

**EFFECT OF OUTSOURCING ON SUPPLY CHAIN PERFORMANCE OF
STATE CORPORATIONS IN NAIROBI CITY COUNTY, KENYA**

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DECLARATION AND RECOMMENDATIONS


Declaration


This thesis is my original work and has not been presented for an award of a diploma or conferment degree in any institution or University

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Recommendation

This thesis has been examined, passed and submitted with our approval as University Supervisors

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DEDICATION

To my dad Longinus Wekesa and mum Mwanaidi Natao for their love, encouragement and support. My brothers Michael Krop, Eric Kibet and sister Terry Cheptoo. May God bless you abundantly.

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ABSTRACT

State corporations have been characterized by the acquisition and provision of lowquality products and services, inefficiency, and enormous financial losses. An analysis of state corporations in the country revealed that they are experiencing dismal performance. This jeopardizes the capacity of state corporations to contribute to the GDP and the nation's economic development. 52 percent of business executives interviewed across a variety of worldwide industries believed that outsourcing could enhance performance. Hence, the study sought to determine the extent to which outsourcing would affect the supply chain performance of state corporations in Nairobi City County. It focused on the following objectives; examining the effect of SCIT outsourcing, logistics outsourcing, and human resource outsourcing on supply chain performance and determined the moderating effect of management support on the relationship between outsourcing and supply chain performance, and assessed the combined effect of outsourcing on supply chain performance. The core competency theory, resource-based view, and transaction cost theory guided the study. A descriptive research design targeted a sample size of 80 state corporations in Nairobi County was adopted. Procurement officers for the various state corporations were the respondents. Questionnaires were used to gather primary data. Descriptive statistics was adopted to describe the basic characteristics of the data. Pearson product-moment correlation coefficient was used to establish the correlation between the variables. Regression model was used to determine the effect of outsourcing on supply chain performance with the aid of SPSS version 28. At a 5% level of significance, the T-statistic was employed to evaluate the significance of the hypothesis while the F ratio was applied to assess overall significance. R squared was used to show the proportion of the variance for a dependent variable that is explained by the independent variables in the regression analysis. Findings of this study were that SCIT outsourcing does not affect performance ((t-statistic was 0.822, P-value 0.414> 0.05) while logistics and HR outsourcing affects performance of State corporations with ((t-statistic was 4.876, Pvalue 0.000< 0.05; (t-statistic was 4.469, P-value 0.000< 0.05). Management support has a negative moderating effect on the relationship between outsourcing and performance of state corporations ((t=-0.127, P-value=0.029<0.05). The results of the study will provide insight to the government, managers of corporations, and scholars. The government can use study findings in formulating regulations concerning SCIT, logistics and HR outsourcing in state corporations. Managers in various state corporations may be guided in formulating informed policy decisions on what to outsource in terms of SCIT, logistics and Human resource. Additionally, the investigation will contribute to the body of knowledge by providing both theoretical insights and empirical evidence on outsourcing and supply chain performance. The study recommends that organizations should approach SCIT outsourcing with caution, ensuring that it aligns with their strategic objectives and operational needs to maximize potential benefits. Additionally, organizations should consider logistics and HR outsourcing as a strategy to enhance their overall supply chain performance.

