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Corporate Outsourcing and Organizational Performance in Nigerian Investment Banks

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Abstract **Original Research Article**

Purpose*:** This study aims to ascertain the relationship between corporate outsourcing and investment bank performance in Nigeria. ***Research Methodology*:** The study adopted a survey research design because it is suitable and ideal for assessing how effective outsourcing strategy affects the corporate performance of investment banks in Nigeria. The population of the study was 280 staff from three investment banks in Nigeria. Using a purposive sampling technique, a sample size of 258 senior, medium, and junior staff of the sampled investment banks were selected as respondents. Multiple regression was used to test the hypotheses that were developed at a significance level of 0.05 percent. ***Results*:** The study showed that outsourcing has developed into a practical strategy and instrument for corporate organizations, particularly for Nigerian investment banks that are constantly looking to improve their firms' performance in the financial industry. To lower operating expenses and boost operational effectiveness in Nigeria's investment banking sector, the management of Nigeria's investment banks should strategically allocate their resources and work with a partner. ***Limitations*:** The result of this study may not apply to other excluded categories because this study is limited to investment banks in Nigeria as of December 2022. It is expected that further studies should cover all the banks as well as insurance firms in Nigeria. ***Contribution*:** To leverage the services of other organizations and professionals outside of their core competencies for operational effectiveness and efficiency, corporate organizations in Nigeria, especially those in the financial sector, should incorporate outsourcing strategy into their corporate culture. ***Implications: Corporate outsourcing is pivotal to organizational performance if well applied.

Keywords: Performance, Investment Banks and Corporate-outsourcing.

1. INTRODUCTION

The volatility of the world economy has had a significant impact on and increased rivalry in many industries, forcing industries to develop new strategies and ways to deal with the increasingly challenging and competitive economic climate. Financial Institutions especially the Investment Banks in Nigeria that hitherto prioritized quality products and valued customer services are being driven by outside forces to reevaluate their fundamental competencies (Agburu, Anza, & Iyortsuun, 2017). The process of corporate outsourcing involves acquiring goods, products, and services at the lowest cost possible, taking into account various factors such as product quality, value, and logistics expenses. This practice is often referred to as "corporate sourcing" or "procurement" and is widely utilized in the business world. In large corporations, investment bankers play a crucial role in supporting financial management. They provide a range of services to help businesses achieve their goals, whether it involves issuing stocks, developing innovative technologies, or funding large-scale capital investments such as facility expansions. Investment banking is a specialized area of banking that offers financial guidance and helps individuals and organizations raise capital.Unlike commercial banks that accept deposits, make loans, safeguard assets, and serve a diverse range of clients including businesses and individuals, investment banks primarily focus on providing services to institutional investors and large corporations.

Fabian and Ibrahim (2022) confirmed that many investment banking organizations, particularly those in Nigeria, are going through unstable times and are finding it difficult to please and win over consumers' loyalty as a result of the Covid-19 pandemic that economically crippled the world. Globalization and quickening technical advancements are of great concern to key players in the financial industry as many of them are not breaking even any longer. Investment banking organizations in Nigeria are continuously searching for fresh approaches to deal with this trend and remain viable, and one such tactic is outsourcing (Anoke, Osita, Okafor & Nzewi, 2022).

By using a third party (outsourcing) to handle operations, complete business activities, or provide services for the growth of the company, modern managers and visionary business operators can navigate through choppy business waters. By so doing managers tend to reduce operational costs such as salaries, overhead, equipment, and new technology.

Ugbomhe, Olu, and Monday (2021) noted that subcontracting, which is the method of assigning duties that are typically done internally by the firm to a professional outside to achieve goals, is known as an outsourcing strategy. In other words, an outsourcing contract is when a company or business owner hires a third party to execute work that was previously handled internally or could be. The value of an outsourcing strategy is immeasurable. These include acquiring a competitive edge over competitors, cost reductions, excellent service delivery, prompt response, and good customer feedback mechanisms (Anthi, & Nikolaos 2014).

Given the abundance of natural resources, including land, people, and materials, it is concerning that Nigeria's unemployment rate is still rising at a geometric rate. This is a major issue the nation is currently facing. Some scholars (Anoke, Osita, Eze & Muogbo, 2021; Yusri & Ahlin, 2013) have blamed new technology, fierce competition from foreign companies, a lack of protection for local businesses by regulators, and the failure of many organizations, particularly the Investment banking sector, to diversify and outsource their products and services for the loss in employment accessibility.

Gerald, Obianuju, and Chukwunonso (2020) claimed that for companies especially investment banks to succeed in this depressed economy like Nigeria, they must be aware of not only the happenings in their immediate environment, but they must take cognizance of the happening in their business/ external environment.

Recently, as the level of competition increases, to survive in a struggling economy and a cutthroat business environment like Nigeria becomes imperative, Investment banks must devise means to enhance their enterprises' performance. Therefore, the financial sector (Investment banks inclusive) should be extending beyond the conventional borders of the firm to improve and increase organizational performance. To bridge this gap, boost profitability, and focus on their core businesses, Investment banks have been taking the outsourcing strategy as a better alternative (Fabian, Nzewi, Chinyere, & Nkechi, 2021).

Uzoamaka and Kenechkwu, (2022) noted that the majority of financial institutions are motivated to adopt an outsourcing strategy to strengthen underperforming organizational areas and the need to provide quality services to their valued customers, which is the core value for most service industries in Nigeria.

Investment banking has a rich history dating back to 1792 when the Buttonwood Accord was signed. In order to differentiate investment banking from commercial banking, the Glass-Stegall Act of 1993 was enacted in the United States. This act mandated a clear legal definition of investment banking. In 1999, the Glass-Stegall Act was modified to allow for a universal banking system. In Nigeria, investment banks and capital market activities are closely intertwined. Investment banking can be defined as a type of financial institution that focuses on activities related to the capital markets. Investment banks offer a wide range of services including traditional classified services, transaction banking, advisory activities such as mergers and acquisitions, private equity, and structured finance. Additionally, they provide brokerage and custodian services, and conduct trading and sales on the secondary market for a variety of financial market instruments such as equity, bonds, foreign exchange, commodities, derivatives, and structured products. They engage in these activities on behalf of clients as well as on the secondary market for their own accounts. They are seen as a crucial part of financial market development that organizes large, complex financial transactions such as mergers and initial public offerings. This huge lump of funding that runs through this sector can create a great impact on any economy.

Nwakanma, Nnamdi, and Omojefe (2014) define investment banks as financial institutions that engage in activities related to the stock market, including mergers and acquisitions, private equity, loan syndication, and initial public offerings. On the other hand, Hartmann-Wendels (2010) describes investment banking as a collection of "all bank services that facilitate trading on financial markets." This includes services such as mergers and acquisitions, asset management, project consulting, initial public offerings, private placements, stock trading, marketing, underwriting, and broking. Iannotta (2010) categorizes the primary responsibilities of investment banks into three groups: trading and brokerage, asset management, and core or traditional services (advisory and underwriting services). Investment banks act as intermediaries between buyers and sellers of securities and play a vital role in raising capital for deficit units and helping surplus units invest their excess funds. Unlike commercial banks, investment banks do not keep a stock of cash deposits that can be lent out.

In Nigeria, investment banks are committed to providing traditional and tailored products for a variety of clients. They are responsible for issuing new securities, such as bonds and shares, for both private and public organizations. For the purposes of this study, investment banking is defined to include financial market activities such as raising capital for banks, assisting with mergers and acquisitions, and offering services like market-making and trading derivatives, foreign exchange, commodities, and stocks.

The use of outsourcing strategies is significant to the organizational performance of Nigerian financial institutions, particularly investment banks. Outsourcing provides incentives such as the enhancement of hidden skills, access to new technological know-how, and increased availability of time, which gives businesses a competitive edge. It also helps cut costs by freeing up internal resources for the improvement of core capabilities. However, many Nigerian investment banks have not effectively adopted or implemented the right outsourcing models and methods, which has contributed to their inability to penetrate global markets. Many of these banks have focused on only one aspect of outsourcing, such as Information Technology Staff Augmentation, while ignoring other critical aspects like well- articulated business requirements, client-side intelligence, supplier-side intelligence, service requirement clarity, and the need for holistic buying governance.

Despite the availability of modern technologies and continued investment in outsourcing, Nigerian investment banks still struggle to achieve their primary goal of fostering balanced and complementary economic growth. Due to the lack of investment banking prominence and recognition of its significance in Nigeria, providers of mutual funds have not been able to connect adequately to the deficit unit after the financial intermediation process. Previous studies have been conducted on outsourcing and Nigeria's commercial banking performance. However, corporate outsourcing and the organizational performance of investment banks in Nigeria have been overlooked. Therefore, this study aims to determine the effect of corporate outsourcing on the organizational performance of investment banks in Nigeria.

The main focus of this research is to investigate the relationship between corporate outsourcing and the organizational performance of investment banks in Nigeria. The study aims to achieve the following specific objectives:

1. To examine how selective outsourcing strategy affects the organizational performance of investment banks in Nigeria.
2. To determine the impact of contracting outsourcing strategy on the organizational performance of investment banks in Nigeria.
3. To ascertain the influence of operational outsourcing strategy on the organizational performance of investment banks in Nigeria.

Based on the specific objectives, the following hypotheses are proposed:

1. Ho_1: There is no significant relationship between selective outsourcing strategy and the organizational performance of investment banks in Nigeria.
2. Ho_2: There is no significant relationship between contracting outsourcing strategy and the organizational performance of investment banks in Nigeria.
3. Ho_3: There is no significant relationship between operational outsourcing strategy and the organizational performance of investment banks in Nigeria.

2. LITERATURE REVIEW

In this study, it is critical to gain insight into corporate outsourcing and organizational performance as it affects investment banks in Nigeria.

2.1 Unpacking the Concept of Outsourcing

The most prosperous businesses in recent times were those that could effectively manage and responsibly coordinate their finance and operations (Alwanga, 2015). As competition became more complex due to business interconnectivity, globalization, and e-marketing, companies realized that diversity can only increase their management system, which is insufficient to maintain commercial tempo. Today, there is more rivalry among businesses; organizations, particularly in the Nigerian financial sector. Companies are searching for fresh ideas and strategies to achieve a competitive edge, add value, and long-term client satisfaction. Currently, businesses use outsourcing to try to obtain a competitive edge (Kayumba, 2019).

According to Adudu *et al.*, (2020), noted that "outsourcing" is broad and has numerous meanings, although it frequently refers to the movement of jobs. It is a business strategy where a company pays another business to carry out duties that it might have done itself or sourced its goods or services from another business. Alfayo, Abraham, & Douglas, (2015) considered outsourcing to be a method of acquiring goods that were previously obtained internally or could have been done internally, disregarding the impact of doing so. Insurance companies in Nigeria are using outsourcing more frequently as a way to improve their capabilities and remain competitive and profitable in today's economic environment.

Abbah (2014) opined that corporate outsourcing is the tactic of hiring contractors to handle particular duties related to the ongoing management of the business. Both large and small businesses frequently outsource several crucial tasks, which enables them to save money and focus resources on other aspects of their operations. The many financial procedures, marketing, public relations, and human resources are among these crucial duties. Awino and Mutua (2014) argued corporate outsourcing is particularly beneficial for smaller businesses since it may make sole proprietorships and other smaller organizations seem much larger than they are. This can help fledgling businesses or those who want to stay small compete with much larger corporations in sectors where size is a good indicator of competence. This is especially true if the outsourcing company is prepared to offer services under a private brand and market itself as an extension of the client's operation.

According to Yeboah (2013), investment banks and other organizations have adopted various types of outsourcing depending on their strategic objectives. These may include operational, manufacturing, project, and professional outsourcing of information technology. Meanwhile, Akinbola, Ogunnaike, and Ojo (2013) defined outsourcing as the process of entering into a business contract with an external vendor or service provider to provide services that were previously handled in-house in order to achieve certain objectives. For the purposes of this study, the broad definition of outsourcing will be used. Therefore, outsourcing refers to the decision to contract non-core and/or critical services to a third party for a specific purpose.

Operational strategy, contracting strategy, comprehensive strategy, selective strategy, business process strategy, ICT strategy, marketing strategy, and licensing agreement strategy are just a few examples of the various types of outsourcing strategies that make up their characteristics in any given firm and situation (Adudu, *et al.*, 2020; & Uzoamaka & Kenechkwu, 2022). The purpose of this study is to explain corporate outsourcing and investment banks' performance in Nigeria using selecting, contracting, and operational techniques. These techniques were chosen because the Nigerian investment banks that are a subject of interest in this study find these variables as a common denominator, broadly applicable, and employable.

2.1.1 Selective Strategy

Selective outsourcing is a focused and managed sourcing strategy that depends on delegating certain tasks and work to external parties while maintaining control over other business operations. Ekanayaka, Currie, and Seltsikas (2002) argued that using a selective outsourcing strategy, a training provider is picked to handle a subset of administration, content, delivery, or technological services procedures for a company. This strategy has been assumed to be complex but less than complete agreement due to a lack of integration of functional operations. According to Emmanuel (2013), selective outsourcing allows a customer to employ a vendor to handle a variety of operations just inside a particular functional area, but not procedures between functional areas. This strategy's primary distinction from other outsourcing strategies is that it concentrates on outsourcing only a portion of the work while keeping the remainder in-house. This is why it is called "fractional outsourcing." An evaluation of the advantages, disadvantages, and accessibility of infrastructure, technology, and human resources forms the basis of this kind of corporate outsourcing (Anoke, Nzewi, Eze & Igbokwe, 2022). Selective outsourcing is frequently preferable to comprehensive outsourcing in today's business environment since the former allows businesses to keep their most important trade secrets. When organizations outsource the entire activity and process, their ability to control the provider is often constrained. Conversely, when businesses selectively outsource their work internally, they keep the operational expertise and data required to develop effective reporting frameworks (Yusri & Ahlin, 2013). Using the corporate entrepreneurship producer model, subsidiary companies can interact and establish independent businesses in addition to the parent company, claims Munir (2021).

For this study, selective strategy is seen as the ability of a corporation to assign a third-party service provider to oversee a specific set of operations. This definition is adopted because it is pronounced in investment banks' operations as their services are mostly required when their clients lack the resources to handle all activities themselves.

2.1.2 Contracting Strategy

Outsourcing has been a common problem in this age of globalization, particularly in the business community. Due to the fierce rivalry from rival businesses that have access to cheaper labor and other competencies, organizations' drive to be cost-effective has resulted in outsourcing playing a significant role in the current global business landscape.

Contracting, according to Austin-Egole and Iheriohanma (2020), is a special type of outsourcing in which the party purchasing has complete control over the infrastructure. This shows that despite owning shares in the outsourced company, the company decides to make contract purchases of goods or services. In other words, it is classic outsourcing if the client has no connection to the outsourced organization.

Fosic, Krstić, & Trusic (2017) noted that outsourcing has grown to be such a successful business these days that many companies now accept orders from other countries and pass them along to smaller companies that fulfill the orders for the needed goods or services. Because the foreign corporation is ultimately concerned with excellent quality and low cost of production with good products, they tend to outsource their product and services. This type of practice is known as subcontracting. It is quite popular and is carried out by companies that give out part(s) of their assignment while keeping an eye on both the assigned and retained jobs (Fosic, Kristi, & Trusic, 2017).

According to Shanjabin and Oyshi (2021), a strategic focus on a company's vision, goal, and core values can help the business strategically develop its employees and facilitate appropriate contract outsourcing. According to Adudu, Asenge, and Torough (2020), the execution of an outsourcing agreement requires a legally binding contract that lays out the institutional framework and each party's rights, obligations, and responsibilities. The contract sets forth in full the objectives, rules, procedures, and tactics of the Agreement.

2.1.3 Operational Strategy

Many businesses are utilizing operational outsourcing to help them achieve their main goals and objectives. It allows businesses to continue using some or all of their existing technological infrastructure, software, and other system components while outsourcing the data processing of their data to outside workers.

Operational outsourcing is designed to assist businesses in managing their crucial lines of business effectively and efficiently. Among corporate outsourcing choices, operational outsourcing is currently gaining popularity. According to Egesimba (2021), businesses operationally outsource when they employ experts from other industries to carry out duties and meet organizational objectives. To carry out specific job activities in an organization, they accomplish this by employing additional contractors and outside businesses. Ojiaku, Ojiagu, and Agbasi (2020) suggested that diversity management, another kind of outsourcing, and collaborative entrepreneurship are statistically significant predictors of how well enterprises function concerning their external environment.

Yeboah (2013) noted that businesses use operational outsourcing to enhance efficiency and cut expenses in daily operations. The employment of a third-party company to help with the operations needed to build a successful firm is known as operational outsourcing. Understanding operational outsourcing strategy can assist a manager in identifying more effective ways to succeed in a business.

When businesses hire individuals outside of their industry, according to Ghodeswar and Vaidyanathan (2008), they are operationally outsourcing. This manifests itself when they employ additional qualified workers and businesses to carry out a precise and specialized job activity. Insurance When financially sound insurance companies reinsure weaker ones, businesses turn to operational outsourcing, hiring a third party to assist with routine tasks like auditing, looking into client claims, or performing services on the company's behalf.

2.1.4 Investment Banks in Nigeria

In the early 20th century, the term "investment banking" originated in the United States and has since become commonly used in other countries, including Nigeria. According to Lindsey (2004), the term often describes the specialized intermediary tasks or activities carried out by these banks, rather than being a specific designation bestowed by the government or a professional organization. Despite being called "banks," investment banks historically have not been authorized to offer commercial banking services such as deposit-taking and lending to retail clients (Kaplan, 2004).

In Nigeria, investment banks play a critical role in the modern financial sector, promoting economic growth by enhancing efficiency in the mobilization of savings and providing non-bank sources of financing for businesses. However, not all qualified private businesses choose to list on the market (Ruibi, 2011), and authorities in the Nigerian capital markets may lack knowledge of the potential factors that encourage companies to list, as well as the barriers that may prevent qualified companies from going public.

The capital markets consist of both primary and secondary markets. The primary market is where new stock and bond issues are sold to investors, while the secondary market is where securities that have already been issued are bought and sold by investors or speculators, typically on an exchange (Udenwa & Uwaleke, 2015). The growth of investment banking has opened opportunities for replacement and risk diversification.

Investment banks typically provide a few select types of services and examining the various tasks that some of the top investment banks carry out is one of the best ways to understand their operations. These services include capital raising, financial advisory, corporate lending, sales and trading, brokerage services, research, and investments.

2.1.5 Differences between Conventional and investment banking

There are two types of financial services: commercial banking and investment banking. Their target markets and operations are distinct. Investment banking often has a significantly smaller primary customer base than commercial banking, which is a subset of the financial services industry Customers in this sector generally; include private individuals, partnership enterprises, small to medium-sized organizations, and corporations (Iannotta, 2010). Commercial banks provide loans, receive deposits, move money, and support foreign exchange. They occasionally also provide additional services like managing payroll and collecting payments. Service fees and interest from loans and advances are the main sources of income for experts in this industry (Udenwa & Uwaleka, 2015).

The transfer of funds from those who have money to those who need it is a crucial step in the investment banking process, just as it is for traditional banks. Traditional banks accept deposits from savers with extra funds to lend to borrowers, and they fall into two categories: commercial banks that mainly work with businesses and retail banks that mainly work with consumers (Austin-Egole & Iheriohanma, 2020). However, the manner in which money is distributed between these groups is where investment banks differ from traditional banks. According to Ajemunigbohun, Isimoya, and Ipigansi (2019), investment bankers typically rely on selling financial instruments such as stocks and bonds, in a process called underwriting, instead of collecting deposits from depositors as traditional banks do. Investment bankers raise money by selling financial instruments to investors, which is then given to people, businesses, and governments who can use it productively.

2.2 Organizational Performance

A performance especially in the financial sector is a nuanced evaluation of how well a company achieves its key objectives, often in the areas of financial, market, production, human resources, and shareholder. Financial performance management (FPM) builds and enhances a company's capability. Businesses can take advantage of its three core values, which are information transmission, performance management, and performance effectiveness (Letica, 2016).

These developed values assist managers and industry leaders in understanding, managing, and optimizing their business ventures. FPM includes all formal and informal processes and procedures that organizations undertake to boost individual, group, and corporate effectiveness toward the organization's overarching aim. The performance concept derives from the ideas of effectiveness and efficiency (Iborida, Ifediora, Ekoja, & Mogoluwa, 2021).

Gewald (2010) cited by Aziz, Memon, and Ali, 2020 argued that business performance includes an increase in factors like profitability, market share, and sales growth. In addition, owners' non-financial objectives and customer satisfaction are important factors to take into account when measuring success, especially for privately owned enterprises.

Managers should assess a company's organizational performance using both financial and non-financial methodologies; this is to ensure a fair analysis. This study measures organizational performance from four different perspectives. - Effectiveness, profitability, client happiness, sales expansion, and market share.

Conceptual Model of the Study

The purpose of the conceptual model for this research is to emphasize the impact of the clarifying variables (selective contracting, and operational strategies) on the depending variable (performance) as presented in Figure 1.

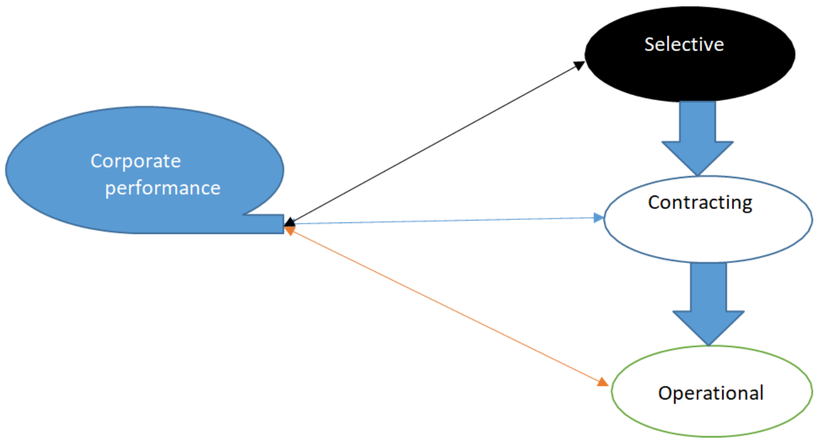

Figure 1: Conceptual Model for the Study
Source: Researchers' Design 2023

Empirical Evidence

To support this study, previous research on outsourcing and its effect on organizational performance is presented in this section. Ugbomhe *et al.*, (2021) conducted a study on Nigerian commercial banks' corporate performance and strategic outsourcing.

The study aimed to investigate the relationship between recruitment outsourcing, strategic outsourcing, and business performance in Nigerian commercial banks. The sample comprised 22 commercial banks listed on the Nigerian Stock Exchange, and primary data were collected using a structured questionnaire. The data were analyzed using Pearson Product Moment Correlation and SPSS version 25. The study found a positive correlation between strategic outsourcing, recruitment outsourcing, and corporate performance. Therefore, the study recommended that organizations should consider subcontracting some of their functions that fall outside their core competencies to achieve success in their operations.

Similarly, Adudu *et al.,* (2020) examined the impact of outsourcing strategies on the profitability and operational efficiency of Nigerian Deposit Money Banks (DMBs). The study analyzed the effect of selective, comprehensive, and contracting outsourcing strategies on DMBs' performance. The study used a structured questionnaire to gather primary data from a sample of 261 employees from three selected banks. The data were analyzed using Cronbach Alpha and factor analysis, and multiple regression was used to test the hypotheses. The study found that all aspects of outsourcing methods had a positive and significant impact on DMBs' performance. Therefore, the study suggested that managers of DMBs in Nigeria should continue to selectively outsource some tasks to improve the profitability and operational effectiveness of the banking industry.

Uzoamaka and Kenechukwu (2022) examined the connection between Anambra State's money deposit banks' performance and their outsourcing approach. The study used a survey research approach, and 3 important banks that operate in the major Anambra State cities (Nnewi, Awka, and Onitsha) were chosen using the Simple Random Sampling Technique.

Data were gathered from 162 sampled respondents using a questionnaire and analyzed with regression. The study discovered a substantial link between the chosen banks' performance and their outsourcing approach in Awka, Anambra state; with a positive association between information technology outsourcing strategy and customer satisfaction, and a cost-effective relationship between marketing outsourcing strategy and outsourcing. The study resolved that strategic outsourcing promotes bank functions and operations because it ensures that banks will provide excellent services and covers the organization's weaknesses. The study then recommended that to expeditiously complete tasks and provides high-quality services, it is necessary to outsource other business sectors that are weak to professionals rather than trying to manage them in-house.

Jyoti and Chahal (2016) studied how subcontracting impacts organizational performance in Indian companies and how cost leadership, differentiating one's company from the rivalry, and innovation strategies affect this union. The study's data was sourced from J&K Company's managers. Regression and structural equation modeling were used to evaluate the hypotheses. The study found that non-essential duties of a company and subcontracting have a substantial impact on organizational performance. The study equally revealed that cost leadership, differentiation, and innovation tactics can influence both subcontracting and organizational accomplishment.

Nyameboame and Haddud (2017) studied basic outsourcing methods and their impact on Ghanaian oil and gas companies' performance along with the gains and risks of adopting such strategies. Data for the study came from 80 employees of locally owned oil and gas companies in Ghana Metropolis. It was discovered from the study that most of the operations of Ghanaian oil and gas companies outsourced their activities, which helped in performance improvement. The study also unraveled that ineffective management, a loss of creative capacity, and a clash of business culture with vendors that are outsourced are all potential.

2.2.1 Theoretical Framework

Many scholarly ideas exist in the modern business environment to explain the phenomenon of outsourcing. This study is anchored on the Resource-Based View Theory (RBT) and the Core Competency Theory (CCT). According to Espino-Rodriguez and Padron-Robaino (2004), RBV is what a company needs to have unique resources to gain a competitive edge. This theory urges organizations to take internal strengths and limitations into account. Grover, Teng, and Cheon (1998) noted that the core skills and competitive advantage of a company are produced by its resource perspective for given business activity. RBV theory views outsourcing as a strategic choice that can be used to close gaps in the company's resources and competencies. Like in insurance firms, this theory clarifies the element of the association between a firm's service giver and service receiver.

On the other hand, the Core Competency Theory (CCT) describes core competency as the organization's shared knowledge of how to harmonize various production abilities and combine many technological streams. According to this notion, business operations should either be carried out internally or by outside service givers. This theory is predicated on the make-or-buy choice. Non-essential functions should be outsourced from the most qualified service workers who are specialists in that area while maintaining the essential ones within. The practice of outsourcing non-vital competencies is becoming more and more significant as it places duties like services and transportation management in the hands of vendors most qualified to carry them out successfully. Lavina and Rose (2003) opined that the success of an outsourcing contract is significantly influenced by the vendors' competency.

3. METHODOLOGY

To investigate the impact of corporate outsourcing on the organizational performance of investment banks in Nigeria, a positivistic paradigm was adopted in this study. The study's population consisted of 280 staff from three investment banks in Nigeria, namely Renaissance Capital Bank, Vetive Capital Management, and Stanbic IBTC Capital Limited, at top, middle, and lower management levels. The sample size of 258 was purposively selected. To ensure the validity of the questions used to measure the construct, a factor analysis was conducted, and a Kaiser Meyer-Olkin (KMO) test was performed to determine sample adequacy. The KMO test had a result of 0.775, and the Bartlett's Test of Sphericity was significant (App. chi-square= 511.528, sig. is.000), indicating that the factor analysis had sufficient inter- correlations. A pilot test of 20 senior staff from Vetive Capital Management in Lagos was conducted, and all variables were deemed reliable and consistent, with a Cronbach's Alpha Coefficient of 0.835. Multiple regression analysis was used to determine the extent to which independent variables predict the dependent variable, and hypotheses were tested at a significance level of 0.05.

4. FINDINGS AND DISCUSSION

258 copies of the questionnaires were issued to the respondents; 251 of them (or 98.5 percent) were appropriately completed and retrieved, while the remaining 7 copies (or 3.5 percent) were missing. Based on the return rate, data was presented and analyzed. The results were displayed in the model summary, Analysis of Variance, and regression coefficient tables

Table 1: Model Summary 1

R	R-Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.745[a]	.555	.550	.25620	1.778

Predictors (Constant); Selective strategy, contracting strategy, operational strategy
Dependent Variable: Organizational Performance
Source: Researchers' Computation, 2023

From Table 1, R^2 is valued at 0.555 implying that the independent variable influences the dependent variable's variation by 55% while 44 % is not covered by this model. This demonstrated the model's potency as a predictor. The dependent variable (organizational performance) and independent (selective, contracting, and operational strategies) variable have a very substantial association (R-value: 0.746).

Table 2: Analysis of Variance (ANOVA)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	38.289	3	12.766	102.781	.000[b]
Residual	30.426	247	.123		
Total	**68.715**	**250**			

Predictors (Constant), Selective strategy, contracting strategy, operational strategy
Dependent Variable: Organizational Performance
Source: Researchers' Computation, 2023.

According to the findings in Table 2, the significance value obtained was 0.000, which is below the acceptable level of 0.05, indicating that the model used is statistically significant in predicting the impact of the independent variable (corporate outsourcing), measured by selective strategy, contracting strategy, and operational strategy, on the dependent variable (organizational performance). The F critical value was 102.781 at a 5 percent significance level, indicating that the independent variable (corporate outsourcing) has a positive effect on the organizational performance of insurance companies listed on the Nigerian stock exchange.

Table 3: Regression Coefficients

	Unstandardized Coefficients			Standardized Coefficients	
	B	Std. Error	Beta	T	Sig.
(Constant)	1.191	.194		6.124	.000
SLS	.398	.051	.428	7.811	.000
CTS	.133	.034	.192	3.973	.000
OPS	.218	.044	.274	4.998	.000

a. Dependent Variable: Organizational performance
Source: Researchers' Computation, 2023

Table 3 indicates that a unit increase in selective strategy leads to a 39.8% growth in the performance of Nigerian investment banks, while a unit increase in contracting strategy leads to a 13.3% increase in organizational performance. On the other hand, a unit increase in operational strategy results in a 21.8% increase in the organizational performance of Nigerian investment banks. The beta value for selective strategy was 0.428 with a significance level of 0.000. The beta value for contracting strategy was 0.192 with a significance level of 0.000, while the beta value for operational strategy was 0.274 with a significance level of 0.000, all at a 5% level of significance and a 95% level of confidence. Furthermore, the result suggests that selective strategy has a higher contribution of 39.8% to the organizational performance of Nigerian investment banks compared to operational strategy (21.8%) and contracting strategy (13.3%). Based on the results, all three hypotheses were rejected, and it was concluded that corporate outsourcing plays a crucial role in the organizational performance of investment banks in Nigeria.

DISCUSSION OF FINDINGS

The results of the data analysis revealed that selective outsourcing strategy has a positive and significant impact on the organizational performance of investment banks in Nigeria. This finding is consistent with the argument of Uzoamaka and Kenechukwu (2022), who suggested that selective outsourcing can enhance bank operations by addressing the weaknesses of the organization and ensuring the provision of excellent services. This implies that implementing the right outsourcing strategy can lead to improved organizational performance in the Nigerian investment banking sector, thereby contributing to economic growth.

Similarly, contracting outsourcing strategy was found to have a positive and significant impact on the organizational performance of investment banks in Nigeria. This suggests that contracting outsourcing can help organizations reduce costs associated with their essential functions, leading to improved organizational performance. This finding is consistent with Adudu *et al.*, (2020) study, which suggested that contracting outsourcing has become a useful tool for business organizations, particularly in the highly competitive banking sector.

Finally, operational outsourcing strategy was also found to have a positive and significant impact on the organizational performance of investment banks in Nigeria. This finding aligns with the study by Ugbomhe *et al.,* (2021), who reported a significant positive correlation between operational outsourcing strategy, recruitment outsourcing, and organizational performance. The implication is that investment banks in Nigeria can increase their operational efficiency by adopting and implementing effective operational outsourcing strategies.

CONCLUSION AND RECOMMENDATIONS

The study suggests that outsourcing is an effective strategy for Nigerian investment banks to maintain a competitive edge in the current business environment. The research indicates that investment banks in Nigeria have already adopted outsourcing strategies to reduce operating costs and avoid losses. The study concludes that outsourcing is a valuable tool for corporate organizations, especially for Nigerian investment banks that are looking to improve their performance in the Nigerian financial sector.

Based on the findings, the following recommendations are made:

1. Nigerian investment banks should strategically allocate their resources and partner with external companies to reduce operating expenses and improve operational effectiveness.
2. Operators of the Nigerian investment banking industry should outsource functions that can lower expenses and efficiently manage key duties to be more successful in pursuing business opportunities that enhance organizational performance.
3. Nigerian corporate organizations, especially investment banks, should include operational outsourcing in their organizational policy to improve profitability by using the services of external professionals and organizations outside their core competencies.

The study has limitations, including a small sample size of three investment banks out of the thirty-two operating in Nigeria. Future studies should cover all investment banks in Nigeria and explore variables such as comprehensive outsourcing strategy, ICT outsourcing strategy, and operational efficiency and profitability in the Nigerian financial sector. The study contributes to the understanding that outsourcing is a viable choice for corporate organizations to gain a competitive edge and maintain their operations. Nigerian investment banks should adopt outsourcing as a tool for improving their performance and profitability.

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COMPETING INTEREST

The authors of this study unanimously acknowledged that no competing interest exists herein as they all agreed that the manuscript be published. It is noteworthy that this study is not under consideration for publication in any other publishing house.

Ethical Consideration

Every ethical requirement of this study was strictly followed. The researchers did their best to prevent and reduce the plagiarism level to an internationally acceptable limit and all cited text was referenced accordingly. Before the questionnaire was administered, the respondents' opinions were orally sorted for and approved. The respondents' identities were kept secret, and the data collected was exclusively used for this study.

Finally, no data was altered or amended; as a result, the information was kept exactly as it was. The results show an accurate representation of the data that SPSS evaluated, and they can be repeated if necessary.

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