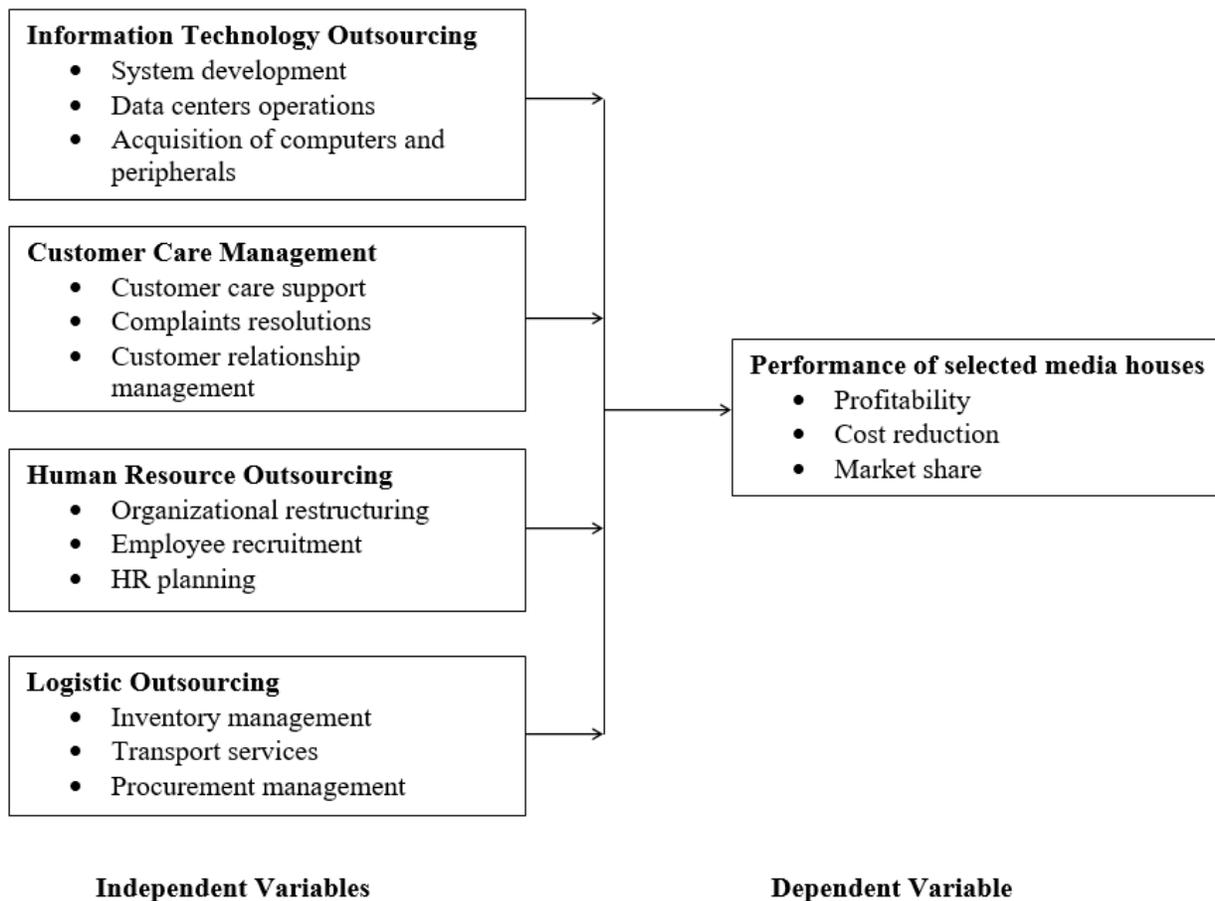


Figure 1: Conceptual Framework

Empirical Review

Information Technology Outsourcing

There has been a rapid increase in IT outsourcing in media firms attributed to technological advancement, which poses challenges to the administration of the media firms in keeping up with these changes and at the same time maintaining all relevant in-house capabilities and resources (Francois et al., 2017). Similarly, management of firms is always looking for ways in which it can focus on core business competencies and, on the other hand, access the latest technologies within their IT sector. Initially, the drive behind IT outsourcing emanated from a firm's need to control or reduce costs and concentrate on core competencies, but currently the practice is seen as a way of improving IT services in a firm (Lee et al., 2008). Kremic et al. (2006) add that there exist other reasons why firms opt to outsource IT, such as to reduce capital expenditure, to increase speed, to improve quality, to access a variety of skills, to access the latest technology and talent, to eliminate problem functions, and to attain better management and accountability. Despite the importance associated with IT outsourcing in helping firms survive in a dynamic business operational environment, Balakrishnan and Dhar (2016) note the presence of risks associated with outsourcing IT. Such risks exist in performance management, contract management, formulating scope, deciding schedule estimates and budgets, cross-cultural issues, and multivendor arrangements. Ashraf and Dieter (2013) identify five IT outsourcing practices offered in phases and undertaken by the providers and includes the intelligence phase, planning and analysis phase, action phase, strategy selection phase, and monitoring and evaluation phase. Kipsang (2013) adds that IT outsourcing functions comprise practices such as system development, data center operation, website management, and maintenance of computer systems.

Customer care management outsourcing

According to Richard and Kong (2009), customer care management is the extent to which a firm manages its customer service in respect to productivity, effectiveness, and quality. Deepark et al. (2013) assert that activities that contribute to effective customer care management practices in a firm include activities such as customer care support, complaint resolution activities, customer relationship management (CRM), and online customer support services. Dominguez (2006) asserts that customers are the reason for the existence of firms, and their management plays a significant role in determining the success or failure of firms. According to Goroos (2015), a progressive customer relationship helps in providing a sense of trust, security, and a feeling of control. Similarly, it creates a sense of belonging where customers continue consuming products and services offered by the firm. A study by Walton and Xu (2005) revealed that firms opt for outsourcing customer management functions in order to retain existing customers while attracting more customers, to improve the level of customer satisfaction, improve the value of customer lifetime, and provide strategic information on the firm's operations. In the current dynamic operation environment, customer attraction and retention are of great importance, and if a firm fails in managing its customers ends up losing one of the greatest assets responsible for firm growth

and development (Ramanathan, 2008). To mitigate loss of customers due to poor attention, outsourcing comes into place to take the roles of customer management and support on behalf of a firm, which allows a firm to retain its customers while at the same time attracting more. An external provider of customer management and support understands the expectations of customers, behaviors, and attitudes deeply, and designs the means of fully satisfying the customer in order to realize prosperity in the firm. Additionally, the provider formulates innovative customer retention and attraction strategies, organizes and maintains customer databases in an orderly manner for future referencing. According to Verma and Pahuja (2015), these activities aim at ensuring that there exists customer satisfaction and delight at every operation level of a firm.

Human Resource Outsourcing

According to Reeds (2016), human resource outsourcing entails transferring a firm's human resource activities and functions to an external provider outside the firm itself. The mostly outsourced HR functions include selection, recruitment, HR planning, downsizing, training development, and restructuring (Papalexandris & Eleanna, 2005). Williams (2014) further adds that various firms go to the extent of outsourcing other functions, such as industrial relations, remuneration, and occupational health and safety. Empirical reviews of HR outsourcing have shown that the process results in increased benefits in a firm, such as increased employee efficiencies. This is due to the belief that the management of firms is provided with avenues for focusing on their respective core tasks, more so on strengthening operations for maximum realization of set goals and objectives. Kamath (2017) notes that firms also decide to undertake HR outsourcing as a cost saving strategy. When the activities are outsourced from countries such as China and India, the outsourcing firms benefit from reduced costs, which is further associated with the production of high-quality products and services that satisfy the needs of customers. This is due to the fact that the external providers enjoy economies of scale, which enable them to offer the same to firms contracting them. Outsourcing decisions emanate from the fact that the process enables a firm to access experience and knowledge from competent outsourcing providers, thus allowing a firm to concentrate on core competencies and reduce delivery cycle times. A firm has the potential to gain more benefits as a result of utilizing external HR experts compared to in-house experts, whose potential is limited to their own employees. One of the main functions of HR outsourcing and which is supported by many firms, is the recruitment process. Firms outsource this function to ensure that they acquire the best-fit employees with respect to the provided qualifications and experience. Past studies, such as Leverett (2010) and Megley & Kamery (2014), show that staff from an outsourcing firm have a negative attitude toward HR outsourcing due to the unemployment implications that such a function can bring. Ideally, Wadhani and Dobbs (2010) note that outsourcing leads to loss of jobs, which decreases the number of staff in the HR section. Consequently, confidentiality and security of firms may be compromised when activities such as HR Planning, HR strategy, payroll, or any other confidential information are outsourced. This calls

for concise considerations of the possible effects (positive or negative) that HR outsourcing is bound to have on employees and the general performance of the firm.

Logistic Outsourcing

Firms are currently experiencing a turbulent operational environment and challenges associated with competition and changes in customer demands. Additionally, there is intense pressure on firms to increase profitability, improve customer service, and widen their market shares locally, regionally, and globally. This has forced firms to adopt strategies such as logistic outsourcing to improve their performance and withstand stiff competition. In recent times, there has been a rapid growth in logistics outsourcing due to its positive impact on the execution of activities in firms. Past studies, such as Laugen et al. (2005), have established a positive correlation between logistic outsourcing best practices and performance of firms, thus increasing a firm's level of competitiveness. Mulama (2012) notes that management of logistics has emerged as one of the strategies adopted by firms that aim at enhancing their value and reducing costs. Some of the logistics outsourcing functions that most firms focus on include inventory management, information management, procurement practices, and material management. The measure of efficiency and effectiveness of logistic outsourcing is evaluated on aspects such as order fulfillment, content delivery, payment collection, and order management. Maghanga (2011) notes that logistic outsourcing contributes to the performance of firms by increasing customer demand responsiveness, enhancing quality and service delivery, reducing costs, increasing reliability, creating sound business relationships, and acting as a source of core competence within a firm.

Performance of Media Houses

Outsourcing has emerged as one of the key strategies adopted by firms aiming at improving performance. Christopher (2011) views performance as a function of efficiency and effectiveness, defined as the realization of a firm's set goals and objectives from the view of a judging party. Gunasegaram and Patel (2010) note that outsourcing performance is measured through three components: financial measures, strategic measures, and quality measures. Dean (2014) contends that a firm's key strategy enhances the success of outsourcing practices that culminate in performance improvement. Such key strategies consist of strategies with precise objectives, adequate skills, right outsourcing partners, effective communication, adequate planning, collaboration, and cooperation within the firm. Prater and Frazier (2016) assert that outsourcing is one of the key strategies that reinforces a firm's competitive advantage through increased profits and widened market share. Mutiangpili (2010) further adds that outsourcing practices make it possible for firms to access operational efficiencies by availing required experts who enhance the successful execution of activities. Outsourcing firms act as a driving force to vendors not only for them to provide the outsourced activity but also to avail other products and services, such as product development and design, enhancing a firm's competitiveness by improving product quality, lead time compression, and logistics efficiencies. Mclvor (2015) notes that in order to effectively realize the benefits of outsourcing, a firm needs to develop measures of process

performance before undertaking the outsourcing activity. This is aimed at assessing whether the service providers' outsourced deliver as expected compared with internal functions. Tamer (2010) further notes that efficient implementation of outsourcing practices increases organizational performance at every level, but cautions that the same might have negative effects on employees' quality of work life. This is attributed to the fact that outsourcing acts as a form of downsizing, which results in redundancies and negatively influences individual employee performance. Quinn (2010), on the other hand, notes that outsourcing becomes a beneficial practice towards a firm's performance if it enhances the firm's level of expertise, improves the quality of services, streamlines the production process, reduces administrative burdens and lowers general costs, and saves time.

Research Methodology

A descriptive research design was applied in the study. The target population for this study comprised 283 employees occupying managerial positions in Nation Media Group, Standard Media Group, and MediaMax Communication Limited. The study applied Yamane's (1967) sampling formula to develop a sample size of 165 respondents. The instrument for primary data collection in this research was a numerical 5-point Likert scale questionnaire. Descriptive statistics such as percentages, means, and standard deviations were applied in summarizing and relating variables from administered questionnaires. Data analysis was done by the use of SPSS (Statistical Package for Social Scientist) V22 programme. The programme will also refine data using a multiple regression analysis that links dependent and independent variables. Regression analysis is applied when the study aims at establishing if a variable(independent) predicts another variable (dependent) (Saunders *et al*, 2009). The model for this study is as illustrated below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Performance Of media firms, X_1 = Information Technology Outsourcing, X_2 = Customer care management outsourcing, X_3 = Human resource outsourcing, X_4 = Logistic Outsourcing, β_0 = Regression Constant or Intercept, $\beta_1, \beta_2, \beta_3$ and β_4 = coefficients of various independent variables ε =error term assumed to be normally distributed with a zero variance.

Results

The researcher administered 165 questionnaires to target respondents comprising employees in managerial positions from the IT department, Customer Care Department, Human Resource Department, and transport and logistics department in three selected media firms. Out of the administered questionnaires, 120 were filled out and returned. This represented a response rate of 72.7%. The response rate was in line with Mugenda and Mugenda's (2013) assertion that a

response rate of 70% and above is considered to be very good. The high response rate was attributed to the application of the drop and pick technique during data collection.

Descriptive Statistics

Information Technology Outsourcing

The study sought to establish how information technology outsourcing influences the performance of selected media firms in Kenya. The study findings presented in table 1 shows respondents were in agreement with statements that the firm outsources system development services (mean=4.08 and standard deviation=0.79), that the firm outsources acquisitions of computers and peripherals (mean=4.01 and standard deviation=0.95), that the firm has outsourced systems and personnel to manage the call centers (mean=3.9 and standard deviation=1), and that the firm has outsourced development and maintenance of services applications to an external vendor (mean=3.98 and standard deviation=1.07). Similarly, there was agreements amongst respondents on statements that the firm has extended its systems outsourcing strategy to network management(mean=4.13 and standard deviation=0.89), that the firm has extended its systems outsourcing strategy to manage online internet services (mean=3.79 and standard deviation=1.06), that the firm has extended its systems outsourcing strategy to acquisition and maintenance of operating systems (mean=3.89 and standard deviation=1.03), and that the firm has extended its systems outsourcing strategy to desktop management services (mean=3.54 and standard deviation=1.15). However, respondents were uncertain on whether the firm has extended its systems outsourcing strategy to secure data center management services (mean=3.22 and standard deviation=1.37) and on whether the firm manages its IT infrastructure through its in-house information systems firms (mean=3.42 and standard deviation=1.29). On average, respondents agreed with statements on information technology outsourcing as shown by an average mean of 3.796 and an average standard deviation of 1.06. The results concur with Kremic *et al.*, (2006) who noted that firms outsource IT functions to reduce capital expenditure, to increase speed, to improve quality, to access a variety of skill, to access latest technology and talent, to eliminate problem functions and to attain better management and accountability.

Table 1: Descriptive Statistics on Information Technology Outsourcing

Statements	Mean	Std.Dev
The firm outsources system development services	4.08	0.79
The firm outsources acquisitions of computers and peripherals	4.01	0.95
The firm has outsourced systems and personnel to manage the call centers	3.9	1
The firm has extended its systems outsourcing strategy to secure data center management services	3.22	1.37
The firm manages their IT infrastructure through their in-house information systems firms	3.42	1.29
The firm has outsourced the development and maintenance of services applications to an external vendor.	3.98	1.07
The firm has extended its systems outsourcing strategy to network management	4.13	0.89
The firm has extended its systems outsourcing strategy to manage online internet services	3.79	1.06
The firm has extended its systems outsourcing strategy to acquisition and maintenance of operating systems	3.89	1.03
The firm has extended its systems outsourcing strategy to desktop management services	3.54	1.15
Average	3.796	1.06

Customer Care Management Outsourcing

The study sought to establish how customer care management outsourcing influences the performance of selected media firms. The findings as presented in table 2 shows that respondents were in agreement with statements that firm outsources customer care support services from outsourcing firms (mean=3.89 and standard deviation=1.07), that the firm and the outsourced vendors jointly identifies the needs of customers and addresses them accordingly (mean=4.01 and standard deviation=0.91), that one of the main reason why the firm outsources customer care management functions is to enable the firm focus on core functions (mean=4.75 and standard deviation=0.25), that outsourced firm collaborates and engages directly with customers to identify their desires (mean=3.88 and standard deviation=1.21), that the outsourced firm organizes and maintains customer databases in an orderly manner for future referencing (mean=3.65 and standard deviation=1.19) and that the outsourced firm formulates innovative customer retention and attraction strategies (mean=3.99 and standard deviation=1.01). Respondents were, however, uncertain on whether the firm outsources vendors in managing customer relationships (mean=3.49 and standard deviation 1.26), with some disagreeing with the statements that complaints in the firm are received by outsourced firms (mean=2.96 and standard deviation=1.91) and that dispute resolutions in the firm are conducted by outsourced firms (mean=2.76 and standard

deviation=1.99). On average, however, respondents were in agreement with statements on customer care management outsourcing as shown by an average response mean of 3.71 and a standard deviation of 1.2. This agrees with Walton and Xu (2005), who revealed that a firm opts for outsourcing customer management functions in order to retain existing customers while attracting more customers, to improve the level of customer satisfaction, improve the value of customer lifetime, and provide strategic information on the firm's operations.

Table 2: Descriptive Statistics on Customer Care Management Outsourcing

Statement	Mean	Std.Dev
The firm outsources customer care support services from outsourcing firms	3.89	1.07
Complaints in the firm are received by outsourced firms	2.96	1.91
Dispute resolutions in the firm is conducted by outsourced firms	2.76	1.99
The firm outsources outside vendors in managing customer relationships	3.49	1.26
The firm and the outsourced vendors jointly identifies the needs of customers and addresses them accordingly.	4.01	0.91
One of the main reason why the firm outsources customer care management functions is to enable the firm focus on core functions	4.75	0.25
The outsourced firm collaborates and engages directly with customers to identify their desires	3.88	1.21
The outsourced firm organizes and maintains customer databases in an orderly manner for future referencing	3.65	1.19
The outsourced firm formulates innovative customer retention and attraction strategies	3.99	1.01
Average	3.71	1.2

Human Resource Outsourcing

The study sought to establish how human resource outsourcing influences the performance of selected media firms. The findings of the study are presented in Table 3 below. The results shows that respondents were in agreement with statements that the firm outsources organizational restructuring services from outside vendors (mean=3.66 and standard deviation=1.18), that the firm outsources human resource planning services (mean=3.61 and standard deviation=1.2), that the firm outsources competent firms in recruiting employees in the top management level (mean=3.89 and standard deviation=0.96) and that the firm outsources competent firms in offering quality training services to employees (mean=3.75 and standard deviation=1.15). Respondents further agreed with the statement that areas of improvement in the firm are assessed by outsourced firms that provide valuable feedback (mean=3.51 and standard deviation=1.26). However, respondents were uncertain on whether the firm outsources firms in carrying out employees' performance appraisals on an annual basis (mean=3.42 and standard deviation=1.29) and on whether the firm contracts firms in executing downsizing processes (mean=3.49 and standard

deviation=1.28). On average, respondents agreed with statements on human resource outsourcing as shown by an average response mean of 3.62 and an average standard deviation of 1.19. The results agree with Kamath (2017), who noted that a firm has the potential of gaining more benefits as a result of utilizing external HR experts compared to in-house experts whose potential is limited to their own employees.

Table 3: Descriptive Statistics on Human Resource Outsourcing

Statement	Mean	Std.Dev
The firm outsources organizational restructuring services from outside vendors	3.66	1.18
The firm outsources human resource planning services	3.61	1.2
The firm outsources competent firms in recruiting employees in the top management level	3.89	0.96
The firm outsources competent firms in offering quality training services to employees	3.75	1.15
The firm outsources firms in carrying out employees' performance appraisals on annual basis.	3.42	1.29
Areas of improvement in the firm are assessed by outsourced firms who provide valuable feedback	3.51	1.26
The firm contracts firms in executing downsizing processes	3.49	1.28
Average	3.62	1.19

Logistics Outsourcing

The study sought to establish how logistics outsourcing influences the performance of selected media firms. The results presented in table 4 shows that respondents were in agreement with the statements that the firm outsources inventory management functions as shown by mean of 3.56 and std.dev of 1.24, that firm outsources information management functions as shown by mean of 3.75 and std.dev 1.16, that firm outsources procurement management functions as shown by mean od 3.66 and std.dev of 1.18, that the firm attains a proper inventory flows from logistic outsourcing as shown by mean of 3.83 and std.dev of 1.09 and that the firm prefers outside vendors when fulfilling customers' orders compared to in-house practices as shown by mean of 3.64 and std.dev of 1.19. Respondents further agreed with the statements that firm contracts vendors in managing orders and services requested by customers, as shown by a mean of 3.96 and std.dev of 0.93 and that the firm outsources transport functions to facilitate delivery of services, as shown by a mean of 3.89 and std.dev of 0.96. On average, respondents agreed with statements on logistics outsourcing, as shown by an average response mean of 3.76 and a standard deviation of 1.11. This is consistent with Maghanga (2011), who noted that logistic outsourcing contributes to the performance of firms by increasing customer demand responsiveness, enhancing quality and

service delivery, reducing costs, increasing reliability, creating sound business relationships, and acting as a source of core competence within a firm.

Table 4: Descriptive Statistics on Logistics Outsourcing

Statement	Mean	Std.Dev
The firm outsources inventory management functions	3.56	1.24
The firm outsources information management functions	3.75	1.16
The firm outsources procurement management functions	3.66	1.18
The firm attains a proper inventory flows from logistic outsourcing	3.83	1.09
The firm prefers outside vendors when fulfilling customers' orders compared to in-house practices	3.64	1.19
The firm contracts vendors in managing orders and services requested by customers	3.96	0.93
The firm have outsourced transport functions to facilitate delivery of services	3.89	0.96
Average	3.76	1.11

Performance of Selected Media Firms

The study sought to establish the performance of selected media firms in terms of cost reduction resulting from undertaking outsourcing strategies. The study requested respondents to indicate how costs had reduced in their respective firms in the past five years as a result of adopting outsourcing strategies. The results are presented in Table 5. The results show that in 2013, 30% of firms recorded a cost reduction of between ksh 10million and ksh 20million, while 70% of the firms recorded a cost reduction of between ksh 21million and ksh 30million. In 2015, 10% of the firms recorded a cost reduction of between ksh 10million and ksh 20million, while 90% of the firms had a cost reduction of between ksh 21million and ksh 30million. In 2015, 40% of the firms recorded a cost reduction of between KSh 21million and KSh 30million, while 60% had a cost reduction of above KSh 30million. In 2016, 20% of the firms recorded a cost reduction of between KSh 21million and KSh 30million, while 80% had a cost reduction of above KSh 30million. In 2017, all the firms indicated that they had recorded a cost reduction of above KSh 30million. These results show that the selected media firms have been recording reduced costs as a result of adopting outsourcing strategies.

Table 5 Cost Reduction

Year	Below10 Million	ksh10- ksh 20Million	ksh 21- ksh 30Million	Above ksh 30Million
2013	-	30%	70%	-
2014	-	10%	90%	-
2015	-	-	40%	60%
2016	-	-	20%	80%
2017	-	-	-	100%

Inferential Statistics**Correlation Results**

The study sought to establish the relationship between independent variables (information technology outsourcing, customer care management outsourcing, human resource outsourcing, and logistics outsourcing) and the dependent variable (performance of selected media houses). The study presents a correlation coefficient matrix to establish a relationship between the independent variables themselves. The results are shown in Table 6. The results show that the correlation between information technology outsourcing and the performance of selected media houses is .563 and a p-value of 0.000. This means that the correlation is positive and significant, implying that an increase in information technology outsourcing practices leads to an increase in the performance of the media houses. The findings are consistent with Kremic *et al.* (2006), who noted that firms outsource IT functions to reduce capital expenditure, to increase speed, to improve quality, to access a variety of skills, to access the latest technology and talent, to eliminate problem functions, and to attain better management and accountability.

The correlation analysis results also indicate that the correlation between customer care management outsourcing and performance of selected media houses is .321 and a p-value of 0.004. This means that the correlation is positive and significant, implying that an increase in customer care management outsourcing practices leads to an increase in the performance of the media houses. The findings are consistent with Walton and Xu (2005), who revealed that a firm opts for outsourcing customer management functions in order to retain existing customers while attracting more customers, to improve the level of customer satisfaction, improve the value of customer lifetime, and provide strategic information on the firm's operations.

The correlation analysis results also indicate that the correlation between human resource outsourcing and performance of selected media houses is .401 and a p-value of 0.001. This means that the correlation is positive and significant, implying that an increase in human resource outsourcing practices leads to an increase in the performance of the media houses. The findings concur with Kamath (2017) who noted that a firm has the potential of gaining more benefits as a result of utilizing external HR experts compared to in-house experts whose potentials are only limited to their own employees.

The correlation analysis results finally indicate that the correlation between logistics outsourcing and performance of selected media houses is .232 and a p-value of 0.006. This means that the correlation is positive and significant, implying that an increase in logistics outsourcing practices leads to an increase in the performance of the media houses. The findings concur with Maghanga (2011), who noted that logistic outsourcing contributes to the performance of firms by increasing customer demand responsiveness, enhancing quality and service delivery, reducing costs, increasing reliability, creating sound business relationships, and acting as a source of core competence within a firm.

Table 6: Correlation Analysis

		Information Technology Outsourcing	Customer Care Managemen t Outsourcing	Human Resource Outsourcing	Logistics Outsourcing	Performance of Media House
Information Technology Outsourcing	Pearson Correlation Sig. (2-tailed)	1				
Customer Care Management Outsourcing	Pearson Correlation Sig. (2-tailed)	0.211 0.198	1			
Human Resource Outsourcing	Pearson Correlation Sig. (2-tailed)	0.101 0.351	0.109 0.346	1		
Logistics Outsourcing	Pearson Correlation Sig. (2-tailed)	-0.164 0.685	0.009 0.748	.011 0.696	1	
Performance of Media House	Pearson Correlation Sig. (2-tailed) N	.563** 0.000 120	.321** 0.004 120	.401** 0.001 120	.232** 0.006 120	1

Multiple Regression Analysis

The regression analysis results presented in Table 7 show the existence of a strong relationship between information technology outsourcing, customer care management outsourcing, human resource outsourcing, and logistics outsourcing and the performance of selected media houses, as shown by $R = .701$. The model also indicated that R -squared, which is the coefficient of determination, was .549, implying that 54.9% of the variation in the performance of selected media

houses can be explained by information technology outsourcing, customer care management outsourcing, human resource outsourcing, and logistic outsourcing.

Table 7: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.701 ^a	0.549	0.539	0.121

The ANOVA results in Table 8 also indicated that the overall model linking information technology outsourcing, customer care management outsourcing, human resource outsourcing, and logistics outsourcing with the performance of selected media houses was statistically significant. The significance levels are confirmed by comparing the value of F critical at (4, 115) and F calculated value. The value of calculated F = 23.711, while of F critical value=2.4472. The F calculated value exceeds the F critical value, confirming the statistical significance of the model.

Table 8: ANOVA (Model Significance)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	10.111	4	2.5276	23.711	0.001
Residual	12.258	115	.1066		
Total	22.369	119			

Table 9 presents the results of the model of coefficients. The results show that information technology outsourcing has a positive and significant influence on the performance of media houses, as shown by $\beta = 0.621$ and $\text{Sig} = 0.000 < 0.05$. This implies that a change in unit of information technology outsourcing practices results in an increase of 0.621 units in the performance of media houses. The findings are consistent with Emmanuel (2013), who sought to establish the influence of IT outsourcing function on the financial performance of telecommunication firms in Nigeria and revealed that IT outsourcing positively influenced the financial performance of the telecommunication firms.

The model of coefficient also indicates that customer care management outsourcing has a positive and significant influence on the performance of media houses, as shown by $\beta = 0.329$ and $\text{Sig} = 0.009 < 0.05$. This implies that a change in the unit of customer care management outsourcing practices results in an increase of 0.329 units in the performance of media houses. The findings concur with Muhammad and Zhan (2013), who sought to evaluate the influence of outsourcing customer care service and established that outsourcing practices enhanced the strategic, social, and economic performance of SMEs in the manufacturing sector.

The model of coefficient further indicates that human resource outsourcing has a positive and significant influence on the performance of media houses, as shown by $\beta = 0.423$ and $\text{Sig} = 0.001$

<0.05. This implies that a change in the unit of human resource management outsourcing practices results in an increase of 0.423 units in the performance of media houses. The findings concur with Isa and Ibrahim (2014), who posit that human resource outsourcing positively and significantly correlated with performance.

The model of coefficient finally indicates that logistics outsourcing has a positive and significant influence on the performance of media houses, as shown by $\beta = 0.124$ and $\text{Sig} = 0.012 < 0.05$. This implies that a change in unit of logistics management outsourcing practices results in an increase of 0.124 units in the performance of media houses. The findings are consistent with Boutinza *et al.* (2010), who sought to establish the influence of logistic outsourcing on the performance of service firms and established that there exists a positive relationship between logistic outsourcing and the performance of service firms.

Table 9: Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.321	0.249		1.299	0.003
Information Technology Outsourcing	0.621	0.135	0.594	4.600	0.000
Customer Care Management Outsourcing	0.329	0.221	0.301	1.489	0.009
Human Resource Outsourcing	0.423	0.146	0.394	2.900	0.001
Logistics Outsourcing	0.124	0.278	0.102	0.446	0.012

The optimal linear regression model for the study, therefore, becomes:

Performance of Selected Media Houses = 0.321 + 0.621(Information Technology Outsourcing) + 0.423 (Human Resource Outsourcing) + 0.329 (Customer Care Management Outsourcing) + 0.124 (Logistics Outsourcing)

CONCLUSION AND RECOMMENDATION

Conclusion

The study findings led to the conclusion that information technology outsourcing positively and significantly influences the performance of selected media houses in Kenya. The study further established that practices such as outsourcing system development services, acquisitions of computers and peripherals, systems and personnel to manage the call centers, development and maintenance of services applications to an external vendor and extending a firm's systems outsourcing strategy to network management, management of online internet services, acquisition and maintenance of operating systems and to desktop management services positively and significantly influence performance of selected media houses in Kenya.

The study findings also led to the conclusion that customer care management outsourcing positively and significantly influences the performance of selected media houses in Kenya. The study further established that practices such as outsourcing customer care support services, jointly identifying the needs of customers and addressing them accordingly by the firm and the vendor, customer collaborations and engagements by the vendor, and formulating innovative customer retention and attraction strategies by the vendor positively and significantly influence the performance of selected media houses in Kenya.

The study findings further led to conclusions that human resource outsourcing positively and significantly influences the performance of selected media houses in Kenya. The study further established that practices such as outsourcing organizational restructuring services, human resource planning services, competent firms in recruiting employees in the top management level and in offering quality training services to employees, firms in carrying out employees' performance appraisals on annual basis, contracting firms in executing downsizing processes and assessing the areas of improvement through outsourced firms positively and significantly influence performance of selected media houses in Kenya.

The findings of the study finally concluded that logistics outsourcing positively and significantly influences the performance of selected media houses in Kenya. The study further established that practices such as outsourcing inventory management functions, information management functions, procurement management functions, preferring outside vendors when fulfilling customers' orders compared to in-house practices, contracting vendors in managing orders and services requested by customers, and outsourcing transport functions to facilitate delivery of services positively and significantly influence the performance of selected media houses in Kenya.

Recommendations for the Study

The selected media houses are recommended to focus on promoting information technology outsourcing since the practice leads to a positive and significant influence on the performance of the firms. The media houses can achieve this by outsourcing system development services, acquisitions of computers and peripherals, systems, and personnel to manage the call centers, development and maintenance of service applications to an external vendor, and extending a firm's systems outsourcing strategy to network management, management of online internet services, acquisition and maintenance of operating systems, and to desktop management services.

The selected media houses are recommended to enhance the outsourcing of customer care management since the practice leads to a positive and significant influence on the performance of the firms. The media houses can achieve this by outsourcing customer care support services, jointly identifying the needs of customers and addressing them accordingly by the firm and the vendor, customer collaborations and engagements by the vendor, and formulating innovative customer retention and attraction strategies by the vendor.

The selected media houses are recommended to promote the outsourcing of human resources since the practice leads to a positive and significant influence on the performance of the firms. The media

houses can achieve this by outsourcing organizational restructuring services, human resource planning services, competent firms in recruiting employees at the top management level, and in offering quality training services to employees, firms in carrying out employees' performance appraisals on an annual basis, contracting firms in executing downsizing processes, and assessing the areas of improvement through outsourced firms.

The selected media houses are recommended to enhance logistic outsourcing since the practice leads to a positive and significant influence on the performance of the firms. The media houses can achieve this by outsourcing inventory management functions, information management functions, procurement management functions, preferring outside vendors when fulfilling customers' orders compared to in-house practices, contracting vendors in managing orders and services requested by customers and outsourcing transport functions to facilitate delivery of services.

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